



July 17, 2025

To: Legislative and Communications Committee

From: Darrell E. Johnson, Chief Executive Officer

Subject: State Legislative Status Report

Overview

The Orange County Transportation Authority provides regular updates to the Legislative and Communications Committee on policy issues directly impacting its overall programs, projects, and operations. A support position is recommended related to legislation that would expand existing prohibitions on obstructing license plates. This report also includes an update on state budget activities and the repeal of the California Air Resources Board's In-Use Locomotive Regulation.

Recommendation

Adopt a SUPPORT position on AB 1085 (Stefani, D-San Francisco), which would expand the prohibition of installing, selling, or manufacturing devices that interfere with the electronic or visual readability of license plates, including on toll facilities.

Discussion

AB 1085 (Stefani, D-San Francisco): License plates: obstruction or alteration

AB 1085 would enhance enforcement against the obstruction of vehicle license plates. Specifically, the bill expands current law to explicitly prohibit the use, installation, sale, or manufacture of any device, material, or coating, such as shades or tints that interfere with the electronic or visual readability of license plates. This includes interference with systems used by law enforcement, toll agencies, and remote emissions sensing technologies. AB 1085 also introduces a new ban on manufacturing these obstructive devices within California and increases the penalty for selling or manufacturing such items, raising the fine from \$250 to \$2,500 per item. The fine for using these devices on vehicles remains at \$250.

AB 1085 would help support the Orange County Transportation Authority's (OCTA) efforts to reduce toll evasion by targeting the use, manufacture, and distribution of license plate obstruction devices. The bill expands current law to explicitly ban the production and use of items such as tints, shades, and other materials designed to prevent visual or electronic recognition of license plates. These devices are commonly used to avoid detection by automated tolling systems, resulting in lost revenue and increased enforcement costs.

The use of obstructed or unreadable license plates significantly undermines toll enforcement systems that rely on license plate recognition for billing and violation processing. When license plates are not readable, agencies lose toll revenue and incur added costs related to violation processing, manual enforcement, or violation resolution. Across California, toll agencies report substantial financial losses due to vehicles with obscured or missing license plates, with some toll operators citing the loss of tens of millions of dollars each year due to this issue. For the 91 Express Lanes, OCTA generally loses approximately \$204,000 each year due to blocked or obstructed license plates. This amount will likely increase with the 405 Express Lanes as similar toll collection challenges arise. These same devices also hinder law enforcement investigations into more serious offenses. Obstructed plates can enable repeat offenses by shielding drivers from detection by traffic and safety cameras.

By clarifying existing law and increasing penalties, AB 1085 would help strengthen enforcement against license plate obstruction in a way that supports OCTA's interest in fair and effective toll collection. It would also support the broader goals of public safety and fairness by deterring behavior that shifts financial burdens onto law-abiding drivers and undermines criminal investigations. For a toll agency like OCTA, this legislation offers an opportunity to strengthen the effectiveness of automated toll systems and enhance revenue recovery while maintaining important privacy protections for drivers.

This legislation is sponsored by Streets for All and supported by the Metropolitan Transportation Commission and the Golden Gate Bridge Transportation District, along with a wide range of law enforcement organizations. A SUPPORT position is consistent with OCTA's 2025-26 State Legislative Platform principle to "Support the use of innovative means to enhance toll agency enforcement efforts, including ways to address toll violations due to protected plates." A comprehensive analysis is included in Attachment A.

Update on State Budget Agreement

On June 27, 2025, the California Legislature approved the fiscal year (FY) 2025–26 state budget and several accompanying trailer bills following negotiations with the Administration. The budget builds on the framework passed on June 13 and addresses an estimated \$12 billion shortfall through a

combination of spending reductions, funding delays, fund shifts, and use of reserves. The total spending is \$321.1 billion, which includes \$231.9 billion in General Fund expenditures and \$15.7 billion in reserves. Governor Newsom conditionally signed the state budget agreement on June 27; however, his signature was contingent upon the enactment of additional trailer bills approved by the Legislature on June 30, 2025. While the core components of the budget are now in place, staff anticipates additional budgetary actions in the coming months to address unresolved issues, including continuous appropriations for certain funding sources and reauthorization of the cap-and-trade program.

The cap-and-trade program currently funds a range of clean transportation and greenhouse gas reduction initiatives through the Greenhouse Gas Reduction Fund (GGRF). OCTA has historically leveraged GGRF resources through programs such as the Transit and Intercity Rail Capital Program (TIRCP) and the Low Carbon Transit Operations Program (LCTOP), supporting efforts like the coastal rail corridor protection, OC Streetcar, and the Youth Ride Free Program. In addition to these continuous appropriations, the State previously established a four-year, \$5.1 billion transit funding initiative through SB 125 (Chapter 54, Statutes of 2023) and AB 106 (Chapter 9, Statutes of 2023), creating new formula-based programs to assist with operations and zero-emission fleet transitions. OCTA is expected to receive approximately \$380 million from this effort.

