

# Memorandum

*Serious drought.  
Help Save Water!*

To: DIRECTOR  
CHIEF DEPUTY DIRECTOR  
DEPUTY DIRECTORS  
DISTRICT DIRECTORS  
DIVISION CHIEFS  
PROGRAM MANAGERS

Date: April 1, 2016

From:   
STEVEN KECK  
Chief  
Division of Budgets

Subject: **2016-17 CALIFORNIA TRANSPORTATION FINANCING PACKAGE**

The California Transportation Financing Package is prepared annually and distributed by the Department of Transportation (Caltrans). The package summarizes the source and distribution of transportation funds at the state level from the fiscal year 2016-17 Governor's Proposed Budget, including funding from the issuance of bonds under the Highway Safety, Traffic Reduction, Air Quality and Port Security Bond Act of 2006 and the High-Speed Passenger Train Bond.

The details are presented in the attached "California Transportation Financing Summary" and in the following charts:

- Chart A - "Source and Distribution of California State Motor Vehicle Fees and User Taxes"
- Chart B - "Statutory Allocation of Transportation Funding"
- Chart C - "Budgetary Flow of California State Fees and Taxes Designated for Transportation Purposes"
- Chart D - "Distribution of California Sales Tax Revenue"
- Chart E - "Motor Vehicle License Fee Distribution"
- Chart F - "Chart of Transportation Revenues"
- Chart G - "Price-Based Excise Tax Distribution"

Attachments

## **CALIFORNIA TRANSPORTATION FINANCING SUMMARY FISCAL YEAR 2016-17**

### **BUDGET SUMMARY**

In January of each year, the Governor presents a proposed Budget to the Legislature which contains the Administration's estimate of available revenue and a recommended expenditure plan. The fiscal year 2016-17 Governor's Budget authorizes \$10.49 billion in expenditures for the California Department of Transportation (Caltrans). The California Transportation Financing Package illustrates the flow of specific dollars, from collection to distribution, and includes transportation funding financed by the issuance of general obligation bonds under the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 (Proposition 1B) and the High-Speed Passenger Train Bond Act of 2008 (Proposition 1A). Any changes made during the legislative process are not reflected in the package.

The purchasing power of transportation revenues continues to decline due to inflation. In addition, transportation revenues continue to be significantly impacted due to low fuel prices, improvements in vehicle fuel efficiency, as well as alternative sources of fuel. Governor Brown included a new Road Improvement Charge in his proposed Budget. The proposed \$65 fee, applied to all vehicles including hybrids and electrics, could raise over \$1 billion in 2016-17 and is proposed to fund two new accounts: the Road Maintenance and Rehabilitation Account and the Trade Corridor Enhancement Account. Additionally, the Governor's Budget proposes to accelerate Pre-Proposition 42 (Tribal Gaming) loan repayments, which could help with funding shortfalls.

Changes to the 2016-17 proposed Budget for Caltrans:

- **Continuation of Proposition 1B Administrative Support**
  - The Budget includes approximately \$6 million to continue the administration of the Proposition 1B Program. This proposal includes a five-year funding plan that begins in 2016-17 and extends through 2020-21. In addition, this proposal will reduce 16 positions from the current Proposition 1B staffing by 2020-21.
- **Project Oversight for Federal Highway Administration**
  - The Budget includes an increase of approximately \$1 million in Local Federal Subvention resources in order to conduct activities associated with new Federal Highway Administration (FHWA) requirements for project oversight and program compliance reviews. The FHWA has expanded the scope of oversight for consultant contracts, directing Caltrans to implement a risk-based monitoring program. This includes resources to create a project oversight unit to focus on improving local agencies consultant hiring practices.
- **All Roads Network of Linear Reference Data Mandate**
  - The Budget includes an increase of approximately \$2 million in Local Federal Subvention funds to meet federal requirements for a single geographic reference for all roads; providing improved safety; incident tracking; and promoting better asset management. Caltrans will partner with local agencies to build and maintain a web-based Linear Reference System for all federally-eligible roads.

- **Toll Collection Services**
  - The Budget includes the transfer of Toll Collection Services from the Traffic Operations Program to the Maintenance Program in order to consolidate resources and improve departmental efficiencies. This proposal includes an increase in reimbursement authority for the Maintenance Program in order to provide flexibility for the operation of toll collection services during peak commute travel times.
- **Zero Based Budget Review**
  - Pursuant to Executive Order B-13-11, the Department of Finance and Caltrans developed a multi-year plan to conduct a zero based budget analysis of all Caltrans programs. Currently, the Maintenance Program review is in process and is expected to be concluded during the Spring of 2016.

## **TRANSPORTATION FUNDS**

Transportation revenue is generated from user taxes and fees, and is deposited in separate funds. Within the funds are several accounts that help facilitate the accounting of all receipts and expenditures. An overview of the fund and account activity planned for 2016-17 is provided in the following pages. Please note that not all of the accounts listed are administered by Caltrans. The funds and accounts are:

### **Transportation Tax Fund**

- Highway Users Tax Account
- Motor Vehicle Fuel Account
- Motor Vehicle License Fee Account

### **State Transportation Fund**

- Aeronautics Account
- Local Airport Loan Account
- Local Transportation Loan Account
- Motor Vehicle Account
- Public Transportation Account
- Road Maintenance and Rehabilitation Account
- State Highway Account
- Transportation Financing Subaccount

### **Other Funds**

- Greenhouse Gas Reduction Fund
- Historic Property Maintenance Fund
- Traffic Congestion Relief Fund
- Transportation Deferred Investment Fund
- Transportation Debt Service Fund
- Trade Corridor Enhancement Account

### **Transportation Bonds**

- **Proposition 1B** – Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006
  - California Ports Infrastructure, Security, and Air Quality Improvement Account
  - Corridor Mobility Improvement Account
  - Trade Corridors Improvement Fund
  - Transportation Facilities Account
  - Public Transportation Modernization, Improvement and Service Enhancement Account
  - State-Local Partnership Program Account
  - Local Bridge Seismic Retrofit Account
  - Highway-Railroad Crossing Safety Account
  - Highway Safety, Rehabilitation, and Preservation Account
  - Local Streets and Road Improvement, Congestion Relief, and Traffic Safety Account
  - State Route 99 Account
- **Proposition 1A** – High-Speed Passenger Train Bond Fund

**TRANSPORTATION TAX FUND:**

**Highway Users Tax Account (0062)**

The Highway Users Tax Account (HUTA) receives transfers from the MVFA consisting of the net revenue (after statutory transfers) of diesel, gasoline and aviation fuel taxes. The proposed budget estimates that \$4,446,367,000 is available for distribution as follows:

<b>Highway Users Tax Account</b>	
Cities and Counties	\$682,541,000
Counties	380,868,000
Cities	287,770,000
State Parks and Recreation Fund	3,400,000
State Controller's Office	1,680,000
Weight Fee Backfill	1,053,470,000
Balance to State Highway Account	2,036,638,000
Accumulated Balance	0
<b>Total</b>	<b>\$4,446,367,000</b>

**Motor Vehicle Fuel Account (0061)**

Revenues from taxes on gasoline, diesel, and aviation fuels are collected and deposited in the Motor Vehicle Fuel Account (MVFA). The proposed budget estimates that \$4,735,214,000 is available for distribution as follows:

<b>Motor Vehicle Fuel Account</b>	
Food and Agriculture Account	\$38,883,000
Off-Highway Vehicle Trust Fund	25,950,000
Aeronautics Account	5,590,000
Harbors and Watercraft Revolving Fund	27,894,000
State Board of Equalization	29,401,000
State Controller's Office	4,832,000
State Parks and Recreation Fund	57,649,000
General Fund	98,648,000
Balance to Highway Users Tax Account	4,446,367,000
<b>Total</b>	<b>\$4,735,214,000</b>

