



Memorandum

AGENDA ITEM 5

DATE: July 18, 2025

TO: Transportation Authority Board

FROM: Maria Lombardo – Chief Deputy Director

SUBJECT: 07/22/2025 Board Meeting: Reaffirm Support for Senate Bill 63, as Amended; Adopt Principles to Guide Continued Engagement in the Development of a 2026 Regional Transportation Funding Measure; and Recommend San Francisco’s Participation in the Regional Measure at a 1.0 Percent Sales Tax Rate

<p>RECOMMENDATION <input type="checkbox"/> Information <input checked="" type="checkbox"/> Action</p> <ul style="list-style-type: none">• Reaffirm support for Senate Bill (SB) 63, as amended• Adopt principles to guide continued engagement in the development of a 2026 regional transportation funding measure• Recommend San Francisco’s participation in the regional measure at a 1.0 percent sales tax rate <p>SUMMARY</p> <p>The Bay Area’s largest transit operators are confronting significant operating budget shortfalls, generally beginning Fiscal Year (FY) 2026/27. In FY 2026/27, the combined operating deficits of SFMTA, BART, Caltrain, and AC Transit are projected to amount to over \$800 million. In April 2025, the Transportation Authority Board adopted a support position for SB 63, which was introduced by Senators Scott Wiener and Jesse Arreguín. SB 63 would authorize a multi-county regional transportation funding measure for the November 2026 election, for voters to consider approving a sales tax program that would support transit operating needs for a 10-15 year term. The measure’s geography and taxation district would include, at minimum, San Francisco, Alameda, and Contra Costa counties; San Mateo and Santa Clara counties have until August 11, 2025, to formally indicate intent to opt-in to the measure.</p>	<ul style="list-style-type: none"><input type="checkbox"/> Fund Allocation<input type="checkbox"/> Fund Programming<input checked="" type="checkbox"/> Policy/Legislation<input type="checkbox"/> Plan/Study<input type="checkbox"/> Capital Project Oversight/Delivery<input type="checkbox"/> Budget/Finance<input type="checkbox"/> Contract/Agreement<input type="checkbox"/> Other: _____
--	---



<p>We recommend that the Board reaffirm its support for SB 63, as amended, and that the Board recommend San Francisco participate in the measure at a sales tax rate of 1.0 percent. We also recommend that the Board adopt a set of principles to guide San Francisco’s continued engagement with the bill authors and with regional stakeholders as the measure is developed. In addition, this memorandum provides an update on prior polling by other agencies, an overview of related technical work, and a summary of other Bay Area transportation agency discussions on this topic. We anticipate the bill authors will propose an expenditure framework to be incorporated into SB 63, ahead of further consideration of the bill by the Legislature later this summer. We are seeking final approval on first appearance, in order to provide timely input to the SB 63 legislative process.</p>	
--	--

BACKGROUND

Since the onset of the Covid-19 pandemic, San Francisco and the region have been grappling with the challenge of sustaining transit agency operating budgets, as the pandemic eroded fare revenue and also reduced other funding sources such as, in the case of SFMTA, the City’s General Fund and parking revenues. Federal Covid relief funds and one-time state funding have helped to bridge the gap and avert large-scale cuts to transit service; however, the remainder of these pandemic-related funds will generally be expended in the current fiscal year, and the “fiscal cliff” will be upon the region starting next fiscal year.

Previous Bill and Regional Process. In 2024, Senators Wiener and Aisha Wahab introduced SB 1031, which contemplated a 9-county regional transportation funding measure to support transit operating needs. However, SB 1031 lacked sufficient regional support to move forward in the Legislature, and in May 2024, the authors suspended the advancement of the bill. Subsequently, at the request of Senator Wiener, the Metropolitan Transportation Commission (MTC) formed and convened a Select Committee to inform the next iteration of potential authorizing legislation for a regional funding measure.

Muni Funding Working Group. Locally, San Francisco has been advancing consideration of a range of strategies to close SFMTA’s budget deficit, which is projected to be \$322 million in FY 2026/27. From September 2024 to March 2025, the Controller’s Office convened the Muni Funding Working Group (MFWG) to help



address SFMTA's anticipated funding gap. Chair Melgar and Commissioner/President Mandelman represented the Transportation Authority and Board of Supervisors in the MFWG process, and we provided staff support to SFMTA in development of meeting materials. This work assumed that SFMTA would receive funding from a future regional revenue measure.

On July 15, 2025, the Controller's Office released the final report of the MFWG, which outlined six potential packages of revenue generation and cost saving strategies, noting that the MFWG indicated broad support for Package A, which contemplated both a regional ballot measure and a local ballot measure to generate new revenues, along with other strategies. SFMTA staff plan to develop more detailed implementation plans beginning this summer based on the MFWG process. Decisions regarding which approaches will move forward are anticipated as part of SFMTA's FY 2026/27 budget process, which will begin this fall.

