



February 18, 2026
Agenda Item 11.8
Continued From: New
Action Requested: **INFORMATION**

NAPA VALLEY TRANSPORTATION AUTHORITY

Board Agenda Memo

TO: Board of Directors
FROM: Danielle Schmitz, Executive Director
REPORT BY: Danielle Schmitz, Executive Director
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SUBJECT: Federal and State Legislative Update

RECOMMENDATION

That the Napa Valley Transportation Authority (NVRTA) Board receive the Federal Legislative update, State Legislative Update, and the updated Bill Matrix for February 2026.

BACKGROUND

Federal Update:

The Federal government experienced a brief partial shutdown in early February. Congress had until Midnight January 30th to pass the remaining appropriations bills or trigger a partial shutdown. The House advanced a six-bill minibus and recessed, but Senate Democrats blocked final passage in protest over Immigration and Customs Enforcement (ICE) funding. On January 30th a stopgap deal to carve out the Department of Homeland Security funding and extend negotiations was reached resulting in a two-week continuing resolution to negotiate a broader deal. The House passed a broader funding package, and President Trump signed it on February 3rd ending the shutdown. There are still continuing negotiations on the Department of Homeland Security funding.

Congress has begun early stages of work on the next surface transportation reauthorization bill, which must be enacted before the current authorization, the Infrastructure Investment and Jobs Act (IIJA), expires on September 30, 2026. The House Transportation and Infrastructure Committee has held a series of hearings and member forums focused broadly on highways, transit, freight, rail and infrastructure delivery. Committee leaders have emphasized a desire to pursue a bipartisan bill that focuses on transportation investment.

State Update:

Governor Newsom released his final budget proposals for his term. The 2026-27 budget proposal outlines \$348 billion in spending that addresses a budget deficit far less dire than the LAO's predictions. The governor is relying on a three-year budget window which estimates revenues over the three-year period will be \$42 billion higher than earlier projections. This is resulting in only a \$2.9 billion shortfall in 2026-27. However, outyear deficits are forecast to be much larger.

The budget proposal does not include some transportation funding commitments from the past, like the zero-emission transit capital program and some State Transit Assistance funding. The STA funding is a little over \$30 million less than the current year, likely due to lower fuel revenues. The Governor's budget proposal includes loans for specific Bay Area Transit providers (i.e. BART, Muni, Caltrain and AC Transit). These loans are backed by revenue-based portion of the State Transit Assistance that goes directly to transit agencies. The loan provides for a 12-year repayment term with the first two years interest-only. The source of the loan is the total balance of funding available at the state level in the state's Transit and Intercity Rail Capital Program from funding that has been awarded to Bay Area projects but not allocated by the California Transportation Commission as of December 2025.

This coming fiscal year, 2026-27 marks the first year of the new expenditure program under Cap and Invest. As specified in the bill, if Auction revenues fall below \$4.2 billion then the allocations to Tier 3 (the Transportation programs) will be reduced. The budget summary forecast auction revenues at \$3.7 billion if these forecasts hold, transportation programs like LCTOP and TIRCP will be reduced. Cap and Invest also earmarks \$125 million for transit passes. There are no details available on how the transit pass program would be structured, however funding this program is a priority for Senate Pro Tem Limon.

ATTACHMENTS

- 1) February 2, 2026 Federal Update (CFM Advocates)
- 2) February 2, 2026 State Update (Platinum Advisors)
- 3) February 2, 2026 State Bill Matrix (Platinum Advisors)



To: Napa Valley Transportation Authority (NVTA)
From: Joel Rubin and Tara Kroft, CFM Advocates
Re: **February 2026 Washington Update**

Latest Washington Activity

Finalizing NVTA's 2026 Target Projects for Federal Funding

The CFM team has been working with NVTA to finalize your project funding requests for FY27 Congressional Directed Spending (CDS) and 2026 grant applications. NVTA is likely to go after two FY27 CDS requests and the Department of Transportation's (DOT) Safe Streets for All (SS4A) grant program in 2026. Portals for CDS requests will open in the coming months and SS4A is set to open in the Spring. CFM is monitoring announcements from DOT and NVTA's congressional delegation.

Tour with Congressman Thompson's District Director

This week, Kate Travis (CFM Advocates) visited NVTA and took a tour of NVTA's priority projects with Maira Ayala, Congressman Thompson's District Director. The tour, led by Danielle Schmitz and Antonio Onorato, included the American Canyon State Route 29 Improvement site, multiple dangerous intersections that will be replaced with roundabouts, and the Vine Trail. The tour also involved a visit to the completed Vine Transit Operations and Maintenance Facility, where we discussed bus purchasing and transit projects. This tour helped reinforce NVTA's reach and importance to Congressman Thompson's office so NVTA's projects are front of mind when earmark and grant applications are submitted.

