

Legislative Update:

- **Cap and Invest Extension**
- **SB 63 (Wiener, Arreguín)**



San Francisco
County Transportation
Authority

Transportation Authority Board - Agenda Item 5
September 09, 2025

Cap and Invest Extension



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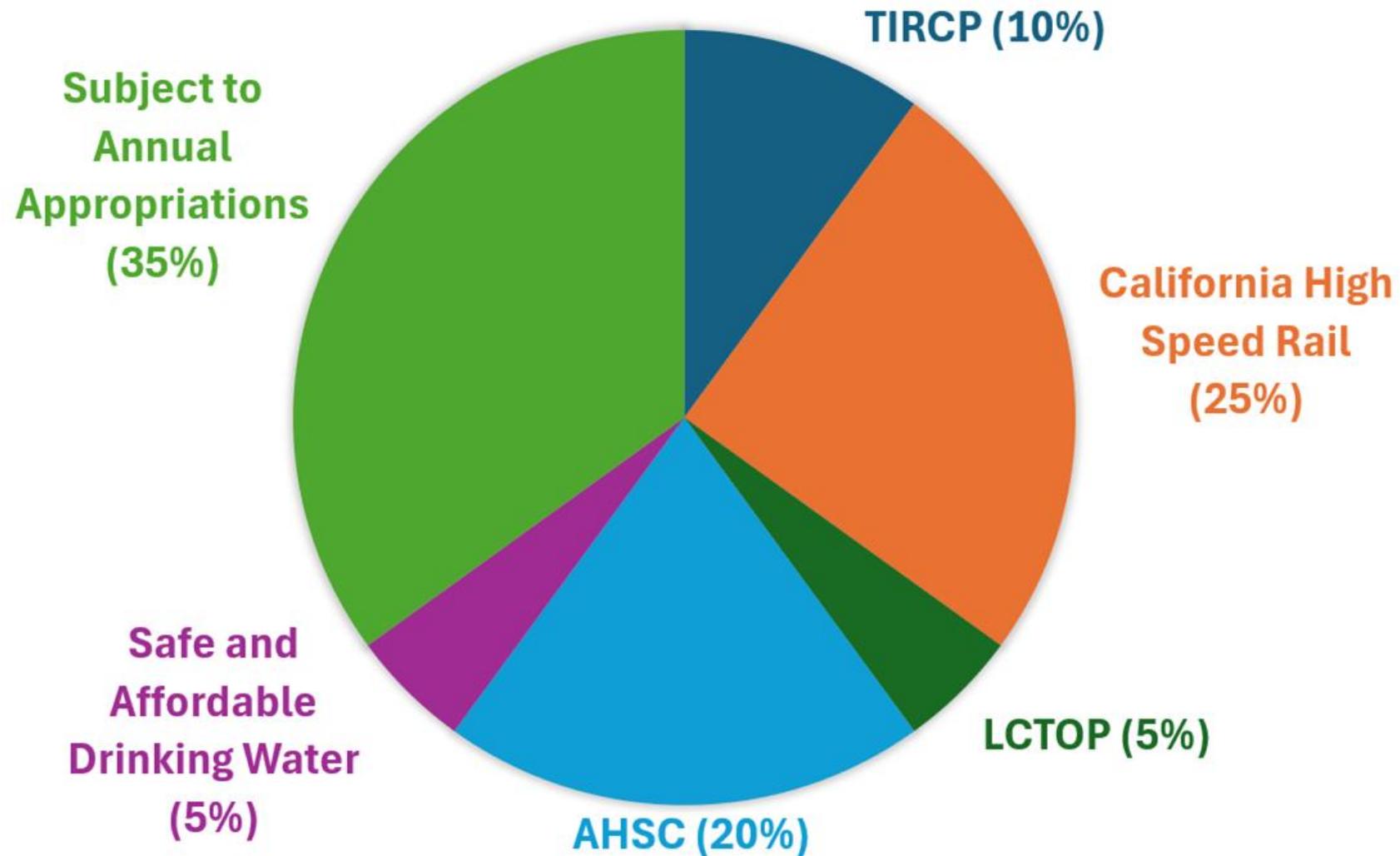
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Existing Greenhouse Gas Reduction Fund

Expires 2030

Auction proceeds have raised ~\$4 billion/year

65% continuously appropriated, 35% subject to annual appropriation



Affordable Housing Sustainable Communities Program (AHSC), Low Carbon Transit Operations Program (LCTOP), Transit Intercity Rail Capital Program (TIRCP).