DISCUSSION

SB 63 Provisions. This memo recommends that the Board reaffirm its support for SB 63, which has gone through a number of amendments (the most recent of which are dated July 9) since the Board adopted a support position in April 2025. These amendments lowered the maximum amount that may be dedicated to regional rider-focused improvements (as discussed below) and clarified various provisions of the bill, including eligible operators as described below, but otherwise preserved the overall approach to the potential regional measure. The bill passed out of the Senate on June 2, the Assembly Transportation Committee on July 7, and the Assembly Revenue and Taxation Committee on July 14. The bill is expected to be reconsidered by the Assembly Transportation Committee at a later date once bill language is further developed.

If passed and signed into law, SB 63 would establish a Transportation Revenue Measure District (District) to administer regional measure funds, with the MTC acting as the governing body for the District. The formation of the District would allow for the District's governing body to place a measure on the ballots of District counties or for a citizen initiative.

SB 63 identifies SFMTA, BART, Caltrain, SF Bay Ferry (WETA), and various East Bay transit operators as eligible recipients of regional measure funds, and the bill sets aside up to 1.0 percent of funding for the District to administer the measure. SB 63 also identifies up to 5.0 percent of funding for regional rider-focused improvements,



as discussed below. After meeting each participating county's obligations, excess county-level revenues (if any) would be subject to "return-to-county" provisions that allow discretionary county use of these funds for public transportation purposes.

SB 63 contemplates a sales tax rate of 0.5 percent in all participating counties except San Francisco, in which the rate may range from 0.5 to 1.0 percent. Given the scale of San Francisco's need this memo recommends that the Board recommend San Francisco's participation in the regional measure at a sales tax rate of 1.0 percent. For reference, a sales tax of 1.0 percent in San Francisco County would generate around \$235 million per year in FY 2027/28, based on our Prop L Strategic Plan sales tax forecast. No return-to-county funds are anticipated for San Francisco given the large operating deficits projected, particularly for BART and Muni.

Other notable provisions of the bill include:

- Requirement for MTC to conduct a third-party financial efficiency review to identify cost-reduction opportunities for certain recipients of measure funds (i.e., AC Transit, BART, Caltrain, and Muni);
- Requirement for transit operators to comply with MTC regional network management policies and programs as a condition of receiving funds from the measure; and
- Minor changes to Bay Area County Traffic and Transportation Funding Act statute that would allow for the imposition of retail transaction and use taxes in San Francisco in increments of one-eighth cent up to one cent, instead of rates of one-half cent or one cent, subject to voter approval.

Expenditure Framework. Our understanding is that Senators Wiener and Arreguín will put forward their draft proposal for the regional measure expenditure framework in the near future. We anticipate that the expenditure framework will generally consist of percentage shares of revenue to be directed to each eligible operator/use, as well as provisions regarding return-to-county revenues.

At the request of the two authors, staff from the five involved counties, including the Transportation Authority, have worked together to provide technical assistance to the authors, to inform their development of an expenditure framework. This work was undertaken by staff from Contra Costa, Alameda, and San Francisco counties, with staff input from Santa Clara and San Mateo counties. The technical assistance work focused on the development of illustrative options for the attribution of counties' responsibilities for transit agency shortfalls, using a range of data methodologies.



MTC Rider-Focused Improvements Proposal. In June 2025, the MTC endorsed a spending plan, developed at the direction of the SB 63 authors, for the up to 5.0 percent of regional measure revenues to be set aside for initiatives included in the 2021 Bay Area Transit Transformation Action Plan. This rider-focused improvement spending plan assumes an annual funding level of \$45 million, which is roughly equivalent to 5.0 percent of a five-county, half-cent sales tax measure, and proposes investing annually in fare programs such as Clipper START and free/reduced-cost transfers, accessibility initiatives such as cross-jurisdictional paratransit, transit priority, and regional mapping and wayfinding. MTC staff may propose refinements to this spending plan over the coming weeks as the District geography and measure revenue envelope is determined.

Regional Measure Principles for San Francisco. The 2026 regional measure represents a critical opportunity for San Francisco to help address the operating budget shortfalls of the major transit operators serving San Francisco, including SFMTA, BART, Caltrain, and AC Transit.

We recommend that the Board adopt the following principles to guide San Francisco's continued engagement in the development of the regional measure, including as the expenditure framework and legislation are finalized and brought forward:

- *Passable measure* - the measure should be structured to maximize the likelihood of success, including consideration of regional transit affordability and accessibility investments that may build support.
- *Regional Transit Rider Benefits* - the measure's expenditure framework should provide clear benefits to transit riders in the District, through both direct operating support and regional investments for service enhancements and affordability.
- *Sufficient funding for San Francisco's major transit operators* - the regional measure should substantially address the budget shortfalls for major transit operators serving San Francisco, particularly SFMTA and BART, which serve the most riders and face the deepest funding challenges.
- *Efficient and transparent administration* - administrative provisions should enable the efficient allocation of regional measure funds, supported by appropriate and transparent oversight mechanisms.



Other Agencies. Over the course of this month and next month, the governing boards of multiple other Bay Area transportation agencies are considering SB 63 and related issues. Earlier this month, the boards of both the Santa Clara Valley Transportation Authority (VTA) and San Mateo County Transit District (SamTrans) deliberated on funding responsibilities for Caltrain among the 3 member counties of the Caltrain Joint Powers Board (JPB). We appreciate JPB Director Walton's recent letter sharing his perspective on the importance of addressing major operator funding needs through SB 63.