**Motor Vehicle License Fee Account (0064)**

Motor Vehicle License fees and miscellaneous in-lieu fees are collected and deposited into the Motor Vehicle License Fee Account (see Chart E). The proposed budget estimates that \$620,447,000 is available for distribution as follows:

<b>Motor Vehicle License Fee Account</b>	
Franchise Tax Board	\$6,061,000
Department of Motor Vehicles	14,942,000
Local Revenue Fund 2011	589,205,000
State Controller's Office	20,000
Financial Information System for California	27,000
Accumulated Balance	10,192,000
<b>Total</b>	<b>\$620,447,000</b>

**STATE TRANSPORTATION FUND:****Aeronautics Account (0041)**

Excise taxes attributable to jet fuel and the distribution of motor vehicle fuel for use in propelling aircraft are transferred from the MVFA in the Transportation Tax Fund to the Aeronautics Account. The Aeronautics Account provides funding for grants to qualifying airports, for acquisition and development, and state dollars to local agencies to match federal funds for airport improvements. The proposed budget estimates that \$10,317,000 is available for distribution as follows:

<b>Aeronautics Account</b>			
	<b>State Funds</b>	<b>Federal Funds</b>	<b>Total Funds</b>
State Operations	\$3,949,000	\$441,000	\$4,390,000
Local Assistance	3,490,000	0	3,490,000
Public Transportation Account	30,000	0	30,000
Financial Information System for California	5,000	0	5,000
Accumulated Balance	2,402,000	0	2,402,000
<b>Total</b>	<b>\$9,876,000</b>	<b>\$441,000</b>	<b>\$10,317,000</b>

**Local Airport Loan Account (0052)**

The Local Airport Loan Account (LALA) is a subaccount of the Aeronautics Account. Monies deposited in the LALA represent payments of principal and interest received on loans made by Caltrans to local agencies for acquisition, construction, improvement, maintenance, and operation of local airports. The accumulated balance of this fund is used for future loans to local agencies. The proposed budget estimates that \$28,505,000 is available for distribution as follows:

<b>Local Airport Loan Account</b>	
Local Assistance	\$1,510,000
Local Assistance (Loan Repayments)	-1,917,000
Accumulated Balance	28,912,000
<b>Total</b>	<b>\$28,505,000</b>

**Local Transportation Loan Account (2501)**

The Local Transportation Loan Account was created in 2002 for the management of federal funds for loans to local entities. Resources for transportation loans from the Federal Trust Fund are transferred to this account. The proposed budget estimates that \$4,041,000 is available for distribution as follows:

<b>Local Transportation Loan Account</b>	
Accumulated Balance	\$4,041,000
<b>Total</b>	<b>\$4,041,000</b>

**Motor Vehicle Account (0044)**

Motor vehicle registration, driver's license, and off-highway vehicle registration fees are collected and deposited into the Motor Vehicle Account. The proposed budget estimates that \$3,789,179,000 is available for distribution as follows:

<b>Motor Vehicle Account</b>	
General Fund	\$78,595,000
State Highway Account	119,000
Motor Vehicle License Fee Account	68,000
Environmental License Plate Fund	5,000
Off-Highway Vehicle Trust Fund	3,000
Secretary for Transportation Agency	2,742,000
Department of Justice	26,983,000
Judicial Branch	199,000
Franchise Tax Board	3,222,000
Air Resources Board	134,099,000
Department of Motor Vehicles	1,060,069,000
California Highway Patrol	2,241,214,000
Secretary for Environmental Protection	2,044,000
Commission on State Mandates	2,374,000
Energy Resources Conservation and Development Commission	142,000
Office of Environmental Health Hazard Assessment	4,238,000
Department of Public Health	1,488,000
Department of Food and Agriculture	9,504,000
Financial Information System for California	4,218,000
Various Departments	18,000,000
Accumulated Balance	199,853,000
<b>Total</b>	<b>\$3,789,179,000</b>

**Public Transportation Account (0046)**

Resources in the Public Transportation Account (PTA), a trust fund, may only be used for transportation planning and mass transportation purposes. Due to the passage of Assembly Bills (AB) 6 and 9 of the Eighth Extraordinary Session of 2009-10 (Chapter 11, Statutes of 2010), Senate Bill 70 (Chapter 9, Statutes of 2010), and AB 105 (Chapter 6, Statutes of 2011), collectively known as the Fuel Tax Swap of 2010, the only remaining source of revenue for the PTA is the sales tax on diesel fuel.

Additional resources are transferred into the PTA from the State Highway Account (SHA) for transportation planning purposes, and the Aeronautics Account for airport planning activities. Prior to 2009-10, miscellaneous revenues that are not subject to Article XIX of the State Constitution were deposited into the PTA from the SHA. Beginning in 2010-11, these revenues were temporarily redirected to the Transportation Debt Service Fund (TDSF) to offset General Fund (GF) debt service costs. Commencing in 2013-14, this offset became permanent. A \$9 million Pre-Proposition 42 (Tribal Gaming) loan repayment from the Traffic Congestion Relief Fund is proposed to occur in 2016-17. Per the Governor's Transportation Funding Plan, the \$9 million will subsequently be transferred to the Secretary for Transportation Agency for use in the Transit and Intercity Rail Capital Program (TIRCP).

The accumulated balance in the table below represents resources available for future years, including commitments to existing projects and assets and liabilities from other departments that report on a modified accrual basis. The proposed budget estimates that \$1,238,999,000 is available for distribution as follows:

<b>Public Transportation Account</b>			
	<b>State Funds</b>	<b>Federal Funds</b>	<b>Total Funds</b>
State Operations	\$208,868,000	\$37,778,000	\$246,646,000
Local Assistance	19,701,000	139,521,000	159,222,000
Capital Outlay	22,503,000	25,275,000	47,778,000
Public Utilities Commission	6,537,000	0	6,537,000
Secretary for Transportation Agency (State Operations)	6,000	0	6,000
Secretary for Transportation Agency (Local Assistance)	9,000,000	0	9,000,000
State Controller's Office	19,000	0	19,000
California Transportation Commission	1,904,000	0	1,904,000
University of California	980,000	0	980,000
State Transit Assistance (Local Assistance)	315,169,000	0	315,169,000
Adjustment for Cash Accounting of Expenditures (Local Assistance)	24,745,000	0	24,745,000
Adjustment for Cash Accounting of Expenditures (Capital Outlay)	1,927,000	0	1,927,000
Accumulated Balance	425,066,000	0	425,066,000
<b>Total</b>	<b>\$1,036,425,000</b>	<b>\$202,574,000</b>	<b>\$1,238,999,000</b>

**Road Maintenance and Rehabilitation Account (3290)**

The Road Maintenance and Rehabilitation Account (RMRA) is part of the Governor’s Transportation Funding Plan, pending legislation. In 2016-17, the RMRA is proposed to receive revenue from a new annual road improvement charge of \$65 on every vehicle, including hybrids and electric vehicles. The resources made available through the RMRA are proposed to fund state and local deferred road maintenance and rehabilitation projects, safety projects, railroad grade separation projects, active transportation projects in conjunction with any other allowable project, and trade corridor investments. In future years, the RMRA is proposed to receive revenues from other sources. The proposed budget estimates that \$1,056,055,000 would be available for distribution as follows:

<b>Road Maintenance and Rehabilitation Account</b>	
State Operations	\$238,000
State Controller’s Office	112,000
California Transportation Commission	216,000
Department of Motor Vehicles	170,000
Shared Revenues	342,291,000
State Highway Account	513,028,000
Trade Corridor Enhancement Account	200,000,000
Accumulated Balance	0
<b>Total</b>	<b>\$1,056,055,000</b>

**State Highway Account (0042)**

The SHA is the largest transportation account and holds the bulk of resources available for the state's highway transportation system. The two major sources of funding for the SHA are the balance of fuel taxes transferred from the HUTA, and reimbursements from the Federal Highway Trust Fund (FHTF) for federal-aid highway projects (see Chart A). The Weight Fee Swap of 2011 redirected all weight fees to the GF for transportation debt service payments and loans. In return, the SHA receives monthly backfill payments equal to the sum of weight fees that were redirected from the account.