Cap and Invest Extension Priorities

- Needed to increase auction proceeds, provide program stability and enable long term funding commitments
- San Francisco Transportation Priorities
 - Maintain and increase continuous appropriations for transit operations and capital grant programs
 - Provide investment in High Speed Rail “bookend” projects in Northern and Southern California

High Speed Rail Bookends Request (NorCal+SoCal)

- Bay Area seeking \$2.2 billion for projects that serve High Speed Rail corridor
 - San Francisco Portal and Fourth & King Railyards
 - San José Diridon Station, including integration with BART to Silicon Valley Phase 2
 - San José to Gilroy Electrification - project development
 - San Mateo Grade Separations and Corridor-wide Crossing Safety Upgrades
- SoCal seeking \$3.8 billion



Cap and Invest Extension Update

- Must be approved by Legislature by September 12 or in Special Session if called by Governor
- Separate proposals by Governor, Assembly, and Senate
- In common: extension to 2045, \$1 billion for High Speed Rail
- Many areas still under discussion, including design of emission credit process, structure of expenditure plan, and spending priorities

Senate Bill 63 (Wiener, Arreguín) Connect Bay Area Act



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Senate Bill 63 Updates

- Senators Scott Wiener and Jesse Arreguín released proposed expenditure plan on July 23 and accountability and efficiency review framework on August 5
- SamTrans and VTA Boards voted to opt into regional measure on August 6 and 7, respectively
- Additional amendments released September 4 and 8



Senate Bill 63 Overview

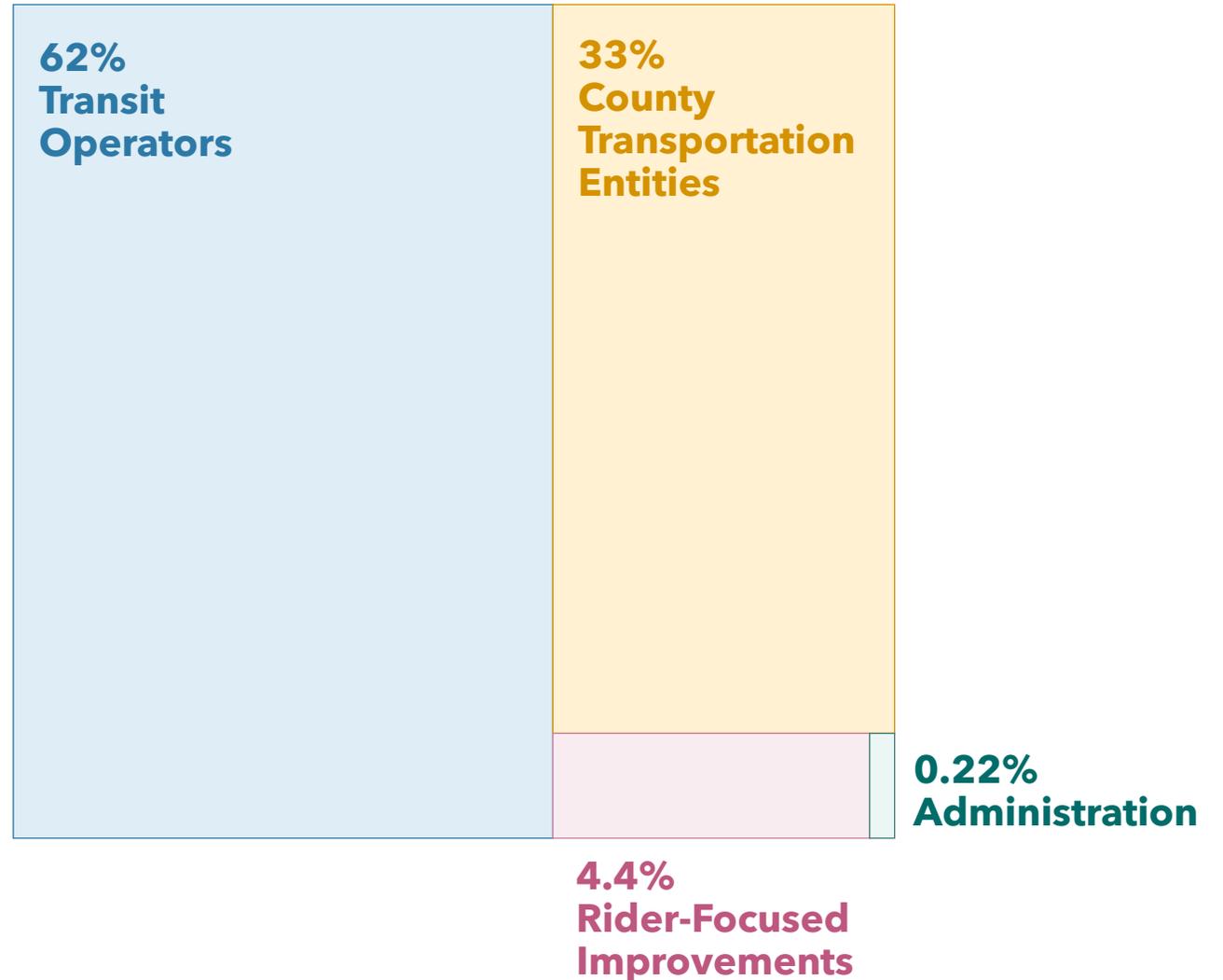
- Establishes a Transportation Revenue Measure District across five counties
- Authorizes a ½-cent sales tax across the District with flexibility for 1-cent sales tax rate in San Francisco
- November 2026 ballot, 14-year duration

