

Receive State and Federal Legislative Update and Consider Position on SB 741 (Blakespear)

**JPB Meeting
August 6, 2026**



Federal

Federal Budget

- House voted 220-205 on CR to extend funding for government at existing levels through Dec. 4
- Senate-led CR proposal would fund government through Dec. 11, expected to receive vote before Aug. recess
- Includes provision that blocks OMB proposed grant regulations rule temporarily

Surface Transportation Reauthorization

- Current surface transportation authorization for federal highways, transit, and rail expires Sept. 30
- House Surface Transportation Reauthorization bill, BUILD America 250 Act (HR 8870), not yet to the floor
- Senate has not yet released its version of Surface Transportation Reauthorization bill

THUD Bills / Appropriations

- Sen. Schiff submitted Caltrain's Safety Enhancements Project for \$5M community project request
- Rep. Liccardo has included \$1M and Rep. Mullin has \$250k for Caltrain's Safety Enhancements Project
- House THUD bill - \$16.51B total budgetary resources for FTA, \$201M below FY26 enacted levels

Federal

OMB Issue

- On May 29, OMB proposed a sweeping overhaul of federal grant regulations
- Proposal would expand federal authority to suspend, terminate, or modify discretionary grant awards and revise requirements governing federal financial assistance
- Rule is not expected to impact federal formula funding, but we continue to seek verification
- Could create additional uncertainty for discretionary grant programs that support transit capital investments
- Caltrain submitted comments through APTA
- **OMB targeting effective date of October 1, 2026**
- **Senate-led CR includes a provision that blocks the implementation of the rule through December 11, 2026.**

State Budget

State Budget Update

- Cap-and-Invest auction revenues down, reducing projected FY27 GGRF from \$3.39B to \$2.73B
- Under SB 840, Tier 1 and 2 commitments (including High-Speed Rail and Cal FIRE) remain fully funded, while Tier 3 programs absorb nearly all reductions
- Tier 3 programs to receive less than 20% of funding originally envisioned in Cap-and-Invest framework
- Caltrain would see \$2.5M annual LCTOP reduced to \$500k and reduced TIRCP and AHSC grant availability
- CTA is leading a statewide effort with coalition letter urging the Legislature and Governor to:
 - Fully fund Tier 3 programs in FY 2026-27 using General Fund resources, and
 - Appropriate \$230M for SB 125 Zero-Emission Transit Capital Program

State: Legislation

- **SB 830 (Arreguin)**
 - Regarding the Connect Bay Area Regional Measure, the bill adds to SB 63 and directs the measure to be placed immediately after statewide ballot measures and before local measures, creates a ballot designation that must appear in all 5 counties, and allows “bona fide” proponents or opponents of the measure to submit ballot arguments to county elections officials, who are then responsible for selecting which argument to print in their respective county voter information guide.
 - Passed and signed by the Governor
- **Bills with Support Positions**
 - **SB 1375 (Cortese)** – CEQA exemption that would apply to Diridon Station Project.
 - **AB 1941 (Gonzalez)** – Additional penalties/tools to combat organized metal theft.
 - **AB 2308 (Haney)** – Expanded financing tools for TJPA.
- **Bills of Interest**
 - **AB 2074 (Haney)** – New land use standards and loan program for high-density, TOD in large cities

SB 741 (Blakespear) – *Recommend Support*

SB 741 (Blakespear) – Low Carbon Transit Operations Program

- Would update and streamline the Low Carbon Transit Operations Program (LCTOP) which receives funding through GGRF and directs funding to transit agencies on a formula basis
- Would simplify Caltrans' administrative role, expand eligible uses of program funds to include transit maintenance, and eliminate redundant GHG demonstration requirements for continuing projects
- Prior to CARB GGRF impacting changes, Caltrain received ~\$2.5M annually from LCTOP
- **Staff recommends a Support Position.**

FOR MORE INFORMATION

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