Federal funds received by Caltrans come from federal fuel excise taxes that are deposited in the FHTF. The taxes are apportioned and allocated back to the state through the Federal Transportation Act and the federal budget. Each federal-aid highway project must be authorized in advance by the Federal Highway Administration, and federal funds must be obligated before the state can be reimbursed. Once the authorization process and obligation of funds are completed, the state can recover federal reimbursements based on the monthly expenditures of federally eligible projects.

The Governor's Transportation Funding Plan includes proposed legislation for the RMRA, which would fund the Road Maintenance and Rehabilitation Program (RMRP). The RMRP would infuse the SHA with approximately \$513,028,000 in additional revenue, should the legislation be approved.

The accumulated balance in the table below represents resources available for future years, including commitments to existing projects and assets and liabilities from other departments that report on a modified accrual basis. The proposed budget estimates that \$11,396,284,000 is available for distribution as follows:

<b>State Highway Account</b>			
	<b>State Funds</b>	<b>Federal Funds</b>	<b>Total Funds</b>
State Operations	\$2,546,414,000	\$1,085,398,000	\$3,631,812,000
Local Assistance	189,359,000	1,767,798,000	1,957,157,000
Capital Outlay	705,651,000	1,676,257,000	2,381,908,000
Unclassified	0	5,000,000	5,000,000
Public Transportation Account	25,046,000	0	25,046,000
Environmental Enhancement and Mitigation Fund	7,000,000	0	7,000,000
University of California	1,000,000	0	1,000,000
California Transportation Commission	1,177,000	0	1,177,000
California Highway Patrol	76,019,000	0	76,019,000
Department of Motor Vehicles	11,522,000	0	11,522,000
Department of Conservation	12,000	0	12,000
Financial Information System for California	3,194,000	0	3,194,000
Public Utilities Commission	4,898,000	0	4,898,000
Transportation Debt Service Fund	1,236,916,000	0	1,236,916,000
Interest Payments to Federal Government	1,000,000	0	1,000,000
Adjustment for Cash Accounting of Expenditures (Local Assistance)	16,627,000	0	16,627,000
Adjustment for Cash Accounting of Expenditures (Capital Outlay)	99,540,000	0	99,540,000
Accumulated Balance	1,936,456,000	0	1,936,456,000
<b>Total</b>	<b>\$6,861,831,000</b>	<b>\$4,534,453,000</b>	<b>\$11,396,284,000</b>

**Transportation Financing Subaccount (6801)**

The Transportation Financing Subaccount was created to receive the deposit of proceeds from the sale of tax-exempt or taxable notes, known as Grant Anticipation Revenue Vehicles (GARVEE). These notes were issued by the State Treasurer to finance selected large-scale federal transportation projects administered by Caltrans. The funds in the subaccount are attributable to the GARVEE bond sales from 2004 and 2008, and are continuously appropriated and available for use as directed by the California Transportation Commission.

<b>Transportation Financing Subaccount</b>	
Local Assistance	\$1,000
Capital Outlay	1,000
Accumulated Balance	0
<b>Total</b>	<b>\$2,000</b>

**OTHER FUNDS:**

**Greenhouse Gas Reduction Fund (3228)**

The Greenhouse Gas Reduction Fund was created to advance the goals of the California Global Warming Solutions Act of 2006, which hopes to reduce greenhouse gas emissions and support long-term, transformative efforts to improve public health and develop a clean energy economy. Monies appropriated from the fund may be allocated for the purpose of reducing greenhouse gas emissions in the state through investments. The proposed budget estimates that \$106,975,000 is available to Caltrans for distribution as follows:

<b>Greenhouse Gas Reduction Fund</b>	
State Operations	\$953,000
Local Assistance	106,022,000
Capital Outlay	0
Accumulated Balance	0
<b>Total</b>	<b>\$106,975,000</b>

**Historic Property Maintenance Fund (0365)**

The Historic Property Maintenance Fund provides funding for costs associated with the maintenance and operation of federally-designated or state historic properties that are owned by Caltrans and are located in a freeway right-of-way corridor. Revenues are derived from 50 percent of the rental receipts collected on these historic properties. The proposed budget estimates that \$1,393,000 is available for distribution as follows:

<b>Historic Property Maintenance Fund</b>	
State Operations	\$1,137,000
Financial Information System for California	0
Accumulated Balance	256,000
<b>Total</b>	<b>\$1,393,000</b>

**Traffic Congestion Relief Fund (3007)**

The Traffic Congestion Relief Fund provides funding for deferred maintenance on local streets and roads, and congestion relief projects. It provides additional transportation capacity in high growth areas of the state. The accumulated balance in the table below represents resources available for future years, including commitments to existing projects and assets and liabilities from other departments that report on a modified accrual basis. The proposed budget estimates that \$315,129,000 is available for distribution as follows:

<b>Traffic Congestion Relief Fund</b>	
State Operations	\$4,233,000
Local Assistance	0
Capital Outlay	0
Public Transportation Account	9,000,000
State Highway Account	5,000,000
Trade Corridor Enhancement Account (Pending Legislation)	11,000,000
Adjustment for Cash Accounting of Expenditures (Local Assistance)	25,647,000
Adjustment for Cash Accounting of Expenditures (Capital Outlay)	47,580,000
Accumulated Balance	212,669,000
<b>Total</b>	<b>\$315,129,000</b>

**Transportation Deferred Investment Fund (3093)**

The Transportation Deferred Investment Fund was established to receive loan repayments from the GF equal to the amounts that were not transferred from the GF to the Transportation Investment Fund (TIF) in 2003-04 and 2004-05, and would otherwise have been available for transportation programs. The accumulated balance in the table below represents resources available for future years, including commitments to existing projects, and assets and liabilities from other departments that report on a modified accrual basis. The proposed budget estimates that \$47,315,000 is available for distribution as follows:

<b>Transportation Deferred Investment Fund</b>	
Local Assistance	2,163,000
Capital Outlay	7,584,000
Adjustment for Cash Accounting of Expenditures (Local Assistance)	1,848,000
Adjustment for Cash Accounting of Expenditures (Capital Outlay)	4,702,000
Accumulated Balance	31,018,000
<b>Total</b>	<b>\$47,315,000</b>

**Transportation Debt Service Fund (3107)**

The TDSF was established for payment of debt service on bonds including those issued pursuant to the Clean Air and Transportation Improvement Act of 1990, the Passenger Rail and Clean Air Bond Act of 1990, the Seismic Retrofit Bond Act of 1996, the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006, and the Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century. As part of the Weight Fee Swap, weight fees deposited into the SHA are subsequently transferred to the TDSF. The proposed budget estimates that \$1,236,916,000 is available for distribution as follows:

<b>Transportation Debt Service Fund</b>	
General Obligation Bonds	\$1,236,916,000
<b>Total</b>	<b>\$1,236,916,000</b>

**Trade Corridor Enhancement Account (3291)**

The Trade Corridor Enhancement Account (TCEA) is part of Governor Brown's proposed Transportation Funding Plan, and is pending legislation. The TCEA is proposed to be funded from an increase to the diesel fuel tax and would build upon the existing Trade Corridors Improvement Fund framework and process, to fund critically needed infrastructure enhancements along California's high volume freight corridors. The proposed budget estimates that \$211,000,000 would be available for distribution as follows:

<b>Trade Corridor Enhancement Account</b>	
State Operations	\$1,000,000
Local Assistance	1,000
Capital Outlay	209,999,000
Accumulated Balance	0
<b>Total</b>	<b>\$211,000,000</b>

**PROPOSITION 1B – HIGHWAY SAFETY, TRAFFIC REDUCTION, AIR QUALITY, AND PORT SECURITY BOND ACT OF 2006**

Proposition 1B, approved by voters in November 2006, authorized the issuance of \$19.925 billion in state general obligation bonds under the Bond Act. The objectives of the Bond Act are to improve transportation, air quality, and port security, through the creation of new transportation accounts and programs, and by providing new funding for existing programs.