	BASE SALES TAX RATE (CURRENT)	BASE SALES TAX RATE (POTENTIAL)
Alameda	10.250%	10.750%
Contra Costa	8.750%	9.250%
San Francisco	8.625%	9.625%
San Mateo	9.375%	9.875%
Santa Clara	9.125%	9.625%

Current rates per CDTFA City and County sales and use tax rates webpage effective July 1, 2025

Expenditure Plan Overview

- Most funding is dedicated to addressing operations needs, with remainder going to county transportation entities for public transit purposes
- Generates roughly \$1 billion annually
- Diagram shown for reference only - funding amounts for programs are established by percentage dedications of each county's revenues



Expenditure Plan

EXPENDITURE PLAN CATEGORY

EST. REVENUE IN FY31

Administration

\$2

Rider-Focused Improvements

\$46

Transit Operators

\$655

AC Transit

\$51

BART

\$330

Caltrain

\$75

SFMTA

\$170

East Bay Operators

\$21

Golden Gate Transit

\$1

SF Bay Ferry

\$7

County Transportation Entities

\$350

Alameda County Transportation Authority

\$10

Contra Costa County Transportation Authority

\$27

San Francisco County Transportation Authority

\$0

San Mateo County Transit District

\$50

Santa Clara Valley Transportation Authority

\$264

Total

\$1,054

Supports MTC in administration of measure

Excess funds may be used towards rider-focused improvements

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Supports MTC in funding and delivering fare programs, paratransit services, transit priority and mapping and wayfinding in line with the Transit Transformation Action Plan

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**For exclusive use
towards transit
operations**

**East Bay Operators
includes County
Connection, Tri Delta
Transit, LAVTA,
Union City Transit,
and WestCAT**

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Must be used for public transit purposes. May be used to support pavement maintenance on roads serving fixed-route transit