On July 14, the Alameda County Transportation Commission (ACTC) Planning, Policy and Legislation Committee approved forwarding a "support in concept" position for consideration by the full ACTC on July 24. On July 16, the Contra Costa Transportation Authority adopted a "support, if amended" position, with this position reflecting that anticipated forthcoming amendments to the bill will incorporate an expenditure framework. The boards of VTA and SamTrans will each consider SB 63 in early August, including their intent to opt-in to the regional measure prior to the August 11 deadline specified by SB 63.

In the event that that fewer than five counties participate in the measure, other side agreements with non-participating counties would be anticipated to be necessary, in order to comprehensively address funding needs of the major operators identified in SB 63.

Polling. This past January, MTC conducted a poll of likely voters to determine the viability of a range of transportation revenue measures, including a half-cent sales tax across the counties of Alameda, Contra Costa, San Francisco, and San Mateo as well as a variable rate scenario in which San Francisco enacts a seven-eighths cent rate. The polling results demonstrated broad support for transportation improvements. Several agencies have also conducted their own polls in the last year including SamTrans (May-June 2025), VTA (April 2025), Caltrain (January 2025), AC Transit (March 2025), and BART (September 2024), all of which indicated similar levels of support for transportation sales tax measures as MTC's poll.

Next Steps. We anticipate that Senators Wiener and Arreguín will work to refine the SB 63 expenditure framework in the coming weeks, including to reflect forthcoming opt-in/out decisions by San Mateo and Santa Clara counties. We expect that the expenditure framework will be incorporated into a subsequent version of SB 63 for consideration by the Legislature later this summer, and we will keep the Board apprised of these developments.



FINANCIAL IMPACT

The proposed action has no impact on the Transportation Authority's adopted budget. If approved and signed into law, SB 63 would authorize the placement of a regional transportation funding measure on the ballot in designated Bay Area counties in November 2026.

CAC POSITION

Due to the urgency and timeline constraints of the SB 63 legislative process, we are bringing this item directly to the Board on July 22, 2025, for final approval on first appearance. The CAC will be briefed on this item at its July 23, 2025, meeting.

SUPPLEMENTAL MATERIALS

- Attachment 1- SB 63, as amended July 9, 2025

AMENDED IN ASSEMBLY JULY 9, 2025

AMENDED IN SENATE MAY 23, 2025

AMENDED IN SENATE APRIL 29, 2025

AMENDED IN SENATE MARCH 25, 2025

SENATE BILL

No. 63

Introduced by Senators Wiener and Arreguín
(~~Coauthor: Assembly Member Stefani~~)
(*Coauthors: Assembly Members Haney and Stefani*)

January 9, 2025

An act to add Title 7.85 (commencing with Section 67700) to, and to add and repeal Section 66513.5 of, the Government Code, and to amend Section 131102 of the Public Utilities Code, relating to transportation.

LEGISLATIVE COUNSEL'S DIGEST

SB 63, as amended, Wiener. San Francisco Bay area: local revenue measure: transportation funding.

(1) Existing law creates the Metropolitan Transportation Commission as a local area planning agency for the 9-county San Francisco Bay area with comprehensive regional transportation planning and other related responsibilities. Existing law creates various transit districts located in the San Francisco Bay area, with specified powers and duties relating to providing public transit services.

This bill would establish the Transportation Revenue Measure District with jurisdiction extending throughout the boundaries of the Counties of Alameda and Contra Costa and the City and County of San Francisco and would require the district to be governed by the same board that governs the commission, thereby imposing a state-mandated local

program. The bill would authorize a retail transactions and use tax applicable to the entire district to be imposed by the board of the district or by a qualified voter initiative for a duration of 10 to 15 years, inclusive, and generally in an amount of 0.5%, subject to voter approval at the November 3, 2026, statewide general election. After allocations are made for various administrative expenses, the bill would require an unspecified portion of the proceeds of the tax to be allocated by the commission to initiatives included in a specified commission plan and to the Alameda-Contra Costa Transit District, the Peninsula Rail Transit District, *Corridor Joint Powers Board*, commonly known as Caltrain, the San Francisco Bay Area Rapid Transit District, ~~and the San Francisco Municipal Transportation Agency~~ *Agency*, *and other specified transit agencies* for operating expenses, and would require the remaining proceeds to be subvended directly to the counties comprising the district for public transportation expenses, as prescribed.

By adding to the duties of local officials with respect to elections procedures for this bill on behalf of the district, the bill would impose a state-mandated local program.

(2) Existing law requires the commission to develop regional transit service objectives, develop performance measures of efficiency and effectiveness, specify uniform data requirements to assess public transit service benefits and costs, and formulate procedures for establishing regional transportation priorities in the allocation of funds for transportation purposes.

