



May 4, 2026

Lauren Sanchez
Chair, California Air Resources Board
1001 I Street
Sacramento, CA 95814

RE: Proposed Amendments to the Regulation for the California Cap on Greenhouse Gas Emissions and Market-Based Compliance Mechanisms – Transportation Funding Concerns

Dear Chair Sanchez:

Transportation California and our undersigned member organizations and partners appreciate the opportunity to provide comments on the California Air Resources Board’s proposed amendments to the Cap-and-Invest regulation, released on April 14, 2026, and scheduled for consideration at the Board’s May 28, 2026 meeting.

Transportation California represents the statewide transportation construction industry and workforce responsible for designing, building, repairing, and maintaining California’s multimodal transportation system. Alongside equally important mobility and economic goals, our members support California’s climate and air quality goals. We recognize that a strong, stable Cap-and-Invest program is an important part of the state’s long-term strategy.

For that reason, our organizations supported the 2025 effort to extend the program beyond 2030. A central reason for that support was the expectation that Cap-and-Invest would continue to provide meaningful investment in programs that reduce transportation emissions, expand transit and rail capacity, support sustainable land use, and help deliver affordable housing near transportation options.

We are not submitting these comments to oppose CARB’s effort to address affordability. Affordability is a real and urgent concern for California households, and it is appropriate for CARB to consider how the program affects ratepayers and consumers. However, the proposed increase in utility allowance allocations to support an enhanced Climate Credit raises a serious concern: if auction proceeds are materially reduced, the state could significantly weaken the very programs that help make California more affordable, more multimodal, and more climate resilient over the long term.

That outcome would be especially damaging for transportation. California is already facing a growing transportation funding challenge as fuel tax revenues decline, construction costs rise,

infrastructure ages, and state and local agencies are asked to deliver safer, cleaner, more resilient, and more multimodal projects with fewer predictable resources. While the main purpose of Cap-and-Invest is not revenue generation, Greenhouse Gas Reduction Fund (GGRF) investments have become a core component of how California funds transit, rail, zero-emission transportation, and sustainable communities projects.

Programs such as the Transit and Intercity Rail Capital Program (TIRCP), the Low Carbon Transit Operations Program (LCTOP), and the Affordable Housing and Sustainable Communities Program (AHSC) play a direct role in advancing California's climate strategy. TIRCP helps fund major rail and transit capital investments, corridor improvements, and zero-emission transit infrastructure. LCTOP supports transit operations and programs that make cleaner transportation more accessible and affordable. AHSC connects affordable housing with transportation investments in ways that reduce long commutes and support more sustainable travel patterns.

If auction revenues decline to the point that these programs are reduced or effectively eliminated from future expenditure plans, California's climate and mobility goals will be harder to achieve. The state will have fewer tools to expand transit service, modernize rail and bus systems, support zero-emission transportation infrastructure, and provide viable alternatives to driving alone. The impact would also be felt in project delivery, construction employment, regional mobility, housing affordability, and the ability of local communities to implement the state's climate policies on the ground.

We also believe the potential fiscal effect of the proposed allowance changes should be clearly communicated before final action is taken. If the proposed structure reduces auction proceeds in a way that undermines funding for transit and housing, then we urge the Legislature and Administration to prioritize funding in the state budget for these programs in alignment with statutory funding targets identified in SB 840 (2025) – \$400 million for TIRCP, \$200 million for LCTOP, and \$800 million for AHSC. The state should ensure GGRF funds programs central to California's climate, mobility, housing, and affordability objectives are protected in future GGRF expenditure plans.

We appreciate CARB's work to implement the extended Cap-and-Invest program and the difficult balance the Board is seeking to strike. As the state moves forward, we respectfully urge CARB, the Administration, and the Legislature to ensure that affordability relief is not achieved at the expense of the transportation, transit, housing, and infrastructure investments that make California more affordable and sustainable over the long term.

Thank you for your consideration. Should you have any questions about our position on this matter, please contact Kiana Valentine, Executive Director, Transportation California, at kiana@politicogroup.com or (916) 266-3892.

Sincerely,

Kiana Valentine
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California State Council of Laborers

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cc: Members and Staff, California State Legislature
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