



June 18, 2026

To: Legislative Committee
From: Darrell E. Johnson, Chief Executive Officer
Subject: Federal Legislative Status Report

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Overview

The Orange County Transportation Authority regularly updates the Legislative Committee on policy and regulatory issues directly impacting the agency's programs, projects, and operations. This report provides an update on federal surface transportation reauthorization efforts, including the Building Unrivaled Infrastructure and Long-Term Development for America's 250th Act and the House Transportation and Infrastructure Committee's proposal to reauthorize federal surface transportation programs following the expiration of the Infrastructure Investment and Jobs Act. The report also provides an overview of the fiscal year 2027 Transportation, Housing and Urban Development and ongoing efforts to address the distribution of Surface Transportation Block Grant Program and Congestion Mitigation and Air Quality Improvement funding within the Southern California Association of Governments' region.

Recommendation

Receive and file as an information item.

Discussion

Building Unrivaled Infrastructure and Long-term Development for America's 250th Act

On May 21, 2026, the House Transportation and Infrastructure Committee approved the Building Unrivaled Infrastructure and Long-Term Development for America's 250th Act (BUILD America 250 Act) by a bipartisan vote of 62-2. The legislation would reauthorize federal surface transportation programs for five years beginning in federal fiscal year (FY) 2027 upon the expiration of the Infrastructure Investment and Jobs Act (IIJA), on September 30, 2026.

The BUILD America 250 Act authorizes approximately \$581 billion in transportation funding over five years, including \$474.4 billion in Highway Trust Fund contract authority. While the bill increases Highway Trust Fund funding levels compared to the IIJA baseline, it does not continue the advance appropriations structure established under the IIJA. As a result, several transit, rail, and discretionary grant programs would no longer receive guaranteed funding and instead would be subject to future annual appropriations.

The legislation places an emphasis on formula funding and project delivery reforms, while restructuring or consolidating several discretionary grant programs. Notable provisions include creation of a new Surface Transportation Accelerator Grant Program, consolidation of several passenger rail grant programs into a new National Intercity Passenger Rail Partnership Program, reauthorization of the Corridor Identification and Development Program, expansion of project delivery and permitting flexibilities, and establishment of a new International Games Grant Program to support transportation improvements associated with major international sporting events, including the 2028 Olympic and Paralympic Games and Fédération Internationale de Football Association World Cup events.

The bill also includes several provisions of interest to the Orange County Transportation Authority (OCTA) and other metropolitan planning organizations (MPO), including an optional process allowing MPOs to become direct recipients of certain federal highway funding programs, modifications to transit oversight and security requirements, and expanded eligibility for resilience projects. The legislation additionally proposes annual registration fees on electric and plug-in hybrid vehicles intended to generate additional Highway Trust Fund revenue.

Consistent with the OCTA Board of Directors-adopted federal reauthorization principles supporting formula funding and local decision-making authority, OCTA staff and regional transportation partners continue to pursue legislative solutions related to the distribution of Surface Transportation Block Grant Program (STBG) and Congestion Mitigation and Air Quality Improvement (CMAQ) funding within the Southern California Association of Governments' (SCAG) region. For more than three decades, STBG and CMAQ funds were distributed to county transportation commissions based on population, allowing local agencies to select and deliver transportation projects responsive to local needs. In 2021, a Federal Highway Administration corrective action required changes to this longstanding process and effectively centralized project selection authority at the regional level. OCTA and regional partners continue to seek language to restore previous formula distribution to county transportation agencies while preserving SCAG's responsibility for approval of the regional transportation improvement program.

As part of these efforts, Representative Julia Brownley (D-CA) offered amendments during House Transportation and Infrastructure (T&I) Committee consideration of the BUILD America 250 Act to address the STBG/CMAQ

funding allocation issue. One amendment would have restored the prior funding allocation structure utilized within the SCAG region, while a second amendment would have prohibited implementation of the federal regulatory provision that served as the basis for the Federal Highway Administration's 2021 corrective action. Although neither amendment was included in the House T&I Committee-approved legislation, outreach continues with congressional offices regarding potential amendments and other legislative opportunities as the reauthorization process advances. Stakeholders are also pursuing a parallel strategy through the FY 2027 Transportation, Housing and Urban Development (THUD) appropriations process.

The House Transportation and Infrastructure bill represents the first major step in the federal surface transportation reauthorization process. The Senate has not yet released reauthorization legislation and is expected to develop its own proposal. Significant revisions remain possible as Congress continues consideration of surface transportation reauthorization legislation.

House FY 2027 Transportation, Housing, and Urban Development Appropriations' Proposal

On May 21, 2026, the House Appropriations Subcommittee on THUD and related agencies approved its FY 2027 appropriations bill by a vote of 9-7. The full House Appropriations Committee subsequently approved the legislation on June 3, 2026, by a vote of 34-27. The bill represents the House's initial transportation funding proposal for FY 2027 and establishes priorities that will continue to evolve as the congressional appropriations process advances.

The bill provides approximately \$111.6 billion in total transportation funding, including \$28.3 billion in discretionary funding for the U.S. Department of Transportation and \$83.3 billion in obligation limitations for Highway Trust Fund-supported programs. The discretionary funding level is approximately \$1.2 billion above the FY 2026 enacted level and relies on approximately \$7.9 billion in unobligated IIJA balances to support FY 2027 spending. The proposal generally does not continue transportation funding at the enhanced levels provided through the IIJA.

For public transportation programs, the bill provides approximately \$16.5 billion for the Federal Transit Administration, approximately \$201 million below the FY 2026 enacted level. This funding includes \$14.6 billion in transit programs funded through the Highway Trust Fund Mass Transit Account, \$737 million for Capital Investment Grants, and \$973 million for the Transit Infrastructure Grants (TIG) Program. The TIG Program includes \$875 million for public transportation assistance associated with the 2028 Olympic and Paralympic Games, funded from repurposed IIJA advance appropriations previously associated with the Federal-State Partnership for Intercity Passenger Rail Program. This funding is to be distributed through direct grants or cooperative agreements to eligible entities serving 2028 Olympic and Paralympic Games venues. The TIG Program

also includes \$10 million for bus driver safety and security initiatives and \$87 million in Community Project Funding for transit infrastructure projects.

For rail programs, the bill provides approximately \$3 billion for the Federal Railroad Administration, more than \$1 billion above the FY 2026 enacted level. This funding includes \$523 million for the Consolidated Rail Infrastructure and Safety Improvements Program, \$100 million for the Railroad Crossing Elimination Program, and approximately \$2.1 billion for Amtrak, including funding for both the northeast corridor and national network.

Staff will continue to monitor the appropriations process and provide updates as additional congressional action occurs.

Summary

Information is provided on House committee action related to the BUILD America 250 Act surface transportation reauthorization proposal and the fiscal year 2027 Transportation, Housing and Urban Development appropriations bill, including potential impacts on federal transportation funding programs and ongoing regional efforts related to Surface Transportation Block Grant Program and Congestion Mitigation and Air Quality Improvement funding allocation requirements.

Attachment

- A. Potomac Partners DC, Monthly Legislative Report – May 2026

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