U.S. Department
of Transportation
**Federal Aviation
Administration**

Office of the Associate Administrator
for Airports

800 Independence Ave, SW.
Washington, DC 20591

September 17, 2026

Joe Stephenshaw
Director, California Department of Finance
915 L Street
Sacramento, CA 95814

Re: Formal Request for Production of Records and Information Concerning California's Use of Proceeds from Taxes on Aviation Fuel

Dear Mr. Stephenshaw:

The Federal Aviation Administration (FAA) began an inquiry into the State of California's compliance with 49 U.S.C. §§ 47107(b) and 47133, the FAA's Revenue Use Policy;[1] and Revenue Use Policy Amendment,[2] governing the use of proceeds from aviation fuel tax revenue in 2016. Despite more than nine requests for information since 2016,[3] California has failed to demonstrate that it is not using aviation fuel tax proceeds for impermissible non-aviation purposes. This issue is critically important to the FAA. The Federal Government has invested generously in airports in California and across the country. When a State siphons off revenue generated at those airports to use for other purposes, it flouts the law, and wastes taxpayer dollars paid by hardworking Americans.

While California claims it is not illegally diverting revenue, it has repeatedly failed to provide information to back up that assertion. Your letter of March 20, 2026, continues this pattern: it provides some additional information, but it leaves substantial gaps that prevent the FAA from determining whether California's conduct complies with Federal requirements.

Despite repeated overtures from the FAA, California has not cooperated fully with FAA's inquiry. This letter therefore constitutes a formal demand for production of the records and information identified below. Unless California produces, by October 19, 2026, all records in the State's possession, custody, or control, whether maintained electronically or in hard copy, that

[1] *Policy and Procedures Concerning the Use of Airport Revenue*, 64 Fed. Reg. 7696 (February 16, 1999).
[2] *Procedures Concerning the Use of Airport Revenue: Proceeds from Taxes on Aviation Fuel*, 79 Fed. Reg. 66282 (November 7, 2014).
[3] See letters of March 10, 2016; June 13, 2017; May 17, 2019; November 22, 2019; February 4, 2020; September 11, 2020; December 5, 2023; April 1, 2025; and March 5, 2026.

relate to 49 U.S.C. §§ 47107(b), 47133; the FAA's Revenue Use Policy;[4] and the Revenue Use Policy Amendment,[5] the FAA will initiate appropriate enforcement action.

Acceptable documentary evidence must include the following:

- Complete data regarding non-grandfathered state aviation fuel tax collections, by local jurisdiction where they were collected, for calendar years 2021-2025.
- A schedule of transactions and identifiable accounts utilizing the proceeds from non-grandfathered state aviation fuel taxes; this includes, but is not limited to, the reporting and tracking of amounts collected, allocated, expended, transferred, appropriated, or otherwise processed through the State's accounting system.
- A schedule of all transactions and complete accounting records for the Aeronautics account for the 2021-2025 period including, but not limited to, beginning and ending balances, transactions showing revenues, expenditures, deposits, credits, debits, transfers, and any other financial activity in the Aeronautics account, including all sub-accounts (such as the Local Airport Loan Account); with sufficient transaction level detail to identify the source and disposition of aviation fuel tax proceeds.
- If the State is proposing offsetting expenditures for aviation fuel tax revenues that are not spent on purposes compliant with 49 U.S.C. §§ 47107(b) and 47133 and the FAA's Revenue Use Policy, clear evidence that the offsetting projects:
    - Are for purposes compliant with 49 U.S.C. §§ 47107(b) and 47133 and the FAA's Revenue Use Policy (i.e., have a direct impact on airport operations and the transportation of passengers and cargo),[6]
    - Are funded from sources other than airport revenue,
    - Are documented expenditures (rather than appropriations) based on transaction-level data, and
    - Are compliant with Compliance Guidance Letter 2025-02 for projects involving airport ground access (road or rail) projects.
- Budgetary documentation reflecting appropriations, allocations, allotments, encumbrances, or other spending authorizations do not constitute acceptable documentary evidence that proceeds from non-grandfathered state aviation fuel taxes were expended.

Production Instructions

1. For each category of information previously provided to the FAA please identify whether the production was complete. If any responsive records were omitted, please identify and produce those records.
2. The production should include records maintained in relevant email accounts, document management systems, shared drives, collaboration platforms, and other repositories used for communications concerning the subject matter of this inquiry.

---

[4] *See* 49 U.S.C. §§ 47107(b), 47133; *Policy and Procedures Concerning the Use of Airport Revenue*, 64 Fed. Reg. 7696 (February 16, 1999).

[5] *Procedures Concerning the Use of Airport Revenue: Proceeds from Taxes on Aviation Fuel*, 79 Fed. Reg. 66282 (November 7, 2014).

[6] For multimodal projects, there must be clear documentation of what portion of the project is airport-related, consistent with the FAA's Airport Compliance Manual, Order 5190.6C.

3. The FAA expects California to conduct a reasonable search for responsive records and to provide a complete production rather than producing records incrementally as individual documents are identified.
4. If California contends that a requested record does not exist, please state that expressly and identify the person(s), office(s), or system(s) that were searched.
5. If California withholds any responsive records based on privilege, confidentiality, or another basis, please identify the record sufficiently to permit the FAA to evaluate the asserted basis for withholding it.
6. Provide the information requested by October 19, 2026, to Scott Glenn, Division Manager, Office of Airport Compliance and Management Analysis at scott.f.glenn@faa.gov.

Preservation of Records
California should preserve all potentially responsive records, including electronically stored information, pending the completion of FAA's investigation. This preservation obligation includes records that may otherwise be subject to routine deletion, alteration, or destruction.

Response Deadline
Please provide the requested records and a written response no later than October 19, 2026. If California is unable to meet this deadline, please contact Jessie DiGregory (Jessie.DiGregory@faa.gov) within seven (7) calendar days of the receipt of this letter to provide a written and specific explanation identifying the categories of information or records that require additional time, the steps being taken to obtain the information or records, and the date by which the production will be complete.

The FAA expects California to provide a substantive response to each of the information requests with sufficient specificity to facilitate FAA's determination of compliance with Federal requirements. A response stating that the records are being gathered, without identifying with specificity the records being produced or the specific basis for withholding or declining to produce responsive information, will not resolve the FAA's outstanding requests.

The FAA is making this inquiry in furtherance of its statutory authority to investigate compliance with Federal aviation requirements. The FAA will use all means available under Federal law to obtain records and information relevant to this investigation. Should you have any questions, please do not hesitate to contact me at (202) 267-7850.

Sincerely,



Daniel Edwards
Associate Administrator
for Office of Airports