Washington Update: (Partial) Shutdown 2.0

ICE Funding Fight Pushes Congress Toward Shutdown

Congress had until midnight January 30 to pass the remaining FY2026 appropriations bills or trigger a partial shutdown. The House advanced a six-bill minibus and recessed two weeks ago, but Senate Democrats blocked final passage in protest over DHS funding, demanding that Immigration and Customs Enforcement (ICE) funding be removed and renegotiated amid a growing public backlash over recent enforcement actions.

The controversy was reignited by the January 24 shooting death of Alex Pretti, an ICU nurse and U.S. citizen, who was killed by a federal immigration agent in Minneapolis. This, alongside the earlier death of Renee Good—also a U.S. citizen—occurred under Operation Metro Surge, a large-scale ICE deployment across Minnesota. The resulting legal challenges and protests have intensified pressure on Congress to rein in ICE's practices.



On January 30, a stopgap deal to carve out DHS funding and extend negotiations revived hopes for a resolution. Senate Majority Leader John Thune (R-SD), with White House backing, reached a deal with Senate Democrats to advance the remaining package while placing DHS on a two-week continuing resolution to provide more time to negotiate a broader deal. However, the maneuver enraged hardline Republicans who spent much of the following Friday threatening to derail the agreement but eventually dropped their objections which allowed the Senate to pass the package.

The funding package now heads across the Capitol where Speaker Johnson faces fresh turbulence in guiding it through his chamber. Representative Anna Paulina Luna (R-FL) is threatening to block any vote unless the Safeguard American Voter Eligibility (SAVE) Act, a voter ID bill, receives floor time. Further complicating matters, a weekend special election in Houston will elect a Democrat to a vacant House seat, narrowing Johnson's margin to just one vote. The Speaker is planning votes Tuesday. While it's clear it will face hurdles to House passage, neither party is eager for another extended government shutdown, which will require working through concerns of individual members that could cause delays.

How Long will DOT be Shut Down?

As of Monday, February 2, DOT is shut down. Again. This time, the funding interruption was somewhat unexpected. The scars are still fresh from the fall's record-breaking, 43-day shutdown, which saw sweeping airline delays, a "surge" in air traffic controller absences and dramatic FAA-ordered flight cuts at busy airports. The appetite for another prolonged shutdown is low, to say the least.

The Senate-passed legislation awaits action in the House, which is teeing up a floor vote for tomorrow. And despite grumbling from some conservative hard-liners, President Donald Trump has endorsed the measure — and seems wary of shutdown fallout so soon after Congress' extended deadlock in 2025.

Impacts to the Federal Highways Administration (FHWA) and the Federal Transit Administration (FTA) are generally limited due to how surface transportation programs are funded. Both agencies' core programs are financed through mandatory spending sources — principally the Highway Trust Fund and multi-year appropriations under the Infrastructure



Investment and Jobs Act — as such, they are largely insulated from the lapse in annual discretionary appropriations that triggers shutdown procedures.

As a result, FHWA and FTA staff continue working, and federal-aid payments for highway, bridge and transit projects continue flowing without interruption. However, processes tied to discretionary fund lines or cross-agency collaborations — such as certain grant approvals or compliance reviews — could experience delays if the shutdown is prolonged.

Transportation Reauthorization Bill – Status Update

Congress has begun the early stages of work on the next surface transportation reauthorization bill, which must be enacted before the current authorization under the Infrastructure Investment and Jobs Act (IIJA) expires on September 30, 2026. In the House, the Transportation and Infrastructure (T&I) Committee is leading this effort, though it remains in a preliminary, information-gathering phase. To date, the committee has not released draft legislative text or scheduled a formal markup of a reauthorization bill, signaling that policy development is still underway rather than nearing completion.

Over the past year and into early 2026, the House T&I Committee has held a series of hearings and member forums focused broadly on highways, transit, freight, rail, and infrastructure delivery. These activities are widely viewed as foundational work for reauthorization, allowing members to surface priorities, hear from stakeholders, and assess implementation of the IIJA. Committee leaders have emphasized a desire to pursue a bipartisan bill that focuses on core infrastructure investment, streamlining project delivery and permitting, and improving program efficiency, while continuing to evaluate lessons learned from the current law.