The proposed budget includes \$276 million for Proposition 1B bond programs in 2016-17 for existing projects. The \$276 million includes \$109 million for Capital Outlay and \$50 million for Local Assistance. The Governor’s Budget did not include new proposed Proposition 1B appropriations for the 2016-17 year.

**Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006 (6053)**

The Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006 was established to fund the mobility, safety and air quality improvements described in the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006. Bond funding of \$276,461,000 will be deposited into the Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006 and distributed as follows:

<b>Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006</b>	
CA Ports Infrastructure, Security, and Air Quality Improvement Account	\$301,000
Corridor Mobility Improvement Account	37,722,000
Trade Corridors Improvement Fund	64,805,000
Transportation Facilities Account	27,007,000
Public Transportation Modernization, Improvement and Service Enhancement Account	87,856,000
State-Local Partnership Program Account	4,503,000
Local Bridge Seismic Retrofit Account	13,347,000
Highway-Railroad Crossing Safety Account	9,404,000
Highway Safety, Rehabilitation, and Preservation Account	5,399,000
State Route 99 Account	26,117,000
<b>Total</b>	<b>\$276,461,000</b>

**California Ports Infrastructure, Security, and Air Quality Improvement Account (6054)**

The California Ports Infrastructure, Security, and Air Quality Improvement Account was established to fund infrastructure improvements along trade corridors, emission reductions from activities related to the movement of freight along California’s trade corridors, and port, harbor and ferry terminal security improvements. The proposed budget estimates that \$301,000 is available for distribution as follows:

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<b>California Ports Infrastructure, Security, and Air Quality Improvement Account</b>	
Air Resources Board	\$301,000
<b>Total</b>	<b>\$301,000</b>

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**Corridor Mobility Improvement Account (6055)**

The Corridor Mobility Improvement Account was established to fund performance improvements on the state highway system, or major access routes to the state highway system on the local road system that relieve congestion by expanding capacity, enhancing operations, or otherwise improving travel times within these high-congestion travel corridors. Projects are identified by Caltrans and regional or local transportation agencies, and are allocated by the Commission. The proposed budget estimates that \$37,722,000 is available for distribution as follows:

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<b>Corridor Mobility Improvement Account</b>	
State Operations	\$28,373,000
Capital Outlay	9,200,000
California Transportation Commission	149,000
<b>Total</b>	<b>\$37,722,000</b>

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**Trade Corridors Improvement Fund (6056)**

The Trade Corridors Improvement Fund was established to fund infrastructure improvements along federally-designated “Trade Corridors of National Significance” in the state and along other corridors within the state that have a high volume of freight movement, as determined by the Commission. The proposed budget estimates that \$64,805,000 is available for distribution as follows:

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<b>Trade Corridors Improvement Fund</b>	
State Operations	\$17,833,000
Local Assistance	24,327,000
Capital Outlay	22,500,000
California Transportation Commission	145,000
<b>Total</b>	<b>\$64,805,000</b>

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**Transportation Facilities Account (6058)**

The Transportation Facilities Account was established to augment funding for projects included in the State Transportation Improvement Program (STIP) (Government Code, Section 14525.5). The proposed budget estimates that \$27,007,000 is available for distribution as follows:

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<b>Transportation Facilities Account</b>	
State Operations	\$1,872,000
Local Assistance	0
Capital Outlay	25,000,000
California Transportation Commission	135,000
<b>Total</b>	<b>\$27,007,000</b>

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**Public Transportation Modernization, Improvement and Service Enhancement Account (6059)**

The Public Transportation Modernization, Improvement and Service Enhancement Account was established to fund intercity rail projects and commuter or urban rail operators, bus operators, waterborne transit operators, and other transit operators in California. The account is used for rehabilitation, safety or modernization improvements, capital service enhancements or expansions, new capital projects, bus rapid transit improvements, or for rolling stock procurement, rehabilitation, or replacement. The proposed budget estimates that \$87,856,000 is available for distribution as follows:

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<b>Public Transportation Modernization, Improvement and Service Enhancement Acct</b>	
State Transit Assistance (Local Assistance)	\$44,130,000
State Operations	1,113,000
Capital Outlay	42,576,000
California Transportation Commission	37,000
<b>Total</b>	<b>\$87,856,000</b>

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**State-Local Partnership Program Account (6060)**

The State-Local Partnership Program Account provides dollar-for-dollar matching funds for eligible transportation projects nominated by applicant transportation agencies. The proposed budget estimates that \$4,503,000 is available for distribution as follows:

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<b>State-Local Partnership Program Account</b>	
State Operations	\$4,434,000
Local Assistance	0
Capital Outlay	0
California Transportation Commission	69,000
<b>Total</b>	<b>\$4,503,000</b>

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**Local Bridge Seismic Retrofit Account (6062)**

The Local Bridge Seismic Retrofit Account was established to provide the required match for federal Highway Bridge Replacement and Repair funds available to the state for seismic work on local bridges, ramps, and overpasses, as identified by Caltrans. The proposed budget estimates that \$13,347,000 is available for distribution as follows:

<b>Local Bridge Seismic Retrofit Account</b>	
State Operations	\$359,000
Local Assistance	12,982,000
California Transportation Commission	6,000
<b>Total</b>	<b>\$13,347,000</b>

**Highway-Railroad Crossing Safety Account (6063)**

The Highway-Railroad Crossing Safety Account was established to fund the completion of high-priority grade separation and railroad crossing safety improvements pursuant to Chapter 10 (Sections 2450 - 2461) of Division Three of the Streets and Highways Code. A dollar-for-dollar match of non-state funds shall be provided for each project, and the limitation on maximum project cost in Streets and Highways Code, Section 2454(g), shall not be applicable to projects funded with this account. The proposed budget estimates that \$9,404,000 is available for distribution as follows:

<b>Highway-Railroad Crossing Safety Account</b>	
State Operations	\$380,000
Local Assistance	9,000,000
California Transportation Commission	24,000
<b>Total</b>	<b>\$9,404,000</b>

**Highway Safety, Rehabilitation, and Preservation Account (6064)**

The Highway Safety, Rehabilitation, and Preservation Account was established to fund the State Highway Operation and Protection Program (SHOPP), traffic light synchronization, and other technology-based projects, in order to improve safety, operations, and the effective capacity of local streets and roads (Government Code, Section 14526.5). The proposed budget estimates that \$5,399,000 is available for distribution as follows:

<b>Highway Safety, Rehabilitation, and Preservation Account</b>	
State Operations	\$1,305,000
Local Assistance	4,031,000
Capital Outlay	0
California Transportation Commission	63,000
<b>Total</b>	<b>\$5,399,000</b>

**Local Streets and Road Improvement, Congestion Relief, and Traffic Safety Account (6065)**

The Local Streets and Road Improvement, Congestion Relief, and Traffic Safety Account was established to fund improvements to transportation facilities that will assist in reducing local traffic congestion and further deterioration of roads, improving traffic flows, or increasing traffic safety. Usage of funds may include, but not be limited to, street and highway pavement maintenance; rehabilitation, installation, construction, and reconstruction of necessary associated facilities such as drainage and traffic control devices; maintenance, rehabilitation, installation, construction, and reconstruction of facilities that expand ridership on transit systems; safety projects to reduce fatalities; or as a local match to obtain state or federal transportation funds for similar purposes. This account no longer receives revenue and has no outstanding expenditures.

