

AMENDMENTS TO SENATE BILL NO. 63

Amendment 1

In the heading, below line 1, insert:

(Coauthor: Assembly Member Stefani)

Amendment 2

In the title, in line 1, after “act” insert:

to add Title 7.85 (commencing with Section 67700) to the Government Code, and to amend Section 131102 of the Public Utilities Code,

Amendment 3

On page 1, before line 1, insert:

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

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

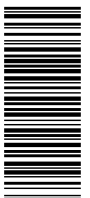
(b) Public transportation is of regional and local benefit, serving both regional and local trips for residents of all income levels.

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

(d) To achieve that vision, the San Francisco Bay area needs a public transit network that offers safe, clean, frequent, accessible, easy-to-navigate, and reliable service that gets transit riders where they want and need to go safely, affordably, quickly, and seamlessly.

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

SEC. 2. Title 7.85 (commencing with Section 67700) is added to the Government Code, to read:



TITLE 7.85. SAN FRANCISCO BAY AREA REGIONAL
TRANSPORTATION FINANCEPART 1. FORMATION OF THE TRANSPORTATION REVENUE MEASURE
DISTRICT

CHAPTER 1. GENERAL PROVISIONS

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

- (a) "AC Transit" means the Alameda-Contra Costa Transit District.
- (b) "BART" means the San Francisco Bay Area Rapid Transit District.
- (c) "Board" means the governing board of the Transportation Revenue Measure District.
- (d) "Caltrain" means the Peninsula Rail Transit District.
- (e) "Commission" means the Metropolitan Transportation Commission.
- (f) "District" means the Transportation Revenue Measure District.
- (g) "Muni" means the San Francisco Municipal Transportation Agency.

CHAPTER 2. THE TRANSPORTATION REVENUE MEASURE DISTRICT AND GOVERNING
BOARD

67710. (a) The Transportation Revenue Measure District is hereby established with jurisdiction extending throughout the territorial boundaries of the Counties of Alameda and Contra Costa 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 July 31, 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 USES 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.

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

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

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

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

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

67731. It is the intent of the Legislature to determine, by July 31, 2025, the exact tax rate, including potential variable rates in different counties within the district, and the exact duration of the tax, through continued discussions with stakeholders.

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

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

67734. A tax proposed pursuant to this title may only be placed on the ballot for the November 3, 2026, statewide general election and shall be submitted to the voters of the entire district in 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 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.

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

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

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

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

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

(i) The printing and mailing of ballot materials.

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

CHAPTER 3. REGIONAL TRANSPORTATION REVENUE MEASURE EXPENDITURES

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

(a) The board shall pay the administrative costs associated with the collection of the revenues incurred by the California Department of Tax and Fee Administration pursuant to the contract entered into pursuant to Section 67730, and the amounts necessary for the commission to reimburse the one-time costs incurred by county elections officials, as provided in subdivision (g) of Section 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) Muni, exclusively for transit operations expenses.

(E) Up to 10 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, that are also included in the Transit Operations Financial Responsibility and Implementation Plan (T-FRIP) described in Section 67751.

(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 July 31, 2025, informed by the adopted T-FRIP described in Section 67751.

(d) (1) 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).

67751. It is the intent of the Legislature for all of the following to occur:

(a) Local and regional stakeholders, including AC Transit, BART, Caltrain, and Muni, and counties that have a funding relationship with at least one of these transit

operators collaboratively develop a Transit Operations Financial Responsibility and Implementation Plan (T-FRIP) to inform the expenditure of revenues from a measure approved pursuant to this title.

(b) The T-FRIP identifies target contributions from those counties to those transit operators and identifies implementation strategies for those target contributions.

(c) Target contributions and implementation strategies for Caltrain be determined through conversations between the Caltrain member agencies.

(d) The T-FRIP be completed on or before July 31, 2025.

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 approved 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.