Despite this activity, the committee has not yet transitioned from hearings to drafting or markups, and no comprehensive House proposal has been formally introduced. Key issues — particularly how to address the long-term solvency of the Highway Trust Fund — remain unresolved and are expected to be central to negotiations later this year. Parallel discussions are occurring in the Senate, but like the House, Senate committees are also in the early stages of reauthorization planning. Overall, Congress is laying the groundwork for a major transportation bill, with more concrete legislative action expected to emerge as the September 2026 expiration date draws closer.



Redistricting Battles Escalate in Maryland and Virginia

Even as federal negotiations stall, state-level redistricting fights are accelerating. In Virginia, Democratic lawmakers are pursuing a constitutional amendment that would substantially alter the state's congressional map, potentially shifting the 6–5 Democratic delegation to a 10–1 split. A state court has temporarily blocked the measure, citing procedural failures, but party leaders remain determined to place it on the April ballot.

Meanwhile, Maryland's Democratic-led House advanced new congressional maps developed by Governor Wes Moore's redistricting commission. The proposed map would significantly reshape the state's 1st and 3rd districts and could jeopardize the re-election prospects of Representative Andy Harris, the state's lone Republican in Congress. During testimony, Moore defended the plan against GOP criticism, insisting it was built on robust public input and community engagement.

Taken together, these efforts mark a growing trend, state-level Democrats and Republicans are each using mid-decade redistricting as a means of shaping the 2026 playing field well ahead of the general election. Expect continued litigation and political maneuvering as these maps take shape.

As always, we'll continue monitoring these developments and provide timely updates as funding decisions, ICE oversight negotiations, and electoral map changes unfold. If you have any questions or would like a deeper dive into any of these topics, please don't hesitate to reach out.

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PLATINUM | ADVISORS

February 2, 2026

TO: Danielle Schmitz, Executive Director
Napa Valley Transportation Authority

FR: Steve Wallauch
Platinum Advisors

RE: Legislative Update

Governor Newsom released his final budget proposal of his term. The 2026-27 budget proposal outlines a \$348 billion spending plan that addresses a budget deficit far less than the LAO's prior predictions. The governor is relying on a three-year revenue window, known as the budget window, which estimates revenues over that period will be \$42 billion higher than earlier projections. While California's books still rise and fall with the fortunes of a small slice of high-income taxpayers and the market they live in, the Governor's outlook does not assume the downturn incorporated into the LAO's outlook.

The official problem, as the Department of Finance is framing it, is a "modest" \$2.9 billion shortfall in 2026–27. The General Fund would end the 2026-27 fiscal year with a Special Fund for Economic Uncertainties (SFEU) balance of \$4.5 billion, a \$4.1 billion Public School System Stabilization Account (PSSSA) balance, and \$14.4 billion in the Budget Stabilization Account/ Rainy Day Fund (BSA), for a total reserve tally of \$23 billion.

However, out-year deficits are much larger. The budget proposal forecasts the deficit growing to \$22 billion in 27-28. As part of the Governor's May Revision, the administration intends to head off this decline by addressing spending commitments now in order to address the growing shortfall in the 2027-28.

DOF v. LAO: How did we go from an \$18 billion gap to a \$2.9 billion gap? In short, the DOF is using updated revenue performance, and it is leaning into recent strength in cash receipts and the stock market. For example, December 2025 revenue exceeded projections by \$2.9 billion, and in each month so far this fiscal year has exceeded projections by about \$1 billion each month. The LAO, by contrast, baked in a more cautious view of what happens next, including the possibility that the current run-up cools off or reverses, such as bursting the AI stock bubble. Both forecasts are in the realm of possibility with the administration's number assumes the good times don't abruptly end, and the LAO's number assumes they might. However, the LAO warns the Legislature that the Governor's proposal does not adequately address the risk.

Transportation: The Budget proposal states that the 2026-27 budget maintains the funding commitments made in the current year budget. However, it appears that some of those commitments have fallen off the table.

- *Zero Emission Transit Capital Program:* The budget does not contain \$230 million in Zero Emission Transit Capital Funds that were expected next year.
- *State Transit Assistance (STA):* Funding for the base amount of STA in 2026-27 is projected to be \$858 million. This is a little over \$30 million less than the current year, likely due to lower fuel prices. In addition, Low Carbon Transit Operations Program (LCTOP) is forecast to total only \$141 million. The LCTOP is funded by cap & invest auction revenue and is statutorily pegged at \$200 million, unless auction revenue falls short.