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<b>Local Streets &amp; Road Improvement, Congestion Relief, &amp; Traffic Safety Account</b>	
Department of Finance	\$0
<b>Total</b>	<b>\$0</b>

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**State Route 99 Account (6072)**

The State Route 99 Account was established to provide funding for safety, operational enhancements, rehabilitation, or capacity improvements for the State Route 99 corridor that traverses approximately 400 miles of the state’s central valley. The proposed budget estimates that \$26,117,000 is available for distribution as follows:

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<b>State Route 99 Account</b>	
State Operations	\$16,117,000
Capital Outlay	10,000,000
<b>Total</b>	<b>\$26,117,000</b>

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**PROPOSITION 1A – HIGH-SPEED PASSENGER TRAIN BOND FUND**

**High-Speed Passenger Train Bond Fund (6043)**

Proposition 1A, approved by voters in 2008, authorized \$9.95 billion in general obligation bonds to initiate the construction of a high-speed train system that connects the San Francisco Transbay Terminal to Los Angeles Union Station and Anaheim, and links the state’s major population centers, including Sacramento, the San Francisco Bay Area, the Central Valley, Los Angeles, the Inland Empire, Orange County, and San Diego. The proposed budget includes \$1,164,414,000 for the Proposition 1A bond program as follows:

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<b>High-Speed Passenger Train Bond Fund</b>	
Local Assistance	\$22,224,000
Capital Outlay	0
High-Speed Rail Authority	1,142,190,000
<b>Total</b>	<b>\$1,164,414,000</b>

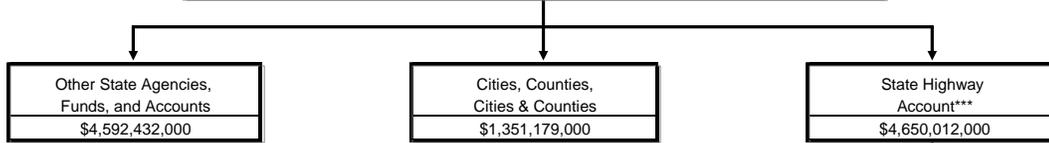
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Attachments:

- Chart A: "Source and Distribution of California State Motor Vehicle Fees and User Taxes"  
Summarizes the source and distribution of the state motor vehicle and user taxes, and that of the State Highway Account.
- Chart B: "Statutory Allocation of Transportation Funding"  
Shows sources and allocation of funding for the STIP and other programs (non-STIP).
- Chart C: "Budgetary Flow of California State Fees and Taxes Designated for Transportation Purposes"  
Shows the budgetary flow of state motor vehicle fees and highway user taxes in California, along with other fund sources that constitute the financing available to Caltrans, as displayed in the 2016-17 proposed Governor's Budget.
- Chart D: "Distribution of California Sales Tax Revenue"  
Shows the distribution of sales tax revenues from gasoline and diesel fuel sales to the Public Transportation Account and the Transportation Investment Fund.
- Chart E: "Motor Vehicle License Fee Distribution"  
Shows the distribution of revenues from motor vehicle license fees to the Motor Vehicle License Fee Account.
- Chart F: "Chart of Transportation Revenues"  
Shows the distribution of total transportation revenues from state motor vehicle fees and highway user taxes designated for transportation purposes.
- Chart G: "Price-Based Excise Tax Distribution"  
Shows the distribution of the price-based excise fuel tax for 2016-17 based on the proposed Governor's Budget.

**2016-17 Fiscal Year  
SOURCE AND DISTRIBUTION OF CALIFORNIA  
STATE MOTOR VEHICLE FEES AND USER TAXES\***

FEES & USER TAXES:	
Motor Vehicle License Fees.....	\$611,258,000
Motor Vehicle Registration, Driver's License, Off-Highway Registration.....	\$3,140,625,000
Motor Vehicle Fuel Tax (Diesel).....	\$516,431,000
Motor Vehicle Fuel Tax (Gasoline and Jet Fuel).....	\$4,215,784,000
Motor Vehicle Registration (Weight Fees).....	\$1,053,470,000
Road Improvement Charge**.....	\$1,056,055,000
<b>Total</b>	<b>\$10,593,623,000</b>



State Highway Account Resources:	
Reserves.....	\$1,991,231,000
Gasoline & Diesel Taxes.....	\$3,083,514,000
Motor Vehicle Weight Fees.....	\$1,053,470,000
Interest & Miscellaneous.....	\$215,588,000
Federal Reimbursement.....	\$4,534,453,000
Transportation Congestion Relief Fund**.....	\$5,000,000
Road Maintenance and Reahbilitaion Account**.....	\$513,028,000
<b>Total Resources.....</b>	<b>\$11,396,284,000</b>

DEPARTMENT OF TRANSPORTATION				
State Operations:		Highway & Rail Capital Outlay:	Local Assistance:	Unclassified:
Project Development and Other Capital Support.....	\$1,389,833,000	Right-of-Way Acquisition & Engineering, Construction & Management	Local Assistance.....	
Mass Trans. & Planning.....	\$82,567,000		Regional Planning.....	\$12,000,000
Program Development.....	\$80,441,000			
Operations & Local Assist.....	\$299,690,000			
Maintenance.....	\$1,653,697,000			
Admin., Legal, Equip.....	\$125,584,000			
	\$3,631,812,000	\$2,381,908,000	\$1,957,157,000	\$5,000,000

OTHER AGENCIES, ACCOUNTS AND FUNDS	
California Transportation Commission.....	\$1,177,000
State Controller's Office.....	\$0
California Highway Patrol.....	\$76,019,000
Department of Motor Vehicles.....	\$11,522,000
Department of Conservation.....	\$12,000
Equity Claims of CA Victim Compensation.....	\$0
Earthquake Risk Reduction Fund.....	\$0
Environmental Enhancement and Mitigation Program Fund.....	\$7,000,000
Transportation Debt Service Fund.....	\$1,236,916,000
University of California.....	\$1,000,000
Interest payments to Federal Government.....	\$1,000,000
Prefunding Health and Dental Benefits for Annuitants.....	\$0
Public Transportation Account.....	\$25,046,000
Financial Information System for California.....	\$3,194,000
Public Utilities Commission.....	\$4,898,000
	\$1,367,784,000

