

Discussion Memo – Assembly Bill 3090 (AB 3090) and the STIP Process

Overview

AB 3090 (1992), codified in Government Code Section 14529.7, provides a mechanism for local or regional agencies to accelerate projects already programmed in the State Transportation Improvement Program (STIP). Under normal circumstances, a project must wait for its specific "program year" for state funds to be allocated. AB 3090 allows an agency to use local funds to start a project early, with a formal agreement from the California Transportation Commission (CTC) that the state will "pay back" the investment.

In the current 2026 STIP cycle, this tool is particularly relevant as agencies balance local sales tax measures with fluctuating state fund estimates.

Key Considerations

Before pursuing an AB 3090 agreement, agencies must meet several statutory and policy-based criteria:

- **Priority Finding:** The regional agency (RTPA) must explicitly find that the project is one of the region's highest priorities among STIP projects for that fiscal year.
- **"But For" Requirement:** The agency must demonstrate that the local funds being used would not have been available for the project if the AB 3090 arrangement weren't in place.
- **Statewide Caps:** The CTC limits total AB 3090 reimbursements to \$200 million statewide per year, with a \$50 million cap per individual county, to prevent overwhelming the State Highway Account.
- **No Interest:** State law strictly prohibits the reimbursement of interest or debt service costs. If an agency borrows money to advance the project, the interest is a purely local cost.

There are two distinct paths an agency can take when requesting AB 3090. The selection of a path depends on whether the agency wants cash back or more project capacity:

- **Direct Cash Reimbursement:** The local agency completes a project phase (e.g., Right-of-Way or Construction) using its own money. The CTC then schedules a cash reimbursement to the agency in a future fiscal year. Repayment occurs in the year the project was originally programmed or based on current state cash flow.
- **Replacement Project:** There is no cash exchange; instead, the agency gains the ability to add a new project to the STIP that would otherwise have exceeded their funding share.

SANDAG staff has requested to seek the direct cash reimbursement option, spending TransNet – Major Corridor funding beginning in FY 2027 to construct the project. Staff has been coordinating with Caltrans' staff to develop the necessary documentation to submit this request to the CTC at their May 2026 meeting. The process includes a STIP amendment, a two-step process that would be noticed at the May CTC meeting and then presented for approval at the June 2026 CTC meeting. An agreement would then be executed that would establish the timeline of state payback over a three-year period, beginning in FY 2029.