



February 12, 2026

TO: Board Members, Madera County Transportation Commission

FROM: Gus Khouri, President
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RE: **STATE LEGISLATIVE UPDATE – FEBRUARY**

2026 Outlook

The legislature is in the process of introducing bills by the February 20 deadline. Policy Committee hearings will commence shortly after, with bills that have been in print for 30 days being eligible for action. All bills, whether they are in the house of origin (Assembly bills in the Assembly, Senate bills in the Senate, or those in the other house), must be acted upon by July 2 to remain alive. The legislature will hold budget subcommittee meetings and leave items open until the release of the Governor's May Revision, which must be published by May 14. Legislators will have until June 15 to submit a balanced budget to the Governor, who must sign it by June 30.

Gas Tax Successor Source Discussion

MCTC's primary objective has been to secure funding to enhance safety on Highways 41, 99, and 233, and to implement multimodal improvements to enhance transit and active transportation.

Opportunities will be contingent on the availability of state funding, which has been in decline or constrained, on reliance on gas tax revenue, and on the reorientation of an extended Cap and Invest Program that deprioritizes transit and absorbs General Fund obligations.

It is imperative that a successor to the gas tax and the diesel sales tax be enacted as soon as possible to fund highway safety projects, local streets and roads, transit, passenger rail, and active transportation.

Road User Charge

Gas tax, the primary source of transportation funding, is declining in revenue due to increased fuel efficiency. In 2014, the Legislature initiated a pilot program (SB 1077) to study a road charge model as a potential replacement for the gas tax.

Given the limited number of participants from rural and low-income areas, further work is needed to recommend an appropriate charge rate. A recent pilot was tested at 2.5 cents per mile. Implementation issues include protecting privacy in data collection, enforcement, and compliance. There are concerns about equity and affordability, particularly in less densely populated areas where the jobs-housing imbalance is more pronounced, forcing people to drive farther to access work, goods, and services.

In 2017, SB 1 increased the gas tax, indexed it to inflation, and enacted additional transportation funding. SB 1 has delayed action on addressing the decline in gas tax revenue, but the need to identify a replacement for the gas tax as the primary source of transportation funding may come to the forefront soon. The Legislative Analyst's Office (LAO) estimates the state will experience a \$5 billion reduction in funding over the next decade. The [\(LAO\) report](#) projects declines of \$5 billion, or 64%, in the state's gasoline excise tax, \$290 million, or 20%, in the diesel excise tax, and \$420 million, or 20%, in the diesel sales tax, over the next decade.

For 2026, MCTC has approximately \$4.5 million in programming capacity in State Transportation Improvement Program (STIP) funds, a flexible, formula-based funding source that can be used for local streets and roads, highways, mass transit guideways, and active transportation. The STIP would be compromised without a solution to the gas tax funding source. Each city and county would see a reduction in funding for local streets and roads, as would Caltrans for maintaining the state highway system and transit agencies for transit capital and operations, due to a decline in diesel sales tax revenue. The objective is complete work between Avenues 7 and 12 on State Route 99.

[AB 1421 \(Wilson\)](#)

Assemblymember Lori Wilson (D-Solano), Chair of the Assembly Transportation Committee, authored AB 1431 to continue the conversation on the feasibility of a road user charge (RUC). The bill requires the California Transportation Commission to prepare recommendations on implementing an RUC. The bill is currently in the Senate and can be heard until July 2 to remain alive.

Impact on Madera

On average, each registered driver statewide pays approximately \$292 in gas tax annually, or \$272 per registered gas-powered vehicle. Using Caltrans data on vehicle miles traveled in Madera County, applying that metric to Madera residents would result in an increase of \$148 per registered vehicle or \$295 per driver, more than Madera residents currently pay in gas taxes.

Conversion to a Vehicle Registration Fee is a Viable Solution

The Vehicle Registration Fee (VRF) is independent of fuel source, fuel economy, and travel patterns, protecting privacy and providing a stable, predictable, and growing revenue stream. Even with inflation indexing, as cars depreciate, owners would pay less. The State could convert entirely to a vehicle registration fee, eliminate the state gas tax (currently 61.2 cents per gallon), and reduce the Road Improvement Fee (RIF), which is collected on electric vehicles.

California has over 32 million registered vehicles, and electric vehicles account for less than 7% (2.5 million). Only those purchased after 2020 are subject to the Road Improvement Fee of \$121, which is indexed annually. In 2024, the [New Car Dealers Association reported](#) that 1.75 million vehicles were sold statewide, with almost 400,000 of those being electric vehicles, roughly one in every four vehicles sold. Even when considering [Governor Newsom's Executive Order N-79-20](#), which requires that all cars manufactured in the state be electric vehicles by 2035, it would take over 18 years to fully convert to an

all-electric vehicle fleet, and this is before considering the removal of federal rebates and incentives for electric vehicles, which could further stagnate conversion.

Impact on Madera County

Car owners statewide could save between 77% and 87% if the State fully converted to a VRF system, rather than the current VRF and gas tax system. For Madera County, all drivers and vehicle owners would save by converting to a revenue-neutral VRF, compared with what they currently pay in gas taxes and registration fees.