



# The California Asphalt Pavement Association

2026 OFFICERS April 14, 2026

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The Hon. Steve Bennett  
Chair, Assembly Budget Subcommittee 4 Climate, Resources, Energy &  
Transportation  
1021 O Street, Suite 4710  
Sacramento, CA 95814

RE: Governor's Sustainable Aviation Fuel Diesel Excise Tax Credit Proposal  
(OPPOSE)

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Dear Assemblymember Bennett:

It is with great dismay that we find ourselves writing to you to express our opposition to the sustainable aviation fuel (SAF) diesel excise tax credit language that was included in the Governor's proposed 2026-2027 State Budget.

As you know, California's transportation system is already suffering from under-investment and funds to address the problem are shrinking rapidly due to the advent of electric vehicles and other factors. Some credible estimates place the shortfall in funding for highways, local streets and roads and other transportation programs at about \$215.7 billion. Allowing our roads and bridges to fall apart will negatively impact our state's economy and quality of life, while impacting safety and sustainability. This trend must be reversed immediately or it will accelerate.

The last thing our state should be doing is draining additional funds from the state highway fund for unrelated initiatives, no matter how meritorious. The SAF proposal from the Administration would further reduce funds that are desperately needed to address our crumbling infrastructure, which is what voters expected when they overwhelmingly endorsed several transportation-related ballot measures.

The Legislative Analyst's Office (LAO) estimates the proposal could reduce diesel excise tax revenues by at least \$165 million annually initially, with the potential to grow to approximately \$300 million or more in future years. The proposed tax credit would be authorized through 2036, which translates to, at minimum, a \$1.65 billion loss of revenue over the next decade. These losses would directly impact the State Highway Operation and Protection Program (SHOPP), local streets and roads, and other essential transportation programs across the state.

Russell W. Snyder, CAE  
Executive Director

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We agree with the LAO's finding that "The proposal appears to be a relatively expensive approach to reducing GHGs and may not result in the full anticipated environmental benefits. Moreover, the implementation of the proposed tax credit could have negative implications for transportation funding—potentially even larger than those estimated by the administration—and would not be consistent with the spirit of voter-approved restrictions on the use of diesel tax revenues."

This ill-considered proposal will increase the backlog of maintenance and safety improvements and ultimately make them cost more, compromising the safety, reliability and integrity of our vital transportation system.

"Promises made, promises kept" is a phrase often heard in transportation policy circles when it comes to how tax dollars devoted to transportation are converted into tangible improvement projects. In this case, one of our most important promises – using money as intended – will be broken, and the trust and goodwill that has been built up over the decades will be destroyed, with grim long-term implications.

For these reasons and more, our organization urges the Assembly Budget Subcommittee No. 4 to reject the proposed SAF tax credit and instead work with stakeholders to identify climate strategies that do not compromise critical transportation investments.

The California Asphalt Pavement Association, founded in 1953, is the oldest and largest construction trade association that focuses exclusively on the asphalt pavement industry in California. Our members include asphalt producers, refiners, paving contractors, testing labs, consultants, equipment manufacturers and many other related companies that make up the multibillion-dollar industry.

Please feel free to contact me at (916) 791-5044 if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Russell W. Snyder", with a long horizontal flourish extending to the right.

RUSSELL W. SNYDER, CAE  
Executive Director