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

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

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

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

(d) The scope of the review shall also apply to initiatives included in the 2021 Bay Area Transit Transformation Action Plan or any successor plan adopted by the

commission and associated supporting programs administered by the commission, such as the Clipper program.

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

- (1) Members of the commission.
- (2) A state representative.
- (3) Transit operator representatives from the operators subject to the review.
- (4) Representatives from the transit labor, advocacy, and business communities.

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

67766. (a) Within ____ months after a transit operator subject to the review receives the report, the transit operator shall finalize an implementation plan that describes all efficiency measures the transit operator has already taken since January 1, 2020, associated cost savings, and all subsequent efficiency measures the transit operator plans to take and shall submit this plan to the commission by ____, as a condition of continuing to receive funds from the commission pursuant to Chapter 3 (commencing with Section 67750).

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

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

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

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

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

(c) A transit operator may request that the commission grant an exception to the requirements of this section for the purpose of transferring operating funds to state of good repair needs for assets owned and operated by the operator or to cover the cost of 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.

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

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

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

(d) Before adopting a finding pursuant to subdivision (c), a transit operator shall conduct an assessment that takes into consideration all funding anticipated to be available to the transit operator in the next fiscal year, including, but not limited to, any discretionary funding that the commission identifies to help offset the cost of the proposed expenditure or policy, any growth in fare revenue anticipated as a result of the expenditure or policy, and potential adjustments to fares or fare policies the agency

could make to increase revenue. The transit operator shall develop the assessment in consultation with staff from the commission and shall present it to the commission at a public meeting before adopting a finding pursuant to subdivision (b).

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

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

SEC. 3. 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. 4. The provisions of this act are severable. If any provision of this act or its application is held invalid, that invalidity shall not affect other provisions or applications that can be given effect without the invalid provision or application.

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

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Substantive

Amendment 4

On page 1, strike out lines 1 to 7, inclusive, and strike out page 2

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SECURED
COPY

PROPOSED AMENDMENTS TO SENATE BILL NO. 63

SENATE BILL

No. 63

Introduced by Senators Wiener and Arreguín
(Coauthor: Assembly Member Stefani)

January 9, 2025

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

LEGISLATIVE COUNSEL'S DIGEST

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

Existing

(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 ~~state the intent of the Legislature to enact legislation authorizing a revenue measure to invest in transportation in the San Francisco Bay area.~~ 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,



RN2505372

Amendment 1

Amendment 2

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, commonly known as Caltrain, the San Francisco Bay Area Rapid Transit District, and the San Francisco Municipal Transportation Agency for operating expenses, and would require the remaining proceeds to be subvented 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 and would require the independent third party contracted by the commission for this purpose to prepare a final report of the review. After a transit operator 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 to comply with other requirements as a condition of receiving those funds, including, among others, a maintenance of effort requirement and a requirement to comply with the policies and programs adopted by the commission through its Regional Network Management framework, as provided.

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 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 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: ~~no~~-yes.
State-mandated local program: ~~no~~-yes.

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

- + SECTION 1. *The Legislature finds and declares all of the following:*
- + (a) *The San Francisco Bay area needs a world-class, reliable, affordable, efficient, and connected transportation network that meets the needs of bay area residents, businesses, and visitors while also helping combat the climate crisis. The bay area’s regional and local public transportation networks are a critical component of the overall transportation network.*
- + (b) *Public transportation is of regional and local benefit, serving both regional and local trips for residents of all income levels.*
- + (c) *Preserving and improving public transportation to ensure a world-class public transportation network will enhance access to opportunity, lower emissions of greenhouse gases, strengthen the region’s economy, support increased housing production, and improve quality of life.*
- + (d) *To achieve that vision, the San Francisco Bay area needs a public transit network that offers safe, clean, frequent, accessible,*

Amendment 3

+ *easy-to-navigate, and reliable service that gets transit riders where they want and need to go safely, affordably, quickly, and seamlessly.*