This bill would require the commission, upon the approval of a measure by the voters of the Transportation Revenue Measure District, to engage in a comprehensive independent third-party financial efficiency review of the ~~above-described transit operators receiving an allocation of the proceeds of the tax from the commission~~ *Alameda-Contra Costa Transit District, Caltrain, the San Francisco Bay Area Rapid Transit District, and the San Francisco Municipal Transportation Agency*, and would require the independent third party contracted by the commission for this purpose to prepare a final report of the review. ~~After a one of these transit operator operators receives the final report, the bill would require the transit operator, as a condition of receiving those funds, to finalize an implementation plan that describes, among other things, efficiency measures the transit operator plans to take and to submit the implementation plan to the commission, as specified. The bill would also require those transit operators, as a~~

condition of receiving those funds, to comply with a maintenance of effort requirement, as specified.

~~The bill would also require those transit operators to comply with other requirements as a condition of receiving those funds, including, among others, a maintenance of effort requirement and a requirement~~ *each transit operator that receives a distribution of funds directly from the commission to comply with the policies and programs adopted by the commission through its Regional Network Management framework, as provided.*

This bill would require the commission to submit a report to the Legislature on or before March 31, 2026, on its forecast of the impacts to ridership ~~on those transit operators~~ *the Alameda-Contra Costa Transit District, Caltrain, the San Francisco Bay Area Rapid Transit District, and the San Francisco Municipal Transportation Agency* from planned transportation projects and strategies included in its adopted regional transportation plan.

By adding to the duties of the commission, the bill would impose a state-mandated local program.

(3) The Bay Area County Traffic and Transportation Funding Act authorizes the formation of county transportation authorities in each of the 9 bay area counties, and provides for the imposition of a retail transaction and use tax of either $\frac{1}{2}$ of 1% or 1%, subject to voter approval, with revenues to be used for various transportation purposes.

This bill would instead provide that a retail transaction and use tax imposed under those provisions in the County of San Mateo or the County of San Francisco may be imposed in $\frac{1}{8}$ of 1% increments up to 1%.

(4) This bill would declare that its provisions are severable.

(5) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. The Legislature finds and declares all of the
2 following:

3 (a) The San Francisco Bay area needs a world-class, reliable,
4 affordable, efficient, and connected transportation network that
5 meets the needs of bay area residents, businesses, and visitors
6 while also helping combat the climate crisis. The bay area's
7 regional and local public transportation networks are a critical
8 component of the overall transportation network.

9 (b) Public transportation is of regional and local benefit, serving
10 both regional and local trips for residents of all income levels.

11 (c) Preserving, improving, and expanding public transportation
12 to ensure a world-class public transportation network will enhance
13 access to opportunity, lower emissions of greenhouse gases,
14 strengthen the region's economy, support increased housing
15 production, and improve quality of life.

16 (d) To achieve that vision, the San Francisco Bay area needs a
17 public transit network that offers safe, clean, frequent, accessible,
18 easy-to-navigate, and reliable service that gets transit riders where
19 they want and need to go safely, affordably, quickly, and
20 seamlessly. The San Francisco Bay area also needs to prioritize
21 increasing ridership to ensure the region's transit network is
22 sustainable.

23 (e) Regional funding, increased coordination, financial
24 efficiency, and safety, cleanliness, and reliability reforms are
25 urgently needed to both preserve and improve public transportation
26 service.

27 SEC. 2. Section 66513.5 is added to the Government Code, to
28 read:

29 66513.5. (a) The commission shall submit a report to the
30 Legislature on or before March 31, 2026, on its forecast of the
31 impacts to ridership on the Alameda-Contra Costa Transit District,
32 the Peninsula ~~Rail Transit District~~, *Corridor Joint Powers Board*,
33 the San Francisco Bay Area Rapid Transit District, and the San
34 Francisco Municipal Transportation Agency from planned
35 transportation projects and strategies included in its adopted
36 regional transportation plan, with an emphasis on rail connectivity
37 projects that may increase ridership, reduce operating costs, or
38 help with enhanced mobility.

1 (b) (1) A report to be submitted pursuant to subdivision (a)
2 shall be submitted in compliance with Section 9795.

3 (2) Pursuant to Section 10231.5, this section is inoperative on
4 March 31, 2030, and, as of January 1, 2031, is repealed.

5 SEC. 3. Title 7.85 (commencing with Section 67700) is added
6 to the Government Code, to read:

7
8 TITLE 7.85. SAN FRANCISCO BAY AREA REGIONAL
9 TRANSPORTATION FINANCE

10
11 PART 1. FORMATION OF THE TRANSPORTATION
12 REVENUE MEASURE DISTRICT

13
14 CHAPTER 1. GENERAL PROVISIONS

15
16 67700. For purposes of this title, the following definitions
17 apply:

18 (a) “AC Transit” means the Alameda-Contra Costa Transit
19 District.

20 (b) “BART” means the San Francisco Bay Area Rapid Transit
21 District.

22 (c) “Board” means the governing board of the Transportation
23 Revenue Measure District.

24 (d) “Caltrain” means the Peninsula ~~Rail Transit District~~.
25 *Corridor Joint Powers Board*.

26 (e) “Commission” means the Metropolitan Transportation
27 Commission.

28 (f) “District” means the Transportation Revenue Measure
29 District.

30 (g) “Muni” means the San Francisco Municipal Transportation
31 Agency.

