

PLATINUM | ADVISORS

March 5, 2025

TO: Diane Shaw, President, AC Transit Board of Directors
Members of the AC Transit Board of Directors
Kathleen Kelly, Interim General Manager
Claudia Burgos, Acting Executive Director, External Affairs, Marketing & Communications

FR: Steve Wallauch
Platinum Advisors

RE: Legislative Update

CARB Fees: The LAO released its assessment of the Governor's trailer bill proposal that would allow CARB to impose a fee on any entity regulated by the Board. In short, the LAO urges the legislature to reject this proposal.

The LAO does not believe that CARB has provided a compelling rationale for why it needs such a broad expansion in its authority to assess fees. In addition, the LAO finds that the proposal would delegate too much legislative control and authority to the administration. The proposed fee could be set at a rate to cover the Board's reasonable cost of implementing and enforcing CARB's programs, including administrative costs, and it does not exempt public entities from this fee authority. We will continue to monitor any developments with this proposal.

Transit Funding: On February 6th, the Senate Budget Committee held a hearing on "Transit in California." This hearing is the start of discussions to provide additional transit funding through the state budget. The goal is to illustrate the importance of transit service in California and underscore that the state needs to do more to maintain transit service.

The Committee heard testimony from three panels. The first panel included presentations from the LAO and the UC Institute of Transportation Studies regarding transit funding in California as compared to other states. The second panel included representatives from CalSTA and the California Transit Association who discussed the

status of the SB 125 Transit Transformation Taskforce. The final panel included testimony from Julie Kirschbaum from SFMTA, Michael Turner from LAMTA, and Corey Aldridge with Santa Cruz Transit. The transit operators discussed their financial outlook and how they have used SB 125 funds.

In addition, there is a legislative effort requesting \$2 billion be appropriated in the budget for transit operators statewide. Senator Jesse Arreguin is leading this effort in the Senate, where was joined by Senator Josh Becker and Senator Catherine Blakespear in submitting a budget request letter. The letter is seeking \$2 billion over two years to help address operating shortfalls. On the Assembly side, Assemblymember Mark Gonzalez is leading the effort on an identical \$2 billion request. Assemblymember Gonzalez was joined by ten colleagues on his request letter; including Assemblymembers Buffy Wicks, Mia Bonta, and Liz Ortega.

Legislation: The deadline to introduce legislation was February 21st. While bills authored by committees continue to be introduced, at the close of the deadline 2,495 bills had been introduced. However, 871 of these measures are considered “spot bills” that do not contain substantive changes. These spot bills must be amended by March 17th, which means there will be another round of new bills to review.

Our office will work with AC Transit staff to review all new measures and identify bills to bring to the Board for consideration. The following are new measures we are currently tracking.

- **Transit Funding:** Senator Scott Wiener and Senator Jesse Arreguin have introduced SB 63. This is a spot bill that includes intent language on placing a revenue measure on the ballot to fund Bay Area transit service.
- **CEQA Exemption:** Senator Wiener has introduced SB 71 which would repeal the sunset date on existing law that exempts certain transit, bicycle, and pedestrian projects from CEQA. In addition to making additional clarifying changes, SB 71 would add to the list of exemptions a transit comprehensive operational analysis, transit route readjustment, or other transit agency route addition, elimination, or modification. The bill defines a transit comprehensive plan to include a plan that redesigns or modifies a transit operator’s or local agency’s public transit service network, including the routing of fixed route and micro transit services.
- **Brown Act:** Four Brown Act bills have been introduced.
 - AB 259 (Rubio) would repeal the sunset date on existing provisions that allow for remote participation by members of a legislative body under limited circumstances.
 - SB 239 (Arreguin) would allow certain types of advisory or subsidiary bodies to meet using remote/teleconference participation.
 - AB 467 (Fong) would allow neighborhood councils to utilize remote participation.

- SB 707 (Durazo) is a comprehensive overhaul of the Brown Act as it relates to remote participation for legislative bodies, advisory bodies, neighborhood councils, among others. However, this bill would continue to require that a quorum be present at a single public location, as well as include other restrictions.

Transit Boards: AB 1070 (Ward) is an interesting yet concerning proposal. This proposal would require ALL transit governing board members to demonstrate that they use public transit in order to be compensated for serving on the transit board. In addition, the bill would require the addition of 2 non-voting members to governing boards. The seats would be reserved for a representative of transit user groups, and a seat represented by the labor organization representing the majority of employees. Both non-voting members would have two alternates each.

AB 1070 is sponsored by ATU, and supported by IBEW and the Teamsters. Transit rider advocacy groups will likely add on in support of the bill.

Transit Employee Assault: AB 394 (Wilson) is a measure sponsored by the California Transit Association. This measure would expand existing law regarding battery of a transit operator or transit passenger to also include an employee or contractor of a public transit provider. In addition, AB 394 outlines a process whereby a person convicted of battery may be subject to a prohibition order for up to 18 months.

Sales Tax Exemption: A couple of bills have been introduced that would extend existing sales tax exemptions or grant new exemptions.

- SB 752 by Senator Laura Richardson would extend by two years the sunset date on the existing state sales tax exemption on the purchase of zero emission transit buses. The current exemption is set to expire on January 1, 2026. This bill would push it back to January 1, 2028. The California Transit Association is sponsoring SB 752.
- SB 419 by Senator Anna Caballero would starting on January 1, 2026, exempt the state portion of sales tax from the purchase of hydrogen used as a transportation fuel. Similar to SB 752, local sales taxes would continue to be applied to the sale of hydrogen used as a transportation fuel.