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

+ *SEC. 2. Title 7.85 (commencing with Section 67700) is added to the Government Code, to read:*

+ *TITLE 7.85. SAN FRANCISCO BAY AREA REGIONAL TRANSPORTATION FINANCE*

+ *PART 1. FORMATION OF THE TRANSPORTATION REVENUE MEASURE DISTRICT*

+ *CHAPTER 1. GENERAL PROVISIONS*

+ *67700. For purposes of this title, the following definitions apply:*

+ *(a) "AC Transit" means the Alameda-Contra Costa Transit District.*

+ *(b) "BART" means the San Francisco Bay Area Rapid Transit District.*

+ *(c) "Board" means the governing board of the Transportation Revenue Measure District.*

+ *(d) "Caltrain" means the Peninsula Rail Transit District.*

+ *(e) "Commission" means the Metropolitan Transportation Commission.*

+ *(f) "District" means the Transportation Revenue Measure District.*

+ *(g) "Muni" means the San Francisco Municipal Transportation Agency.*

+ *CHAPTER 2. THE TRANSPORTATION REVENUE MEASURE DISTRICT AND GOVERNING BOARD*

+ *67710. (a) The Transportation Revenue Measure District is hereby established with jurisdiction extending throughout the*

+ territorial boundaries of the Counties of Alameda and Contra
+ Costa 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 July 31, 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 USES 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 ¹/₈ percent increments.

- + (3) Specify the period during which the tax will be imposed. The
- + duration of the tax shall be no less than 10 years and no longer
- + than 15 years.
- + (4) Specify the purposes for which the revenue derived from the
- + tax will be used, consistent with Chapter 3 (commencing with
- + Section 67750).
- + (c) Notwithstanding Section 7251.1 of the Revenue and Taxation
- + Code, the tax rate authorized pursuant to this title shall not be
- + considered for purposes of the combined rate limit established by
- + Section 7251.1 of the Revenue and Taxation Code.
- + (d) A transactions and use tax ordinance adopted pursuant to
- + this title shall be operative on January 1, 2027.
- + (e) Before the operative date of the ordinance, the board shall
- + contract with the California Department of Tax and Fee
- + Administration to perform all functions incidental to the
- + administration and operation of the ordinance.
- + 67731. It is the intent of the Legislature to determine, by July
- + 31, 2025, the exact tax rate, including potential variable rates in
- + different counties within the district, and the exact duration of the
- + tax, through continued discussions with stakeholders.
- + 67732. (a) Notwithstanding Section 9300 of the Elections Code
- + or any other law, the taxes authorized by Section 67730 may also
- + be imposed by a qualified voter initiative pursuant to Chapter 4
- + (commencing with Section 9300) of Division 9 of the Elections
- + Code if the electors voting on the measure vote to approve its
- + imposition at the election described in Section 67734 in accordance
- + with the requirements of this title and Part 1.6 (commencing with
- + Section 7251) of Division 2 of the Revenue and Taxation Code.
- + (b) In addition to the procedures set forth in Chapter 4
- + (commencing with Section 9300) of Division 9 of the Elections
- + Code, if an ordinance containing a tax authorized by this title is
- + proposed by an initiative petition, the initiative shall comply with
- + all of the requirements applicable to a tax imposed by the board
- + pursuant to this title, including the requirement that the proceeds
- + of the tax be expended pursuant to Chapter 3 (commencing with
- + Section 67750).
- + 67734. A tax proposed pursuant to this title may only be placed
- + on the ballot for the November 3, 2026, statewide general election
- + and shall be submitted to the voters of the entire district in
- + 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 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.

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

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

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

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

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

- + (i) The printing and mailing of ballot materials.
- + (ii) The canvass of the vote regarding the measure pursuant to
+ Division 15 (commencing with Section 15000) of the Elections
+ Code.