32
33 CHAPTER 2. THE TRANSPORTATION REVENUE MEASURE
34 DISTRICT AND GOVERNING BOARD

35
36 67710. (a) The Transportation Revenue Measure District is
37 hereby established with jurisdiction extending throughout the
38 territorial boundaries of the Counties of Alameda and Contra Costa
39 and the City and County of San Francisco.

(b) The district shall be governed by the same board that governs the commission. The district shall be a separate legal entity from the commission.

(c) The formation and jurisdictional boundaries of the district are not subject to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Division 3 (commencing with Section 56000) of Title 5).

(d) The district shall be staffed by the existing staff of the commission or any successor agency, with the understanding that additional staff may be needed to administer the requirements of this title.

67711. (a) It is the intent of the Legislature to afford the Counties of San Mateo and Santa Clara the opportunity to opt into the district by August 11, 2025. The opt-in of one or both of these counties into the district would entail the entirety of one or both of these counties, respectively, being included within the geography of the district.

(b) It is the preference of the Legislature for the County of San Mateo to opt into the district.

PART 2. TRANSACTIONS AND USE TAXES

CHAPTER 1. RETAIL TRANSACTIONS AND USE TAX AUTHORIZATION

67730. (a) The board may impose a retail transactions and use tax ordinance applicable to the entire district if the electors voting on the measure vote to approve its imposition at the election described in Section 67734 in accordance with this title and Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code.

(b) The board, in the ordinance, shall do all of the following:

(1) State the nature of the tax to be imposed.

(2) Provide the tax rate or the maximum tax rate, which shall be one-half of 1 percent in each county except in the City and County of San Francisco. The tax rate in the City and County of San Francisco shall be set at no less than one-half of 1 percent and no more than 1 percent, in $\frac{1}{8}$ percent increments.

1 (3) Specify the period during which the tax will be imposed.
2 The duration of the tax shall be no less than 10 years and no longer
3 than 15 years.

4 (4) Specify the purposes for which the revenue derived from
5 the tax will be used, consistent with Chapter 3 (commencing with
6 Section 67750).

7 (c) Notwithstanding Section 7251.1 of the Revenue and Taxation
8 Code, the tax rate authorized pursuant to this title shall not be
9 considered for purposes of the combined rate limit established by
10 Section 7251.1 of the Revenue and Taxation Code.

11 (d) A transactions and use tax ordinance adopted pursuant to
12 this title shall be operative on January 1, 2027.

13 (e) Before the operative date of the ordinance, the board shall
14 contract with the California Department of Tax and Fee
15 Administration to perform all functions incidental to the
16 administration and operation of the ordinance.

17 67731. It is the intent of the Legislature to determine, by August
18 11, 2025, the exact tax rate, including potential variable rates in
19 different counties within the district, and the exact duration of the
20 tax, through continued discussions with stakeholders.

21 67732. (a) Notwithstanding Section 9300 of the Elections
22 Code or any other law, the taxes authorized by Section 67730 may
23 also be imposed by a qualified voter initiative pursuant to Chapter
24 4 (commencing with Section 9300) of Division 9 of the Elections
25 Code if the electors voting on the measure vote to approve its
26 imposition at the election described in Section 67734 in accordance
27 with the requirements of this title and Part 1.6 (commencing with
28 Section 7251) of Division 2 of the Revenue and Taxation Code.

29 (b) In addition to the procedures set forth in Chapter 4
30 (commencing with Section 9300) of Division 9 of the Elections
31 Code, if an ordinance containing a tax authorized by this title is
32 proposed by an initiative petition, the initiative shall comply with
33 all of the requirements applicable to a tax imposed by the board
34 pursuant to this title, including the requirement that the proceeds
35 of the tax be expended pursuant to Chapter 3 (commencing with
36 Section 67750).

37 67734. A tax proposed pursuant to this title may only be placed
38 on the ballot for the November 3, 2026, statewide general election
39 and shall be submitted to the voters of the entire district in
40 accordance with Chapter 2 (commencing with Section 67740).

CHAPTER 2. ELECTION PROCEDURES

67740. (a) If the board of the district or a qualified voter initiative proposes a measure for the approval of a tax ordinance adopted pursuant to Chapter 1 (commencing with Section 67730), the board of supervisors for each of the counties that comprise the district shall call a special election on the tax ordinance. The special election shall be consolidated with the November 3, 2026, statewide general election and the tax ordinance shall be submitted to the voters of each county comprising the district.

(b) For the purpose of the placement of a tax ordinance on the ballot, the Transportation Revenue Measure District is a “district,” as defined in Section 317 of the Elections Code. A measure proposed by the board that requires voter approval or a qualified initiative measure proposed for the district by the voters of the counties comprising the district shall be submitted to the voters of the counties that are contained in the district, in accordance with the provisions of the Elections Code applicable to districts, including Chapter 4 (commencing with Section 9300) of Division 9 of the Elections Code.

(c) Notwithstanding any provision of the Elections Code, the legal counsel for the district shall prepare an impartial analysis of the measure. Each county included in the district shall use the election materials provided by the district, including the exact ballot question, impartial analysis, and full text of the ballot measure for inclusion in the county voter information guide.