Adjustment for Cash Accounting of Expenditures (Local Assistance)	\$16,627,000
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Adjustment for Cash Accounting of Expenditures (Capital Outlay)	\$99,540,000
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Reserve for Economic Uncertainties	\$1,936,456,000
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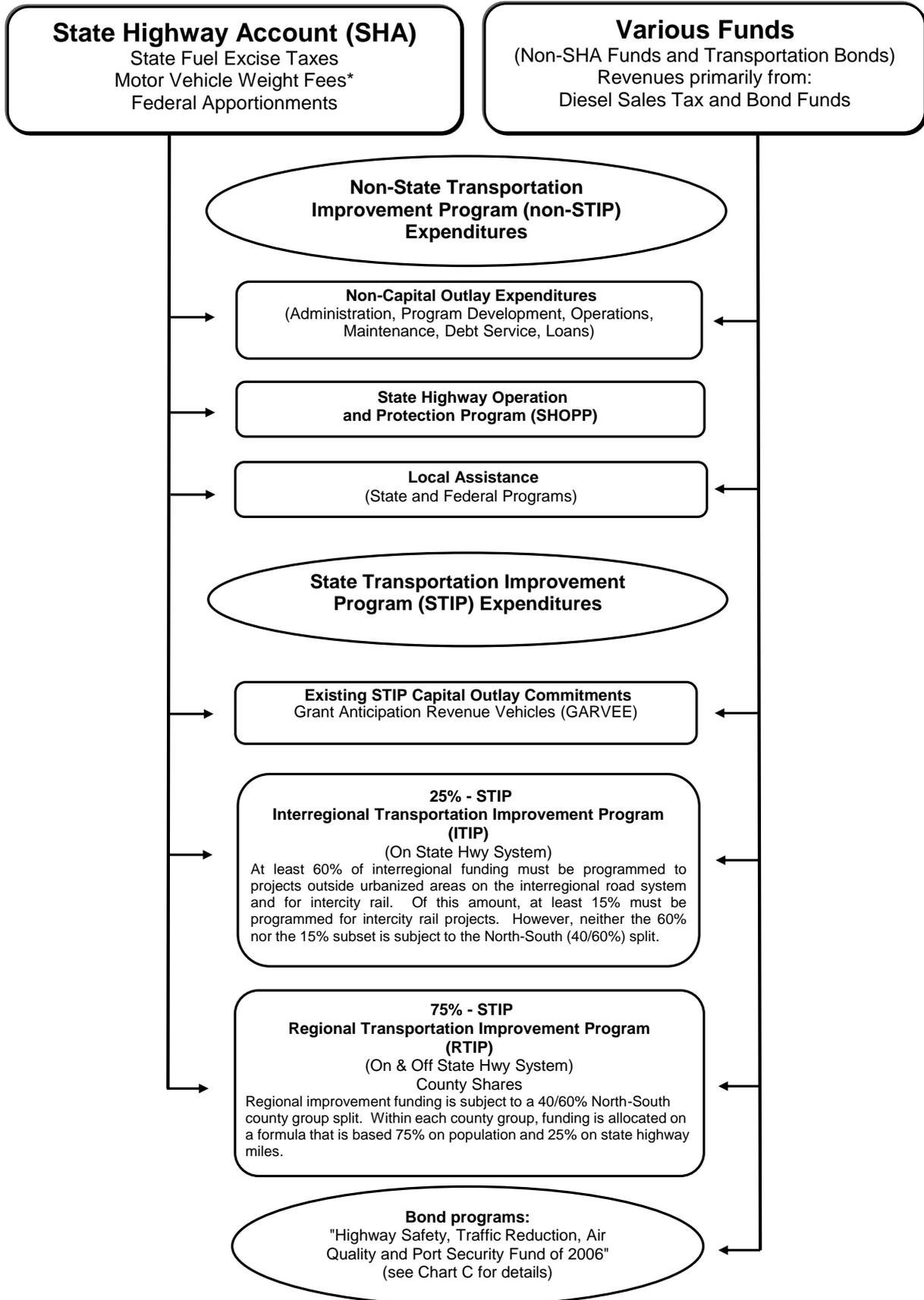
**CHART A  
January 2016**

\* Retail sales tax on diesel is not included.

\*\* Pending legislative approval.

\*\*\* Pending legislative approval includes \$513,028,000 from RMRA and \$5,000,000 from TCRF.

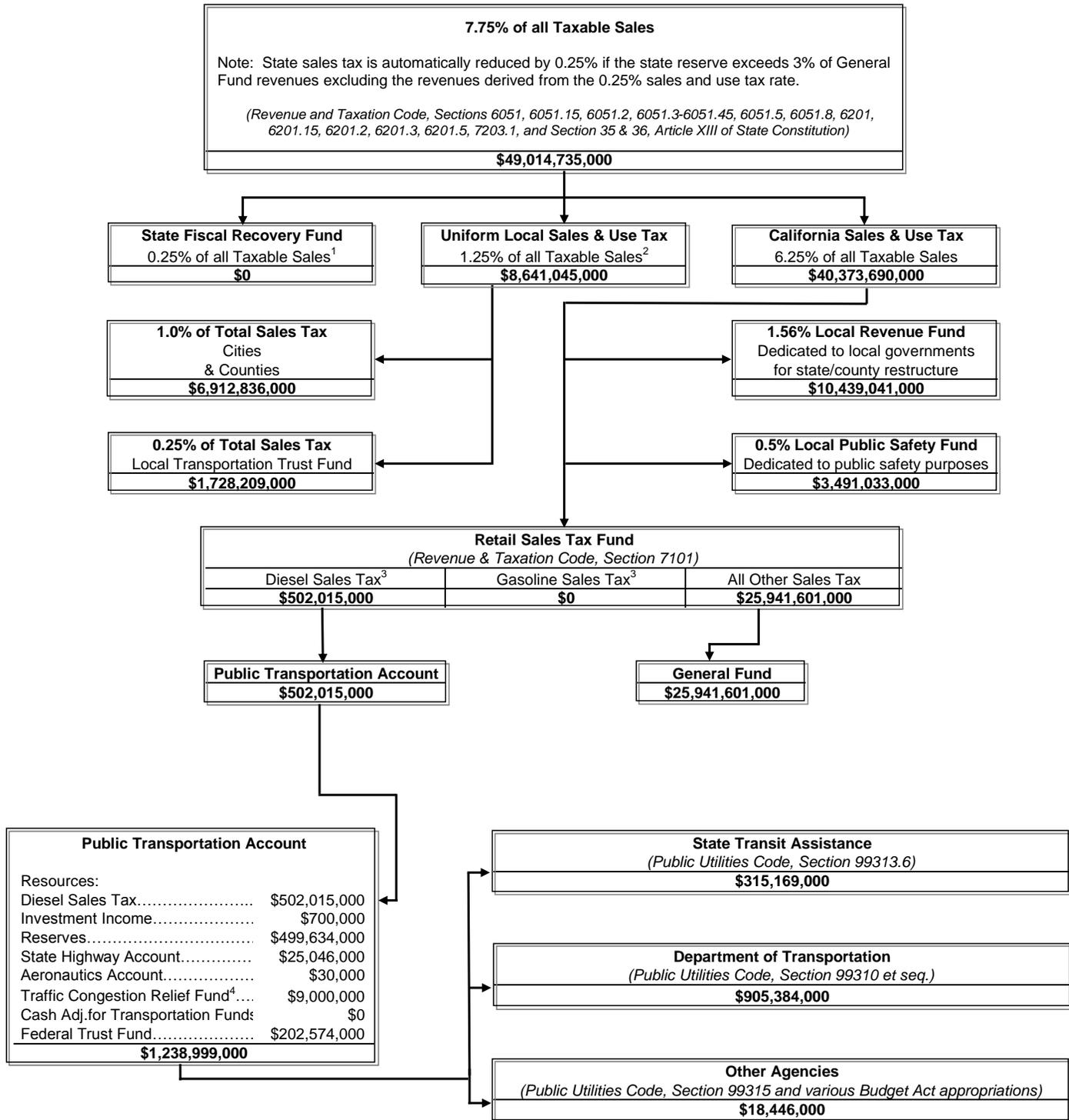
**2016-17 Fiscal Year  
STATUTORY ALLOCATION OF TRANSPORTATION FUNDING**



\* Motor Vehicle Weight Fees are immediately transferred to the the Transportation Debt Service Fund for transportation bond debt service, per VC, Section 9400.4.