+ CHAPTER 3. REGIONAL TRANSPORTATION REVENUE MEASURE
+ EXPENDITURES

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

+ (a) The board shall pay the administrative costs associated with
+ the collection of the revenues incurred by the California
+ Department of Tax and Fee Administration pursuant to the contract
+ entered into pursuant to Section 67730, and the amounts necessary
+ for the commission to reimburse the one-time costs incurred by
+ county elections officials, as provided in subdivision (g) of Section
+ 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) Muni, exclusively for transit operations expenses.
 - + (E) Up to 10 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, that are also included in the Transit Operations Financial Responsibility and Implementation Plan (T-FRIP) described in Section 67751.
- + (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 July 31, 2025, informed by the adopted T-FRIP described in Section 67751.
- + (d) (1) 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).

+ 67751. *It is the intent of the Legislature for all of the following to occur:*

+ (a) *Local and regional stakeholders, including AC Transit, BART, Caltrain, and Muni, and counties that have a funding relationship with at least one of these transit operators collaboratively develop a Transit Operations Financial Responsibility and Implementation Plan (T-FRIP) to inform the expenditure of revenues from a measure approved pursuant to this title.*

+ (b) *The T-FRIP identifies target contributions from those counties to those transit operators and identifies implementation strategies for those target contributions.*

+ (c) *Target contributions and implementation strategies for Caltrain be determined through conversations between the Caltrain member agencies.*

+ (d) *The T-FRIP be completed on or before July 31, 2025.*

+ 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.

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

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

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

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

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

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

- (1) Members of the commission.
- (2) A state representative.
- (3) Transit operator representatives from the operators subject to the review.
- (4) Representatives from the transit labor, advocacy, and business communities.

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

+ 67766. (a) Within ____ months after a transit operator subject
 + to the review receives the report, the transit operator shall finalize
 + an implementation plan that describes all efficiency measures the
 + transit operator has already taken since January 1, 2020,
 + associated cost savings, and all subsequent efficiency measures
 + the transit operator plans to take and shall submit this plan to the
 + commission by ____, as a condition of continuing to receive funds
 + from the commission pursuant to Chapter 3 (commencing with
 + Section 67750).

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

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

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

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

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

+ (c) A transit operator may request that the commission grant
+ an exception to the requirements of this section for the purpose of
+ transferring operating funds to state of good repair needs for assets
+ owned and operated by the operator or to cover the cost of
+ 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.*

+ (3) *Restrict the use of a transit operator’s logo outside the scope*
 + *of the commission’s regional mapping and wayfinding standards.*

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

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

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

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

+ (f) *The commission shall submit a report to the Legislature on*
 + *or before January 1, 2028, and each year thereafter, on the status*
 + *of the outcomes described in this section and the status of transit*
 + *ridership in the region, as defined in Section 66502. The*

+ *commission shall submit the annual report to the Legislature in*
+ *compliance with Section 9795. The commission shall also post the*
+ *annual report on its internet website.*

+ *SEC. 3. 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~~ 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 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. 4. The provisions of this act are severable. If any*
+ *provision of this act or its application is held invalid, that invalidity*
+ *shall not affect other provisions or applications that can be given*
+ *effect without the invalid provision or application.*

PROPOSED AMENDMENTS

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SUBSTANTIVE**

SB 63

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

Page 1

~~1 SECTION 1. It is the intent of the Legislature to enact~~
~~2 legislation authorizing a revenue measure to invest in~~
~~3 transportation, including to, at a minimum, sustain and improve~~
~~4 public transportation, in the San Francisco Bay area. It is the further~~
~~5 intent of the Legislature that the details of this authorizing~~
~~6 legislation, including the specific geography of the measure, be~~
~~7 based on continued stakeholder engagement and consensus~~

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~~1 building, building off of a robust regional engagement process led~~
~~2 by the Metropolitan Transportation Commission in 2024.~~

Amendment 4

SECURITY COPY

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