(d) If two or more counties included in the measure are required to prepare a translation of ballot materials into the same language other than English, the county that contains the largest population, as determined by the most recent federal decennial census, among those counties that are required to prepare a translation of ballot materials into the same language other than English, shall prepare the translation or authorize the commission to prepare the translation, and that translation shall be used by the other county or counties, as applicable.

(e) Notwithstanding Section 13116 of the Elections Code, the elections officials of the counties where the measure will appear on the ballot shall mutually agree to use the same letter designation for the measure.

1 (f) The county clerk of each county shall report the results of
2 the special election to the commission. If the approval threshold
3 required by the California Constitution at the time of the election
4 is achieved, the measure shall take effect in the district in
5 accordance with the requirements of this title.

6 (g) (1) Notwithstanding Section 10520 of the Elections Code,
7 the commission shall reimburse each county that comprises the
8 district from funds made available pursuant to Section 67750 only
9 for the incremental costs incurred by the county elections official
10 related to submitting the measure to the voters with proceeds from
11 the measure, or if the measure fails, with any eligible funds
12 provided by the commission or other public or private entity.

13 (2) For purposes of this subdivision, “incremental costs”
14 includes both of the following:

15 (A) The cost to prepare a translation of ballot materials into a
16 language other than English by any county, as described in
17 subdivision (d).

18 (B) The additional costs that exceed the costs incurred for other
19 election races or ballot measures, if any, appearing on the same
20 ballot in each county in which the measure appears on the ballot,
21 including both of the following:

22 (i) The printing and mailing of ballot materials.

23 (ii) The canvass of the vote regarding the measure pursuant to
24 Division 15 (commencing with Section 15000) of the Elections
25 Code.

26
27 CHAPTER 3. REGIONAL TRANSPORTATION REVENUE MEASURE
28 EXPENDITURES
29

30 67750. The board shall allocate revenues generated pursuant
31 to Chapter 2 (commencing with Section 67740) on an annual basis
32 as follows:

33 (a) The board shall pay the administrative costs associated with
34 the collection of the revenues incurred by the California
35 Department of Tax and Fee Administration pursuant to the contract
36 entered into pursuant to Section 67730, and the amounts necessary
37 for the commission to reimburse the one-time costs incurred by
38 county elections officials, as provided in subdivision (g) of Section
39 67740.

(b) After the amounts allocated in subdivision (a), the board may retain up to 1 percent of total revenues for the administration of this title. If the board retains more money than is necessary for administration, the board may direct those excess funds to the commission for allocation pursuant to subparagraph (E) of paragraph (1) of subdivision (c).

(c) (1) After the amounts allocated in subdivisions (a) and (b), the board shall allocate revenues to the commission in the amount determined pursuant to paragraph (2). The commission shall allocate those revenues to the following entities for the following purposes in accordance with Chapter 4 (commencing with Section 67760) and Chapter 5 (commencing with Section 67770):

(A) AC Transit, exclusively for transit operations expenses.

(B) BART, exclusively for transit operations expenses.

(C) Caltrain, exclusively for transit operations expenses.

(D) *Contra Costa County Transit Authority (County Connection)*, exclusively for transit operations expenses.

(E) *Eastern Contra Costa Transit Authority (Tri Delta Transit)*, exclusively for transit operations expenses.

(F) *Livermore Amador Valley Transit Authority (LAVTA)*, exclusively for transit operations expenses.

~~(D)~~

(G) Muni, exclusively for transit operations expenses.

(H) *San Francisco Bay Area Water Emergency Transportation Authority*, exclusively for transit operations.

(I) *Union City Transit*, exclusively for transit operations expenses.

(J) *Western Contra Costa Transit Authority (WestCAT)*, exclusively for transit operations expenses.

~~(E)~~

(K) Up to ~~10~~ 5 percent of the revenues to the commission, exclusively for initiatives included in the 2021 Bay Area Transit Transformation Action Plan (T-TAP), or any successor plan adopted by the commission.

(2) It is the intent of the Legislature to establish specific levels of funding for the board to allocate to the commission and for the commission to allocate to the entities specified in paragraph (1) by August 11, 2025.

(d) ~~(4)~~ After the amounts allocated in subdivisions (a) to (c), inclusive, the board shall subvene all remaining funds directly to

the counties contained in the district for public transportation expenses. The board shall have no discretion to withhold those funds.

(2) ~~Eligible recipients of funds provided by counties from funds allocated pursuant to paragraph (1) include, but are not limited to, all of the following:~~

~~(A) Contra Costa County Transit Authority (County Connection);~~

~~(B) Eastern Contra Costa Transit Authority (Tri Delta Transit);~~

~~(C) Livermore Amador Valley Transit Authority (LAVTA);~~

~~(D) Union City Transit;~~

~~(E) Western Contra Costa Transit Authority (WestCAT);~~

67752. In allocating funds pursuant to this chapter, it is the intent of the Legislature that the commission not supplant funding from regularly programmed discretionary revenue sources available to the commission that would have otherwise been directed to projects, programs, or services that directly benefit the Counties of Alameda or Contra Costa or the City and County of San Francisco, nor increase the level of those regularly programmed discretionary sources that are allocated to counties that are not contained in the district as a result of the approval of the measure pursuant to this title.