Transit Loan: The Governor's budget proposal referenced its support to provide loans for specified Bay Area transit operators. While the loan structure proposed by the Department of Finance was unworkable, an agreement was reached last week between Finance, Metropolitan Transportation Commission (MTC) and the Bay Area operators. The agreement will be placed into legislation soon. The proposal would provide up to \$590 million in loans administered by MTC and made to Bay Area Rapid Transit (BART), San Francisco Municipal Transportation Agency (SFMTA), Alameda County Transit (AC Transit), and Caltrain. The funding source will use Transit and Intercity Rail Capital Program (TIRCP) funds already awarded to projects, but loans would not impact the cash flow needs of the projects.

Cap & Invest: 2026-27 marks the first year of the new expenditure plan enacted by SB 840 (Limon), which totals \$4.2 billion in spending commitments. The goal of extending the cap & invest program last year was to stabilize the auction market. However, with federal threats continuing, auction revenues have not rebounded.

As specified in SB 840, if auction revenue falls below \$4.2 billion then the allocations to Tier 3 programs are proportionately reduced. The budget summary forecast auction revenues will total only \$3.7 billion. If this forecast holds, LCTOP will only receive \$141 million of the \$200 million expected, and TIRCP will receive \$283 million of the \$400 million expected from SB 840.

2026-27 Cap-and-Invest Expenditure Plan

(Dollars in Millions)

Tier	Program	2026-27	2027-28	2028-29	2029-30
Tier 1 Appropriations	Manufacturing Tax Credit	\$159	\$163	\$168	\$174
	State Operations	\$120	\$124	\$127	\$131
	State Responsibility Area Fee Backfill	\$88	\$88	\$88	\$88
	Legislative Counsel Climate Bureau	\$3	\$3	\$3	\$3
Tier 2 Appropriations	High Speed Rail Authority	\$1,000	\$1,000	\$1,000	\$1,000
	\$1 billion reserved for discretionary appropriations:				
	- CAL FIRE General Fund Shift ^{1/}	\$750	\$500	\$500	\$0
	- SB 840 Commitments	\$250	\$0	\$0	\$0
	- Remaining Amount Available for Tier 2 Discretionary Funding	\$0	\$500	\$500	\$1,000
Tier 3 Appropriations^{2/}	Affordable Housing	\$396	\$435	\$475	\$516
	Transit and Intercity Rail Capital Program	\$283	\$311	\$339	\$369
	Community Air Protection	\$177	\$194	\$212	\$231
	Sustainable Communities and Agricultural Land Conservation	\$170	\$186	\$204	\$221
	Low Carbon Transit Operations Program	\$141	\$155	\$170	\$184
	Healthy and Resilient Forests	\$141	\$155	\$170	\$184
	Safe & Affordable Drinking Water Program	\$92	\$101	\$110	\$120

^{1/} Remaining \$500 million for the CAL FIRE General Fund shift in 2026-27 is funded with additional discretionary funding from interest earnings.

^{2/} Tier 3 funding is based on auction proceeds estimates which are based on recent auction results. This scenario is presented as an example only and should not be considered as a market price forecast.

- **Discretionary Program:** SB 840 earmarks \$1 billion in auction revenue for legislative priorities. SB 840 also included legislative intent to use this revenue to implement specified programs. Of the \$1 billion in discretionary funds, the Governor’s budget proposes allocating \$750 million to CalFire, leaving \$250 million to fund the projects listed in SB 840, which include the following:
 - \$125 million for transit passes;
 - \$25 million for seed funding for a University of California Climate Research Center;
 - \$15 million for rebuilding Topanga Park;
 - \$85 million for an entity chosen by the Legislature to support climate-focused technological innovation, related research, and the deployment of climate solutions;

There are no details available on how the transit pass program would be structured; however, funding this program is a priority for Senate Pro Tem Limon.

If the Governor’s proposal is adopted and \$750 million is appropriated to CalFire, there would be no funding source for zero emission truck & bus rebates, zero emission fueling infrastructure, and zero emission demonstration programs.

Tax Adjustment: While technically there are no new taxes in the budget proposal, buried in the back of the summary is a new tax proposal. This proposal would amend existing law to require food delivery services with over \$500,000 in annual deliveries, such as Grubhub & Uber Eats, to register as Delivery Network Companies (DNC). It is currently optional for food delivery companies to register as a DNC. By mandating these delivery services to register as DNCs, it would shift the responsibility to collect and submit sales tax revenue from numerous small businesses to the DNC. This shift would improve compliance. This shift would start on January 1, 2027, and it is estimated to increase sales tax receipts by \$10 billion in 2026-27. Full year compliance would total \$20 billion annually in additional sales tax receipts. There should also be a corresponding bump in the collection of local sales tax revenue.

