

## What's the Problem?

*The Bay Area needs plentiful, convenient, affordable public transit to address our affordability crisis and mobility, climate and economic recovery goals.*

But Bay Area transit is rapidly approaching a fiscal cliff. That will mean catastrophic cuts, with immediate impacts on the budgets of already overburdened households, mobility for transit-dependent riders, increased traffic. There would also be long-term harms, including the layoff of skilled transit workers who are very hard to hire and train, and who operate our systems and keep transit infrastructure from deteriorating

A regional transit funding measure in 2026 can and must be an important piece of a funding solution along with other local and state action, to improve affordability, prevent traffic, and advance climate goals.

But SB 63 cannot, in its current form, solve the problem, for two reasons. **First, the sales tax it proposes will not raise enough revenue** (\$560m for 4 counties, only two-thirds of the need); and **second, it is unpalatable to voters**, who are suffering under too much sales tax burden at a time when the cost of living is their top concern.

## What's the Solution?

*We need a politically viable measure that can maintain and improve public transit.* A gross receipts tax exempting small business can progressively raise a much larger amount without overtaxing voters.

## SB 63 Gets Some Important Things Right:



Its multi-county approach is laser-focused on generating revenue to **operate** transit.



It includes requirements for accountability, including an independent audit and citizen oversight.



It authorizes a citizen's initiative, which would allow a coalition of unions and community groups to run a winning ground campaign by a simple majority vote.



And it allows San Mateo County and Santa Clara County to opt in, which would make the measure even more successful.

Voices for Public Transportation is a coalition of labor, community-based organizations, and equity advocates. Our coalition was founded in 2018 to advance a game-changing regional transportation measure to invest in our transit system so that all Bay Area residents can get around affordably and easily while protecting the climate. VPT represents the voices of transit-dependent communities, many of whom are people with disabilities, low-income communities, and communities of color, who are too often excluded from local and regional transportation decisions.



## But SB 63 does not yet allow a politically feasible path to solving the problem. To do that, it must be amended to:



**Substitute a gross receipts tax for the current sales tax.** A gross receipts tax polls better than the current sales tax, generates a larger amount, and does not ask voters to increase their cost of living in order to cut service. It is fair to ask businesses to contribute, since they benefit from transit, and since riders and working families already pay their share to operate transit, both at the farebox and through taxes.



**Provide sufficient funds for transit transformation** to pay for improvements that make transit more coordinated, easier to use and affordable – for example free transfers, and signs at stations serving multiple agencies that are easy for people to use.



**Retain oversight within the current MTC structure.** The proposal to create a new oversight body will result in less accountability and coordination. Implementation decisions (like how to allocate funding if it comes in higher or lower than needed) do not require a new structure. MTC can already make those decisions.



**Distribute new funding based on need and ridership, not on lost fare revenue.** All modes of transit are hurting: rail, bus and paratransit, and both regional and local services. Funding based on need and ridership will better support underserved communities and people with disabilities and provide for a more equitable distribution of operating funds within each county.



**Revise so-called efficiency requirements to focus on making transit more effective and cost-effective** with measures such as support for transit priority, improved accessibility and affordability, shared procurement, increasing public sector capacity and reducing reliance on consultants. Emphasis should be on measures that improve effectiveness rather than wanton cost-cutting that degrades service to the public. Our transit agencies have already implemented strong, cost-effective policies, and are cutting close to the bone.

## For more information, please contact:

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