67754. If the voters approve a tax ordinance pursuant to this title, the district shall establish an independent oversight committee within six months of the effective date of the tax increase to ensure that any revenues generated pursuant to this title are expended consistent with the applicable requirements set forth in this chapter. The committee may be consolidated with the oversight committee established pursuant to subdivision (h) of Section 30923 of the Streets and Highways Code. Each representative shall be appointed by the applicable county board of supervisors. The oversight committee may request any documents from the commission to assist the committee in performing its functions.

CHAPTER 4. FINANCIAL TRANSPARENCY AND REVIEW

67760. (a) The Legislature finds and declares that financial efficiency and transparency are imperative to build public confidence and support for public transportation.

1 (b) In enacting this title, it is the intent of the Legislature to
2 ensure that the public is aware of actions taken by AC Transit,
3 BART, Caltrain, and Muni to reduce expenses in the face of major
4 deficits, along with additional identified opportunities for
5 service-neutral cost efficiencies.

6 67762. (a) Upon the approval of a measure by the voters of
7 the district pursuant to this title, the commission shall engage in
8 a comprehensive independent third-party financial efficiency
9 review of AC Transit, BART, Caltrain, and Muni.

10 (b) The review shall identify a menu of cost-saving efficiencies
11 that, if implemented, would reduce one-time and ongoing fixed
12 and variable costs for the transit operators subject to the review.

13 (c) The scope of the review shall include administrative,
14 operating, and capital costs and shall clearly distinguish between
15 cost-saving options that would not impact service and cost-saving
16 options that would require service realignments or reductions.

17 (d) The scope of the review shall also apply to initiatives
18 included in the 2021 Bay Area Transit Transformation Action Plan
19 or any successor plan adopted by the commission and associated
20 supporting programs administered by the commission, such as the
21 Clipper program.

22 67764. (a) The commission shall contract and manage an
23 independent third party to conduct the review, in consultation with
24 a select committee established by the commission that consists of
25 all of the following:

26 (1) Members of the commission.

27 (2) A state representative.

28 (3) Transit operator representatives from the operators subject
29 to the review.

30 (4) Representatives from the transit labor, advocacy, and
31 business communities.

32 (b) Upon completion of the review, the independent third party
33 shall transmit a final report to the select committee established by
34 the commission, to the Legislature, in compliance with Section
35 9795, and to the transit operators subject to the review.

36 67766. (a) Within ____ months after a transit operator subject
37 to the review receives the report, the transit operator shall finalize
38 an implementation plan that describes all efficiency measures the
39 transit operator has already taken since January 1, 2020, associated
40 cost savings, and all subsequent efficiency measures the transit

1 operator plans to take and shall submit this plan to the commission
2 by ____, as a condition of continuing to receive funds from the
3 commission pursuant to Chapter 3 (commencing with Section
4 67750).

5 (b) The commission shall accept each plan submitted pursuant
6 to subdivision (a) and transmit it to the Legislature, in compliance
7 with Section 9795, the Transportation Agency, and the counties
8 that have a funding relationship with at least one of the transit
9 operators subject to the review.

10 67767. It is the intent of the Legislature to determine the timing
11 of the required actions outlined in this chapter through further
12 discussion with transit stakeholders.

13 67768. (a) (1) In order to be eligible for funding pursuant to
14 Chapter 3 (commencing with Section 67750), a transit operator
15 subject to the review required by this chapter shall verify to the
16 commission that it will maintain its expected level of funding for
17 operations and shall not supplant any sources of operating revenue
18 under its control or fund sources allocated by the commission that
19 were used for transit operations in the preceding three fiscal years.

20 (2) The expected level of funding for purposes of paragraph
21 (1), which shall be referred to as the maintenance of effort, shall
22 be calculated using the operator's average discretionary operating
23 expenditures for the preceding three fiscal years, two years in
24 arrears as reported to the Controller in its annual report submitted
25 pursuant to Section 99243 of the Public Utilities Code.

26 (b) Notwithstanding subdivision (a), a transit operator subject
27 to the review required by this chapter may reduce the amount of
28 funding contributed towards its operating budget in proportion to
29 any reduction in operating costs or reduction in operating revenue
30 based on factors outside the control of the operator, including, but
31 not limited to, the expiration of a voter-approved revenue source
32 or the determination based on a statistically valid poll that an
33 expiring ballot measure lacks sufficient support to warrant
34 placement on the ballot.

35 (c) A transit operator may request that the commission grant an
36 exception to the requirements of this section for the purpose of
37 transferring operating funds to state of good repair needs for assets
38 owned and operated by the operator or to cover the cost of
39 compliance with a state or federal law or regulation.

CHAPTER 5. REGIONAL NETWORK MANAGEMENT
ACCOUNTABILITY

67770. (a) The Legislature finds and declares all of the following:

(1) In 2024, the Transportation Revenue Measure Select Committee established by the commission in 2024 agreed on various transit agency accountability policy recommendations for a transportation revenue measure. Specifically, the select committee approved a recommendation for new revenue from a measure to be conditioned on transit operators complying with transit transformation policies adopted through the Regional Network Management framework.

