

# Protect Public Transportation and Maintain Critical Funding

## California Transit Association 2026 Funding Priorities

### I. DON'T SLASH GREENHOUSE GAS REDUCTION FUND

*Intervene in CARB's Proposed Regulations that Gut Climate Funding*

Last year, we advocated for the final Cap-and-Invest deal to extend the program and protect billions of dollars in annual revenue directed to transit, affordable housing, environmental programs, and more. The California Air Resources Board (CARB) has recently proposed amendments to Cap-and-Invest to significantly increase the number of free allowances to oil, gas, and utility companies.

This would cut Greenhouse Gas Reduction Fund (GGRF) revenue by nearly 50% and would decimate key programs – including the Transit and Intercity Rail Capital Program (TIRCP) and the Low Carbon Transit Operations Program.

The TIRCP and LCTOP are two of the most efficient GGRF programs at reducing greenhouse gas emissions per dollar spent.

**We urge the Legislature to intervene in the rulemaking and compel CARB to protect GGRF funding in the final regulation.**

### II. PRESERVE ALREADY PROMISED FUNDING

*Appropriate promised \$230 million for SB 125 – Zero Emission Transit Capital Program (ZETCP)*

In 2023, Governor Newsom signed SB 125, an emergency \$5.1 billion multi-year transit funding package intended to prevent service cut, support transit recovery, and deliver capital projects. \$690 million of this package remains unappropriated, including **\$230 million this year.**

This money was left out of the Governor's proposed January budget and is further threatened by CARB's proposed amendments to the Cap-and-Invest program. Transit agencies have planned around this funding, and without it, they will face an unexpected budget gap of millions of dollars and be forced to severely curtail service.

**We urge the Legislature and Governor to honor this promised \$230 million in this year's budget.**



### III. ESTABLISH FUNDING CERTAINTY AND STREAMLINE CAP-AND-INVEST TRANSIT PROGRAMS

Last year's Cap-and-Invest program agreement committed \$400 million and \$200 million annually to the TIRCP and LCTOP, respectively. Due to lower than hoped for GGRF revenues, these programs are currently set to receive just \$283 million and \$141 million in this year's budget, respectively. These programs will be zeroed out by CARB's proposed amendments to the Cap-and-Invest program.

**We urge the Legislature and Governor to work with us to establish greater funding certainty for LCTOP and TIRCP, recognizing that these are exceptionally successful at reducing GHGs.**

### IV. PROVIDE SUPPORT FOR COSTLY ZERO EMISSION TRANSITION

*Re-institute tax exemption for zero-emission bus transition*

In 2018, CARB adopted the Innovative Clean Transit (ICT) regulation to require transit agencies to transition to a 100% zero-emission bus fleet by 2040. In 2019, to aid transit agencies make this extraordinary transition, the Legislature adopted a partial sales and use tax exemption for zero-emission buses. This saved transit agencies between \$48,000 and \$83,000 per ZEB. Unfortunately, the tax exemption expired at the end of 2025.

**We urge the Legislature and Governor to re-institute this important policy during budget negotiations.**

