

# California State Senate

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# California State Senate

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March 16, 2026

The Honorable John Laird  
Chair, Senate Budget Committee  
1021 O St, Room 8720  
Sacramento, CA 95814

The Honorable Laura Richardson  
Chair, Senate Budget Subcommittee #5  
1021 O Street, Suite 7340  
Sacramento, CA 95814

The Honorable Eloise Gómez Reyes  
Chair, Senate Budget Subcommittee #2  
1021 O Street, Suite 7210  
Sacramento, CA 95814

**RE: Statewide Budget Consideration – Appropriate Remaining SB 125 Program  
Funding and Establish Funding Certainty for TIRCP and LCTOP**

Dear Senators Laird, Reyes, and Richardson:

We, the undersigned members of the California State Senate, write to affirm our continued support for the \$5.1 billion state investment approved for public transit in the Budget Act of 2023 and to urge the appropriation of the final installments of this critical funding, totaling \$690 million in Greenhouse Gas Reduction Fund revenues for the Zero-Emission Transit Capital Program (ZETCP), in the Budget Acts of 2026 and 2027. Additionally, we write to voice our support for establishing funding certainty for the Transit and Intercity Rail Capital Program and

Low Carbon Transit Operations Program, as established in SB 840 (Limón). This letter responds to your February 10 direction to Senators to submit statewide budget requests for consideration by March 6.

**SB 125 Funding:** In 2023, the Legislature approved and Governor Newsom signed AB 102 (Ting) and SB 125 (Skinner), which together created a \$5.1 billion multi-year transit funding package. This package – commonly referred to as the “SB 125 program” – redirected existing transit capital funds and added new General Fund dollars to the new formula-based Transit and Intercity Rail Capital Program (TIRCP) and the ZETCP. The goal of this funding package was to sustain and expand essential transit service, following the pandemic, while advancing major transit and rail projects to meet state’s long-term environmental goals. Its size and multi-year design reflected the state’s intent to give transit agencies stable funding to recover ridership, allow supply chains to stabilize, and give regions time to plan and secure long-term funding solutions.

To access this funding, regional transportation planning agencies and metropolitan planning organizations were required to work with the transit agencies in their respective regions to develop and submit detailed allocation plans to the California State Transportation Agency (CalSTA) that address the accountability criteria that we, as the Legislature, established. Among other things, these allocation plans were required to address how funding received through this package and available through other regional/local resources would be used to address expected operational shortfalls, mitigate service cuts and fare increases, avoid layoffs, grow ridership, and improve the cleanliness and safety of their systems and that justify expenditures on major capital projects. The development of these plans benefited from deep engagement with transit agencies, the public, and regional stakeholders and appropriately balanced the project and service needs of transit agencies to maximize the benefits of our state investment. To help demonstrate their commitment to secure long-term funding solutions, regional entities and transit agencies in the San Francisco Bay Area, Central Coast, and San Diego, have prepared to pursue self-help measures. In return, our regional entities and transit agencies asked only that the state follow through on its commitment to provide the planned appropriations to the SB 125 program through Budget Acts, beginning in 2023.

In 2024 and 2025, due to the state’s fiscal challenges, the Governor proposed to eliminate the state’s commitments to the SB 125 program. As the Legislature, we responded by rejecting the proposals and advancing the planned appropriations. To date \$4.41 billion of the \$5.1 billion funding package has been appropriated through the Budget Acts of 2023, 2024, and 2025. The remaining \$690 million in Greenhouse Gas Reduction Fund revenues for the SB 125 – ZETCP is scheduled for appropriation in the Budget Acts of 2026 and 2027. In our region, the remaining regional share is planned for investment in major capital projects that leverage significant federal funding. However, the Governor’s proposed budget omits the planned \$230 million appropriations for Fiscal Year 2026-27 and does not acknowledge the planned \$460 million appropriation for Fiscal Year 2027-28.

We recognize the state’s ongoing fiscal challenges, but we cannot support the Governor’s recurring proposal to balance the budget at the expense of transit agencies. SB 125 appropriations have been essential to maintaining transit service and supporting ridership

recovery, and future funding remains critical to the industry’s continued stabilization and long-term funding efforts. Failing to provide the remaining SB 125 – ZETCP funds would lead to service cuts and layoffs, jeopardize fragile ridership gains and federal funding for capital projects, undermine regional efforts to advance sustainable, long-term funding solutions.

**Again, we urge the Budget Act of 2026 to appropriate the planned \$230 million in GGRF for the formula-based ZETCP in FY 2026-27 and reaffirm the state’s commitment to appropriate \$460 million in GGRF to the program in FY 2027-28.**

**TIRCP and LCTOP Funding Certainty:** In 2025, the Legislature approved and Governor signed AB 1207 (Irwin) and SB 840 (Limón), which together, extended the Cap-and-Trade program through 2045; renamed it the Cap-and-Invest program; and re-established the Cap-and-Invest Expenditure Plan, maintaining continuous appropriations for the TIRCP and Low Carbon Transit Operations Program (LCTOP).

As we engaged in last year’s Cap-and-Trade discussions, we emphasized the importance of funding certainty to the TIRCP and LCTOP. As we supported these bills, we expressed concerns about the final agreement’s placement of these programs in Tier 3 of the new GGRF Expenditure Plan as the placement creates unnecessary uncertainty. Under the new plan, Tier 3 programs receive funding only after all Tier 1 and Tier 2 programs’ funding commitments are met. When GGRF revenues fall short due to a weak auction market, Tier 3 programs are subject to proportional funding reductions. We flagged then that, in a weak market, the TIRCP and LCTOP could receive far less than the \$400 million and \$200 million we committed to the programs. The Governor’s proposed budget validates these concerns by projecting reduced appropriations of \$283 million and \$141 million, respectively.

**Again, we urge the Budget Act of 2026 to establish funding certainty for these programs.**

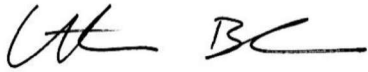
Sincerely,

JESSE ARREGUÍN  
Senator, 7<sup>th</sup> District

SCOTT WIENER  
Senator, 11<sup>th</sup> District

TIM GRAYSON  
Senator, 9<sup>th</sup> District

BEN ALLEN  
Senator, 24<sup>th</sup> District



CATHERINE BLAKESPEAR  
Senator, 38<sup>th</sup> District



TOM UMBERG  
Senator, 34<sup>th</sup> District



ROSILICIE OCHOA BOGH  
Senator, 19<sup>th</sup> District



HENRY STERN  
Senator, 27<sup>th</sup> District



SUSAN RUBIO  
Senator, 22<sup>nd</sup> District