The revised budget includes both immediate and planned funding to maintain these commitments. Specifically, \$1.196 billion from the General Fund is appropriated in FY 2025–26 for transit, including \$812 million for SB 125 TIRCP and \$384 million for TIRCP Cycle 6. The Legislature and Administration also intend to restore \$1.078 billion in GGRF transit commitments across future FYs: \$188 million in FY 2025–26 and \$180 million for Cycle 6, followed by \$230 million in FY 2026–27 and \$460 million in FY 2027–28 for the Zero-Emission Transit Capital Program. While these GGRF amounts are not yet formally reflected in the budget, they are expected to be included once this year's cap-and-trade expenditure plan is finalized. However, the revised budget does not resolve long-term funding uncertainties for TIRCP or LCTOP and does not address reauthorization of the cap-and-trade program, which is expected to be taken up later this year.

In addition to transit funding, the budget provides up to \$1.75 billion in one-time General Fund loans. Up to \$1 billion will support recovery efforts in Los Angeles County jurisdictions impacted by the January 2025 wildfires. Another \$750 million is designated for four major Bay Area transit agencies, including the Bay Area Rapid Transit, San Francisco Municipal Transportation Agency, Caltrain operated by the Peninsula Corridor Joint Powers Board, and the Alameda-Contra Costa Transit District, facing severe operating deficits. These loans are contingent on two actions: enactment of a 2025 trailer bill establishing repayment terms and a dedicated revenue source, and approval of legislation

authorizing a regional funding mechanism currently pending in the Legislature: SB 63 (Wiener, D-San Francisco), which proposes a regional sales tax measure for the 2026 general election to sustain existing transit operations levels.

The transportation trailer bill passed in conjunction with the budget includes provisions to support the 2028 Olympic and Paralympic Games in the City of Los Angeles (LA28), including authority for the California Department of Transportation (Caltrans) and local agencies to designate LA28-only or preferential-use lanes as part of the establishment of a games route network. Vehicles displaying a special LA28 decal approved by Caltrans and the California Highway Patrol may access high-occupancy vehicle lanes and other designated corridors. Earlier proposals to exempt LA28-related projects from the California Environmental Quality Act (CEQA) and the Coastal Act were not included in the final bill, though such changes could be revisited in future legislation.

Lastly, the two trailer bills approved on June 30, 2025, include key housing and infrastructure measures. The first trailer bill extends deadlines for the Regional Early Action Planning Grants Program, with funding now allowed to be expended through December 31, 2026, and reporting and invoicing deadlines extended through June 30, 2027. The California Department of Housing and Community Development is also authorized to reallocate unspent funds after 2026 to other eligible entities for reimbursement.

The second trailer bill includes several CEQA reforms. This includes CEQA streamlining for certain projects, including exemptions for the construction or operation of high-speed rail maintenance facilities and passenger stations for electrically powered systems. These exemptions apply if the projects are located in previously studied corridors and meet environmental and mitigation standards. The legislation also excludes staff notes and internal agency communications from the CEQA administrative record, unless certain exceptions apply, when a plaintiff requests the record to challenge or review a public agency's decision.

Repeal of the California Air Resources Board's (CARB) In-Use Locomotive Regulation

On June 26, 2025, CARB voted unanimously to repeal the In-Use Locomotive Regulation, which would have required all new locomotives in the State to be zero-emission starting in 2035. In January 2025, CARB had withdrawn its request for a federal waiver from the U.S. Environmental Protection Agency (EPA), citing uncertainty about the timeline for approval under the current federal administration. Without the waiver, the rule could not be enforced because under the federal Clean Air Act, California must obtain EPA authorization to implement state-level emissions standards that differ from or go beyond federal regulations, particularly for sources like locomotives, which are primarily regulated at the national level due to their interstate operations. Since freight and passenger trains routinely cross state lines, applying separate emissions requirements in

California would affect equipment and operations beyond the state's borders, requiring federal approval to avoid conflicts with national commerce and regulatory uniformity. The regulation had faced legal challenges from the rail industry, including a lawsuit from the Association of American Railroads, which argued the rule would improperly affect interstate commerce.

For Metrolink, the repeal of the regulation eliminates the obligation to contribute to a dedicated account intended to fund the future acquisition of zero-emission locomotives, thereby reducing a substantial financial and administrative burden. It also removes the immediate requirement to plan for a near-term transition to zero-emission technology, which remains commercially limited, affording the agency greater flexibility in fleet management and long-term capital planning. This is particularly significant given that Metrolink already operates Tier 4 locomotives, which represent the cleanest diesel technology currently available.

The repeal comes as California continues efforts to meet federal air quality standards. The rule, adopted in April 2023, was projected to reduce more than 386,000 tons of nitrogen oxide emissions by 2050. The loss of anticipated emissions reductions from the locomotive rule may make it more difficult for air quality agencies to demonstrate reasonable further progress in upcoming State Implementation Plan updates, potentially triggering federal sanctions or restrictions on transportation project funding. Recognizing the setbacks from the locomotive rule and the risk of continued nonattainment, CARB has indicated it will consider alternative strategies, including expanded support for public transit and electric vehicle programs, as part of its broader effort to meet state and federal air quality goals.


Summary

A support recommendation is included for legislation prohibiting devices that block or obscure license plates. Summaries are provided on recent state budget developments and the repeal of the In-Use Locomotive Regulation.

Attachments

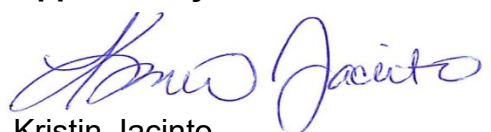
- A. AB 1085 (Stefani, D-San Francisco) Bill Analysis with Bill Language
- B. Orange County Transportation Authority Legislative Matrix

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