PLATINUM | ADVISORS

February 2, 2026

Attachment 3
 NVTA Board Item 11.8
 February 18, 2026

TABLE 1: BOARD ADOPTED POSITIONS

	Subject	Status	Position
<p>AB 259 (Rubio, Blanca D) Open meetings: local agencies: teleconferences.</p>	<p>AB 259 was amended to extend the sunset date to January 1, 2030, rather than repealing the existing January 1, 2026, sunset. This bill would extend the existing authority allowing members of a legislative body to participate remotely if specific conditions are met.</p>	<p>Senate Judiciary Two-Year Bill</p>	<p>Watch</p>
<p>AB 954 (Bennett D) State transportation improvement program: bicycle highway pilot program.</p>	<p>This bill would require Caltrans to prepare a proposal for the development, including the selection of sites for a pilot program establishing branded networks of bicycle highways that are numbered and signed within 2 of California's major metropolitan areas. The bill would require the department, on or before January 1, 2030, to include the proposal in the draft ITIP and would require the department to perform all other actions necessary for the pilot program to be programmed in the STIP.</p>	<p>Senate Floor Inactive File</p>	<p>Watch</p>
<p>AB 1070 (Ward D) Residential developments: building standards: review.</p>	<p>As introduced this measure proposed to require ALL transit governing board members to demonstrate that they use public transit in order to be compensated for serving on the transit board. In addition, the bill would require the addition of 2 non-voting members to governing boards. AB 1070 was gutted and amended to address related to housing and building standards.</p>	<p>Senate Desk</p>	<p>Watch (prior version)</p>
<p>AB 1268 (Macedo R) Motor Vehicle Fuel Tax Law: adjustment suspension.</p>	<p>AB 1268 would authorize the Governor to suspend the annual inflation adjustment to the motor vehicle fuel tax upon making a determination that increasing the rate would impose an undue burden on low-income and middle-class families. The bill would require the Governor to notify the Legislature of an intent</p>	<p>Assembly Transp. Dead</p>	<p>Oppose</p>

	Subject	Status	Position
AB 1268 <i>(Continued)</i>	to suspend the rate adjustment on or before January 10, and would require the Department of Finance to submit to the Legislature a proposal by January 10 that would maintain the same level of funding for transportation purposes as would have been generated had the scheduled adjustment not been suspended.		
SB 239 (Arreguin D) Open meetings: teleconferencing: subsidiary body.	<p>Although the provisions in SB 239 were added to SB 707 last year, SB 239 was moved to the Assembly last week. Senator Arreguin plans to use the bill for another purpose.</p> <p>SB 239 proposed to allow certain types of advisory or subsidiary bodies to meet using remote/teleconference participation if specified conditions are met. SB 239 would not apply to a subsidiary body that has subject matter jurisdiction over police oversight, elections, or budgets.</p>	Assembly Desk	Watch
SB 445 (Wiener D) Sustainable Transportation Project Permits and Cooperative Agreements.	<p>SB 445 was gutted and amended to apply only to the California High Speed Rail Authority.</p> <p>Similar to prior versions of the bill, SB 445 would authorize the CHSRA to develop and adopt regulations governing third-party permits and approvals that are necessary to deliver the project.</p>	<p>Assembly Approps</p> <p>Held on Suspense</p>	Watch
SB 569 (Blakespear D) Department of Transportation: homeless encampments.	The bill would allow Caltrans to establish a dedicated liaison to facilitate the removal of homeless encampments on Caltrans' right-of-way and authorizes Caltrans to negotiate specified terms for Delegated Maintenance Agreements (DMA) with local jurisdictions. The DMA is a contract entered into by Caltrans and a local government, in which both work together to reduce and remove homeless encampments within Caltrans' jurisdiction. This would allow local governments, under an executed DMA, to utilize local policies and procedures to streamline encampment abatement, as well as streamlining the permit process.	<p>Assembly Transp.</p> <p>Two-Year Bill</p>	Support

	Subject	Status	Position
SB 696 (Alvarado-Gil R) Sales and Use Tax Law: exemptions: firefighting equipment.	AB 696 would exempt from the sales & use tax law the purchase of firefighting equipment, including vehicles. SB 696 was amended to apply the exemption only to the state's portion of the sales tax.	Senate Approps Suspense File Dead	Watch
SB 752 (Richardson D) Sales and use taxes: exemptions: California Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project: transit buses.	This bill would extend by two years the sunset date on the existing state sales tax exemption on the purchase of zero emission transit buses. The current exemption is set to expire on January 1, 2026. This bill would push it back to January 1, 2028	Senate Approps Suspense File Dead	Support