(2) As of March 2025, the commission adopted policies and programs through an established regional network management framework.

(b) (1) It is the intent of the Legislature, in enacting this title, to encourage the commission to continue acting in its role as Regional Network Manager.

(2) It is the further intent of the Legislature that the conditioning of funds prescribed by this chapter on regional network management policies and programs be based on the central goal of increasing transit ridership by improving the customer experience of riding public transit in the San Francisco Bay area and creating a seamless transit experience.

67772. (a) Notwithstanding any other law, each transit operator that the commission directly distributes funds to pursuant to Chapter 3 (commencing with Section 67750) shall comply with the policies and programs adopted by the commission through its Regional Network Management framework in order to fulfill initiatives included in the 2021 Bay Area Transit Transformation Action Plan or successor plan adopted by the commission, as a condition of receiving those funds.

(b) Nothing in this chapter authorizes the commission to do any of the following:

(1) Restrict a transit operator's access to funds not allocated by the commission.

(2) Require a transit operator to implement policies or programs that would impede or interfere with its ability to comply with any legal obligations in transit labor contracts.

1 (3) Restrict the use of a transit operator's logo outside the scope
2 of the commission's regional mapping and wayfinding standards.

3 (4) Require that a transit operator modify the schedule or route
4 of a specific local route that the transit agency and commission do
5 not identify as primarily serving regional transit service.

6 (c) The commission shall not require a transit operator described
7 in subdivision (a) to be subject to a one-time or ongoing policy,
8 or to make a one-time or ongoing expenditure, pursuant to this
9 chapter if the transit operator adopts a finding that the policy or
10 expenditure would require the agency to take an action that the
11 agency determines to be unacceptable with respect to its impact
12 on transit service, staffing, maintenance, or other specified
13 operational or state of good repair considerations.

14 (d) Before adopting a finding pursuant to subdivision (c), a
15 transit operator shall conduct an assessment that takes into
16 consideration all funding anticipated to be available to the transit
17 operator in the next fiscal year, including, but not limited to, any
18 discretionary funding that the commission identifies to help offset
19 the cost of the proposed expenditure or policy, any growth in fare
20 revenue anticipated as a result of the expenditure or policy, and
21 potential adjustments to fares or fare policies the agency could
22 make to increase revenue. The transit operator shall develop the
23 assessment in consultation with staff from the commission and
24 shall present it to the commission at a public meeting before
25 adopting a finding pursuant to subdivision (c).

26 (e) In implementing this section, each transit operator subject
27 to this chapter shall fulfill all applicable requirements under Title
28 VI of the federal Civil Rights Act of 1964 (Public Law 88-352)
29 regarding service and fare changes.

30 (f) The commission shall submit a report to the Legislature on
31 or before January 1, 2028, and each year thereafter, on the status
32 of the outcomes described in this section and the status of transit
33 ridership in the region, as defined in Section 66502. The
34 commission shall submit the annual report to the Legislature in
35 compliance with Section 9795. The commission shall also post
36 the annual report on its internet website.

CHAPTER 6. APPLICABILITY

67780. The provisions of this title shall only apply to the counties and city and county identified pursuant to Section 67710.

SEC. 4. Section 131102 of the Public Utilities Code is amended to read:

131102. (a) (1) A retail transactions and use tax ordinance for a tax of either one-half of 1 percent or 1 percent applicable in the incorporated and unincorporated territory of a county, except for the counties described in paragraph (2), may be imposed by a county transportation authority or the commission in the manner prescribed in Section 131103 and Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code, if two-thirds of the electors voting on the measure vote to approve its imposition at an election which shall be called for this purpose by the board of supervisors within one year after the adoption of a county transportation expenditure plan.

(2) A retail transactions and use tax ordinance for a tax of up to 1 percent, in any combination of $\frac{1}{8}$ percent increments, applicable in the incorporated and unincorporated territory of the County of San Mateo or the City and County of San Francisco may be imposed by the applicable county transportation authority or the commission in the manner prescribed in Section 131103 and Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code, if two-thirds of the electors voting on the measure vote to approve its imposition at an election which shall be called for this purpose by the board of supervisors within one year after the adoption of a county transportation expenditure plan.

(b) The ordinance shall take effect at the close of the polls on the day of the election at which the proposition, as set forth in Section 131108, is adopted. The ordinance shall specify the period, as determined by the adopted county transportation expenditure plan during which the tax will be imposed. The tax may be terminated earlier if the projects in the adopted plan are completed and any bonds outstanding issued pursuant to this division are redeemed.

SEC. 5. The provisions of this act are severable. If any provision of this act or its application is held invalid, that invalidity

1 shall not affect other provisions or applications that can be given
2 effect without the invalid provision or application.

3 SEC. 6. If the Commission on State Mandates determines that
4 this act contains costs mandated by the state, reimbursement to
5 local agencies and school districts for those costs shall be made
6 pursuant to Part 7 (commencing with Section 17500) of Division
7 4 of Title 2 of the Government Code.

O