

## ASSEMBLY THIRD READING

AB 2679 (Hadwick)

As Amended May 18, 2026

Majority vote

**SUMMARY**

Authorizes a city that receives an annual apportionment from the Road Use and Maintenance Account (RMRA) that is an average of \$200,000 or less for the three prior fiscal years and is less than 30 times its average annual apportionment for the three prior fiscal years, to request a supplemental apportionment from the State Highway Account (SHA) that it will repay with its future RMRA apportionments.

**Major Provisions**

- 1) Authorizes a city to request from the California Department of Transportation (Caltrans) a supplemental apportionment from the SHA and requires Caltrans to approve the request if all of the following are satisfied:
  - a) The city's average annual apportionment for the three prior fiscal years is no more than \$200,000.
  - b) The cost of the list of projects a city submits to the California Transportation Commission (CTC) exceeds its average annual apportionment for the three prior fiscal years.
  - c) The city identifies the amount of supplemental funding to be provided from the SHA as a loan that does not exceed either of the following and whichever is less:
    - 1) An amount that does not exceed 30 times the city's average annual apportionment for the three prior fiscal years.
    - 2) \$2 million.
  - d) The amount of supplemental funding is available as reserves in the SHA.
- 2) Authorizes a city that receives a supplemental apportionment from the RMRA to receive it without submitting a list of proposed projects or complying with the specified maintenance of effort requirement until the city repays the supplemental apportionment.
- 3) Requires a city receiving a supplemental apportionment to spend those funds on projects including but not limited to:
  - a) Road maintenance and rehabilitation.
  - b) Safety projects.
  - c) Railroad grade separations.
  - d) Complete street components, including active transportation purposes, pedestrian and bicycle safety projects, transit facilities, and drainage and stormwater capture projects in conjunction with any other allowable project.

e) Traffic control devices.

## COMMENTS

SB 1 (Beall) Chapter 5, Statutes of 2017, created the Road Maintenance and Rehabilitation Program (RMRP) to address deferred maintenance on the State Highway System and the local street and road system, and the RMRA for the deposit of various funds for the program. Half of the RMRA funding is allocated to Caltrans and the other half is apportioned by population to eligible cities and counties by the State Controller for basic road maintenance, rehabilitation, and critical safety projects on the local streets and roads system.

The allocation of these funds to cities is based on population. The Controller allocated nearly \$906 million to 481 cities in California in fiscal year 2024-25. The amount of funding that California's cities receive varies widely because of the significant variance in population. The chart below shows the 10 smallest and 10 largest RMRA allocations to cities. For more context, 77 cities received less than \$200,000 RMRA funds in 2024-25, and of those, 42 cities received less than \$100,000. Twenty four cities received less than \$50,000 and nine cities received less than \$10,000. The smallest amount received was approximately \$5,000 by two cities. Los Angeles received by far the most--\$106 million. San Diego was the next highest city receiving about \$38 million. San Jose received about \$28 million, San Francisco received \$23 million, and Fresno received nearly \$15 million.

Cities are allowed to carry over unused funds; however, some of the smallest cities rarely accrue enough funding to spend their RMRA dollars. As a result, some of the smaller cities do not submit projects to the CTC for approval for funding. In 2023-24, only 469 cities of the estimated 480 cities submitted projects. In part, this may be explained by some of the very small cities in the state receiving very small annual allocations of less than \$100,000 annually, with a couple of cities receiving less than \$5,000 annually. For example, it would take Loyalton City which received about \$20,000 in 2024-25 nearly five years to save up for a \$100,000 project.

While smaller cities have fewer roads to maintain, their roads are still subject to degradation and with heavy truck volumes or weather conditions, such as snow, necessitating repair and replacement. Filling a single pothole typically costs between \$100 to \$400, but contractors may have minimum charges that approach as much as \$1,000. Thus, filling multiple potholes at one time can be more cost-effective. Even a very small active transportation project likely costs \$50,000 with most projects being in the low millions.

*Staff comments.* This bill intends to help the state's least populated cities spend their relatively small RMRA allocations in a meaningful way. This bill allows cities to borrow from the SHA and repay that amount with future RMRA apportionments while capping advanced funding at the lesser of 30 times the city's average annual apportionment for the three prior fiscal years or \$2 million.

There is precedent for the approach this bill takes. For example, current state law allows Caltrans to advance funds in the SHA to a local agency for a project if certain bond funds are available to repay the advance. Similarly, AB 3090, Chapter 1243, Statutes of 1992, permits a local agency to enter into an agreement with the appropriate transportation planning agency, Caltrans, and the CTC to use its own funds to implement a project included in the State Transportation Improvement Program (STIP) and to receive a later reimbursement from STIP funds.

**According to the Author**

"Small cities in California receive a tiny share of road funding based on population that is impractical to use for road repair projects. As rural cities lose population, construction costs rise, and revenue falls, many cities cannot piece together enough funding for a project, causing delays while roads crumble. Assembly Bill 2679 allows small cities to receive a funding advance for transportation projects from the State Highway Account to be repaid from their Roadside Maintenance Rehabilitation Account allocation. This bill will accelerate transportation projects for under resourced cities and help repair crumbling roads."

**Arguments in Support**

None on file.

**Arguments in Opposition**

None on file.

**FISCAL COMMENTS**

Costs to Caltrans, potentially in excess of \$150,000 (special fund) each year to accept, review and approve requests for supplemental apportionment.

**VOTES****ASM TRANSPORTATION: 15-0-1**

**YES:** Wilson, Davies, Aguiar-Curry, Ahrens, Carrillo, Harabedian, Hart, Hoover, Jackson, Lackey, Macedo, Papan, Ransom, Rogers, Sharp-Collins

**ABS, ABST OR NV:** Ávila Farías

**ASM APPROPRIATIONS: 15-0-0**

**YES:** Wicks, Hoover, Aguiar-Curry, Calderon, Caloza, Dixon, Fong, Mark González, Krell, Pacheco, Pellerin, Sharp-Collins, Solache, Ta, Tangipa

**UPDATED**

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