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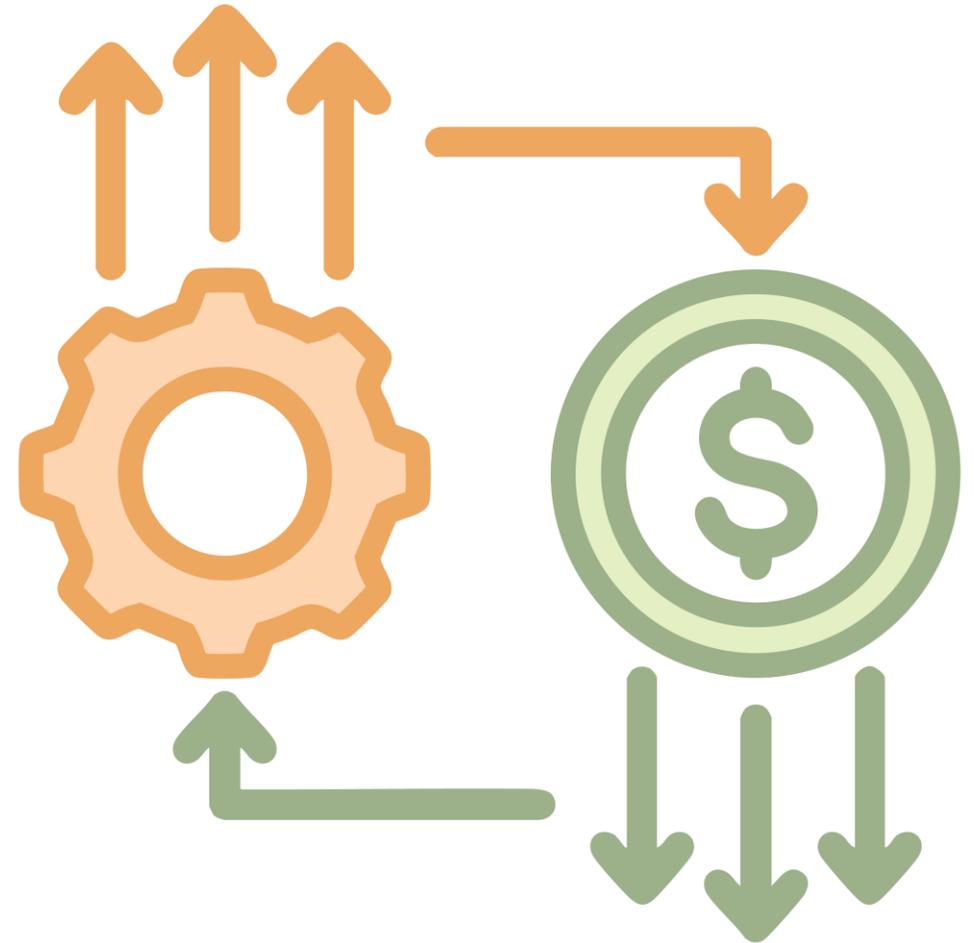
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September 8 Committee Amendments

- Bill passed out of Assembly Transportation Committee with amendments
- Notable changes
 - Preserves MTC as governing body of the District
 - Adds accountability provisions related to ad hoc adjudication committees
 - Adds efficiency review, judicial review streamlining, and maintenance of effort provisions

Financial Efficiency Review

- AC Transit, BART, Caltrain and Muni are subject to a financial efficiency review to be conducted by MTC
- Oversight Committee consisting of MTC Chair designee, operator Board Chair or designee, and four state-appointed transit experts
- Identify cost-saving efficiencies for implementation by operators



Enhanced Accountability

- A county's Board of Supervisors or transportation entity may submit petitions
- An Ad Hoc Adjudication Committee will be formed for an operator when a petition is received
- Committees will be composed of two commissioners from each of the counties allocating funding to the operator
- Committee may withhold a total of 7% of funding allocated to the operator through the measure



State Transit Loan Negotiations

- Final June 2025 budget agreement between Legislature and Governor included \$750 million in potential one-time loans for AC Transit, BART, Caltrain and Muni
- Contingent on passage of SB 63 per AB 102 (Budget Act of 2025)
- Terms of loans in discussion; Department of Finance seeks to extend negotiations through fall
- Fiscal year 2027 shortfalls for major operators estimated at ~\$800 million

Next Steps

Sep 12

Last day for Legislature to pass bills

Oct 12

Last day for Governor to sign/veto bills

Jan 1, 2026

SB 63 is effective

Nov 3, 2026

General Election

Apr 1, 2027

Collection of sales tax to begin (anticipated)

Jun 2027

First disbursement of sales tax revenues to District (anticipated)

Thank you.

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