**2016-17 Fiscal Year**  
**DISTRIBUTION OF CALIFORNIA SALES TAX REVENUE**  
 Dollar amounts are approximate and based on 2016-17 Governor's Budget  
 and 2016-17 Department of Finance sales tax forecasts

**TOTAL SALES TAX REVENUE**



<sup>1</sup> Proposition 57, passed by California voters on March 2, 2004, decreased the general purpose sales and use tax rate for local governments from 1.0% to 0.75% to fund the State Fiscal Recovery Fund, and also provided that property tax revenues be used to offset, or recover, this 0.25% reduction in sales and use tax revenues. The property tax offset itself is not displayed in this chart.

<sup>2</sup> Counties may impose additional district taxes for special purposes (mass transit systems, schools, public safety projects, etc.).

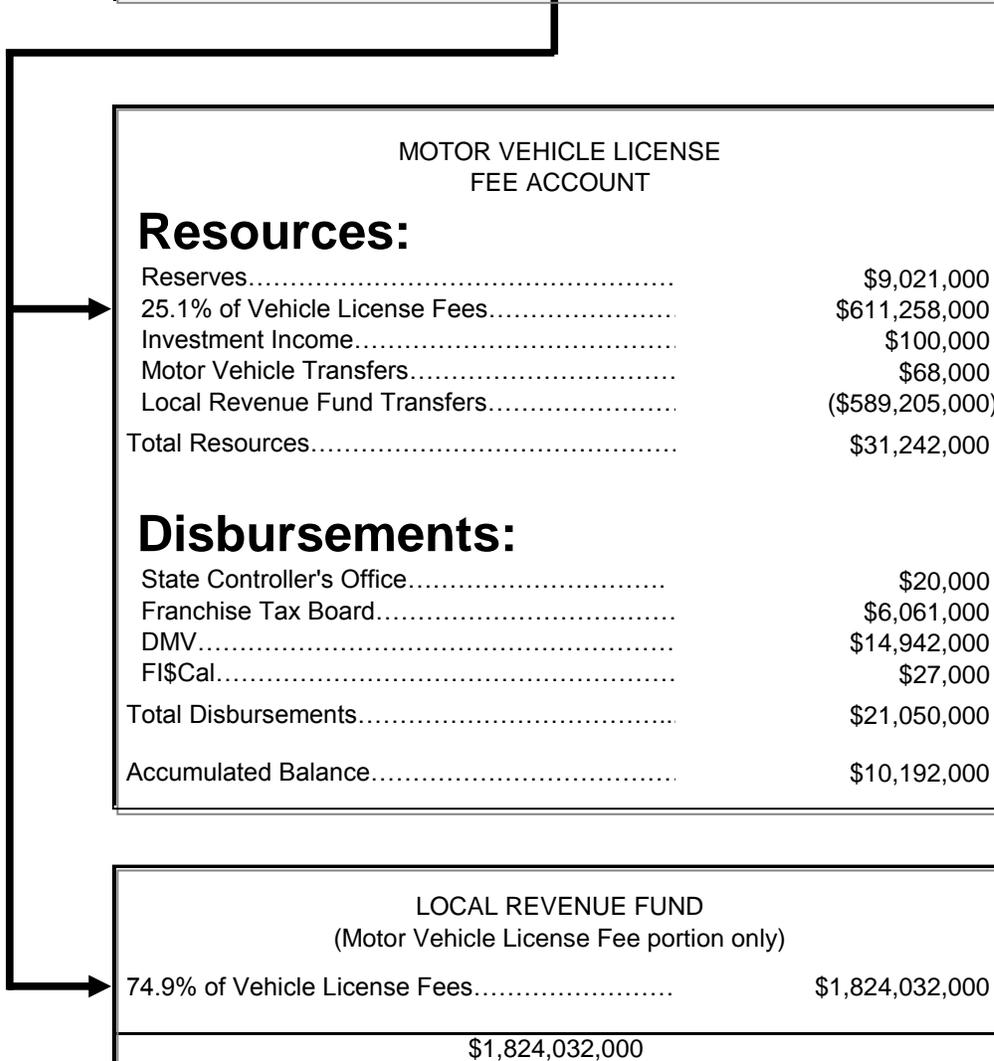
<sup>3</sup> The Fuel Tax Swap enacted in March 2010 (AB X8 6), eliminated state sales tax on gasoline for transportation programs and increased sales tax on diesel fuel by 1.75% for 2016-17.

<sup>4</sup> Pending legislation.

Note: Amounts may not sum to totals due to independent rounding

**2016-17 Fiscal Year  
MOTOR VEHICLE LICENSE FEE DISTRIBUTION**

<p>MOTOR VEHICLE LICENSE FEE REVENUE* Revenue &amp; Taxation Code, Section 10752</p> <p>Vehicle License Fee 0.65% of market value as determined by the Department of Motor Vehicles (annual amount).</p>
<p><b>\$2,435,290,000</b></p>



<p>MOTOR VEHICLE LICENSE FEE ACCOUNT</p> <p><b>Resources:</b></p>												
<table> <tr> <td>Reserves.....</td> <td align="right">\$9,021,000</td> </tr> <tr> <td>25.1% of Vehicle License Fees.....</td> <td align="right">\$611,258,000</td> </tr> <tr> <td>Investment Income.....</td> <td align="right">\$100,000</td> </tr> <tr> <td>Motor Vehicle Transfers.....</td> <td align="right">\$68,000</td> </tr> <tr> <td>Local Revenue Fund Transfers.....</td> <td align="right">(\$589,205,000)</td> </tr> <tr> <td><b>Total Resources.....</b></td> <td align="right"><b>\$31,242,000</b></td> </tr> </table>	Reserves.....	\$9,021,000	25.1% of Vehicle License Fees.....	\$611,258,000	Investment Income.....	\$100,000	Motor Vehicle Transfers.....	\$68,000	Local Revenue Fund Transfers.....	(\$589,205,000)	<b>Total Resources.....</b>	<b>\$31,242,000</b>
Reserves.....	\$9,021,000											
25.1% of Vehicle License Fees.....	\$611,258,000											
Investment Income.....	\$100,000											
Motor Vehicle Transfers.....	\$68,000											
Local Revenue Fund Transfers.....	(\$589,205,000)											
<b>Total Resources.....</b>	<b>\$31,242,000</b>											
<p><b>Disbursements:</b></p> <table> <tr> <td>State Controller's Office.....</td> <td align="right">\$20,000</td> </tr> <tr> <td>Franchise Tax Board.....</td> <td align="right">\$6,061,000</td> </tr> <tr> <td>DMV.....</td> <td align="right">\$14,942,000</td> </tr> <tr> <td>FI\$Cal.....</td> <td align="right">\$27,000</td> </tr> <tr> <td><b>Total Disbursements.....</b></td> <td align="right"><b>\$21,050,000</b></td> </tr> <tr> <td>Accumulated Balance.....</td> <td align="right">\$10,192,000</td> </tr> </table>	State Controller's Office.....	\$20,000	Franchise Tax Board.....	\$6,061,000	DMV.....	\$14,942,000	FI\$Cal.....	\$27,000	<b>Total Disbursements.....</b>	<b>\$21,050,000</b>	Accumulated Balance.....	\$10,192,000
State Controller's Office.....	\$20,000											
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<b>Total Disbursements.....</b>	<b>\$21,050,000</b>											
Accumulated Balance.....	\$10,192,000											

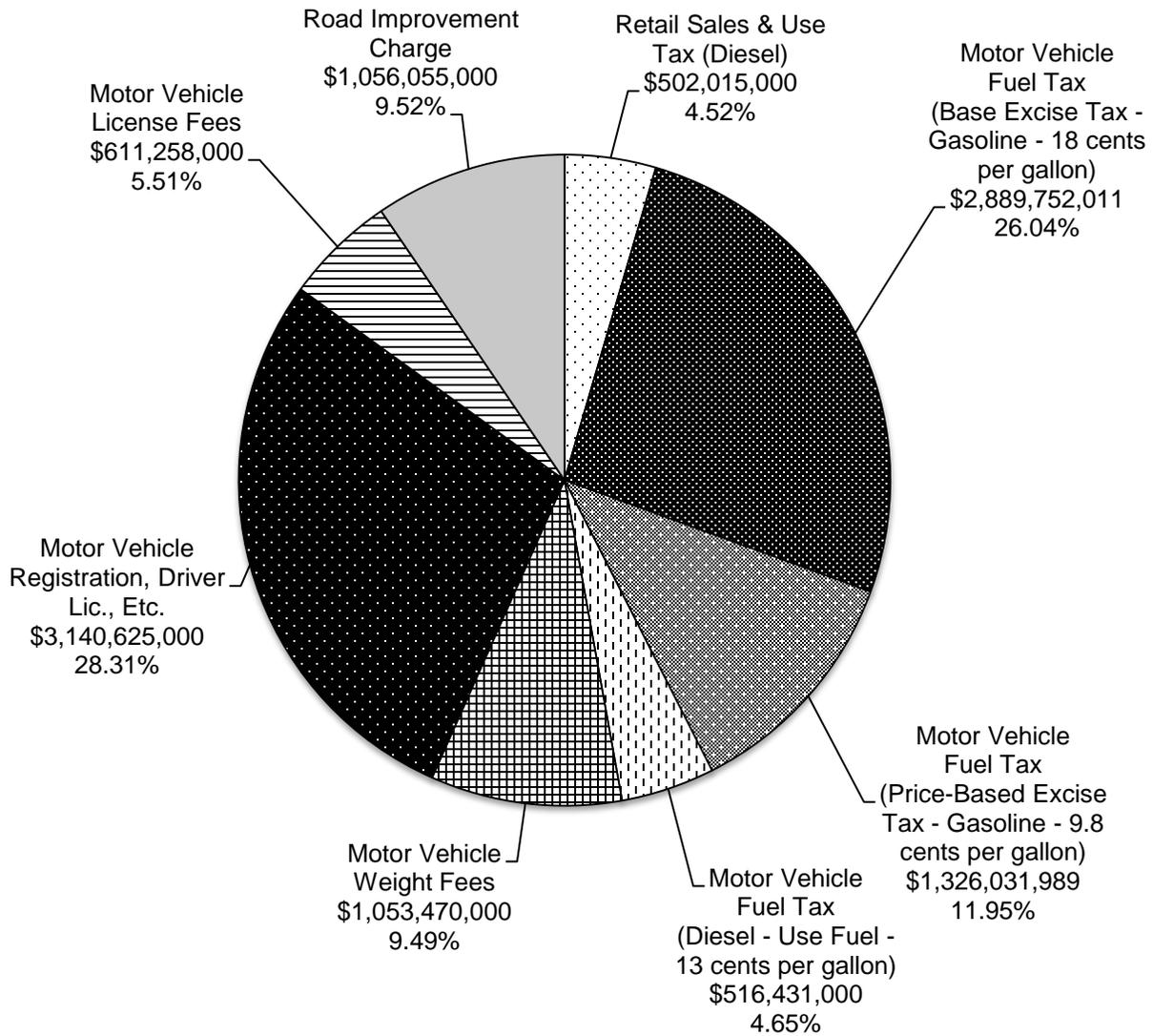
<p>LOCAL REVENUE FUND (Motor Vehicle License Fee portion only)</p>				
<table> <tr> <td>74.9% of Vehicle License Fees.....</td> <td align="right">\$1,824,032,000</td> </tr> <tr> <td><b>\$1,824,032,000</b></td> <td></td> </tr> </table>	74.9% of Vehicle License Fees.....	\$1,824,032,000	<b>\$1,824,032,000</b>	
74.9% of Vehicle License Fees.....	\$1,824,032,000			
<b>\$1,824,032,000</b>				

\* Distribution of Vehicle License Fee revenue revised to 25.1% / 74.9% (State / Local) split by Revenue & Taxation Code, Section 11001.5. Distribution is not exactly 25.1% / 74.9% split due to uncleared collections, timing, and refund activity.

Note: Chart A and C display only the amount of License Fee revenue that flows into the Motor Vehicle Account.

**2016-17 Fiscal Year  
CHART OF TRANSPORTATION REVENUES**  
From California State Motor Vehicle Fees and Taxes

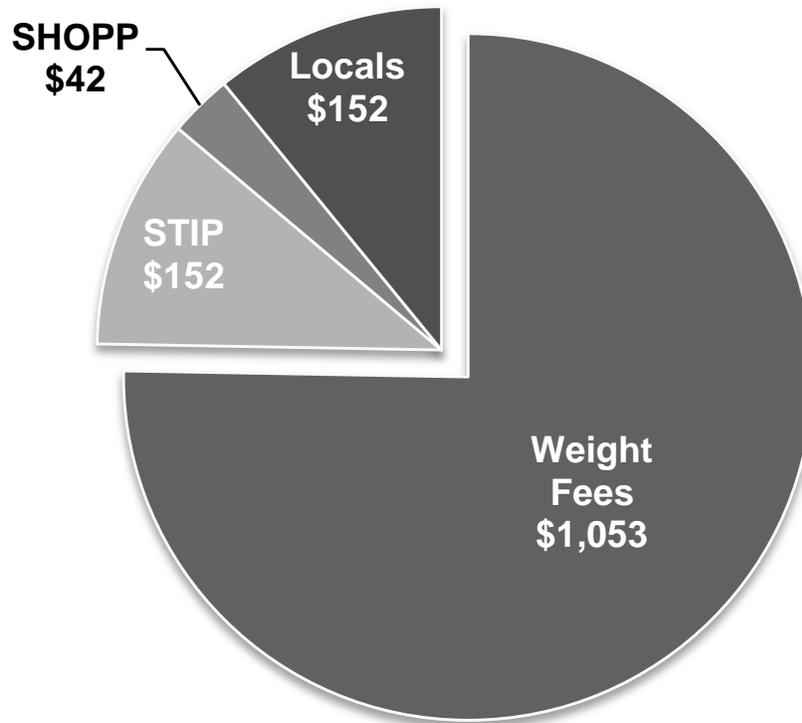
**\$11.096B Total Revenues**



**Notes:**

Does not include funding from the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006. Motor Vehicle Weight Fees are immediately transferred to the the TDSF for transportation bond debt services, per Vehicle Code, Section 9400.4. The Road Improvement Charge is pending legislation. Effective March 1, 2016 the Board of Equalization adopted the new price-based excise tax rate for 2016-17 of 9.8 cents per gallon.

**2016-17 Fiscal Year  
PRICE-BASED EXCISE TAX DISTRIBUTION  
(\$ in millions)**



**\$1.4 Billion  
Rate: 9.8 cpg\***

\* The dollar figures are based on the 2016-17 Governor's Budget and are subject to change.

**Note:**

General Fund transfers are not displayed in the chart.

Effective March 1, 2016 the Board of Equalization adopted the new price-based excise tax rate for 2016-17 of 9.8 cents per gallon.

