## Livermore Amador Valley Transit Authority

# STAFF REPORT

SUBJECT: Legislative Update

FROM: Jennifer Yeamans, Senior Grants & Management Specialist

DATE: April 7, 2025

#### **Action Requested**

The Finance and Administration Committee recommends the Board of Directors receive an informational update on recent legislative activities in Washington, D.C. and Sacramento and approve a SUPPORT IF AMENDED position on SB 63 (Wiener/Arreguin).

#### **Background**

In February 2025, the Board of Directors approved LAVTA's 2025 Legislative Program to support LAVTA's advocacy needs and priorities in the coming year. Since then, LAVTA staff along with our state and federal advocacy partners have tracked the full scope of legislative initiatives in both Sacramento and Washington, D.C., in consideration of LAVTA's interests. This update reports on recent legislative activities and recommends one "Support if Amended" position on high-priority legislation introduced in Sacramento last month.

#### Discussion

Federal Activities

The most recent weekly report from LAVTA's Washington, D.C., representative Carpi & Clay is included as Attachment 1. Carpi & Clay advise LAVTA staff promptly and frequently of all developments occurring within the new Administration as they occur, with a focus on actions that have greatest potential to be of impact to LAVTA's projects and priorities.

On Friday, March 14, Congress passed yearlong Continuing Resolution for the remainder of federal Fiscal Year (FY) 2025. In general, the full-year Continuing Resolution (CR) funds government programs, including programs of the Transportation, Housing and Urban Development, and Related Agencies (THUD) Appropriations Act which includes Federal Transit Administration funding, through September 30 at the same levels as FY 2024.

With funding activities for the current fiscal year complete, Congress is expected to begin work on FY 2026 appropriations, which will include the final year of funding authorized under the five-year Infrastructure Investment and Jobs Act known as the Bipartisan Infrastructure Law. As such, relevant committees in both the House and the Senate are preparing to begin work on surface-transportation reauthorization legislation this coming year. As this funding source comprises a significant portion of LAVTA's capital program including various unmet capital needs, LAVTA staff will engage with this process with both

our Congressional delegation as well as industry stakeholders such as the American Public Transportation Association to ensure LAVTA's interests are actively represented in the process. Supported by our federal lobbying team, staff plans to travel to Washington later this month to meet with our Congressional delegation, Committee staff, and Administration officials, and convey LAVTA's needs and priorities as these and other legislative and policy initiatives begin to advance.

#### State Activities

The deadline to introduce bills for this new legislative session in Sacramento was February 21. A summary of state bills LAVTA and its Sacramento advocate Townsend Public Affairs (TPA) are currently tracking is included as Attachment 2, with suggested positions for future Board consideration. Staff and TPA have reviewed all newly introduced bills for relevance to LAVTA's adopted Legislative Program and at this time is recommending one position on a bill that was introduced in "spot" form and is currently being refined in close consultation with key stakeholders into formal amendments anticipated to be published prior to referral to April Policy committee(s).

Concurrently, and as was reported to the Board earlier this month, last month many Bay Area transit operators including LAVTA signed on to a letter representing a broad coalition of stakeholder interests in support of a one-time allocation of \$2 billion in new statewide funding over two years, to bridge the operational "fiscal cliff" faced by many large transit operators and avert major service cuts until longer-term funding solutions are secured through other means, including local voter initiatives like the one under development in the Bay Area.

# SB 63 (Wiener, Arreguin) – Local Transportation Funding Revenue Measure – SUPPORT IF AMENDED

Continuing efforts from the previous legislative session with SB 1031, this bill co-authored by Sen. Scott Wiener (D–San Francisco) and Sen. Jesse Arreguin (D-Berkeley) would authorize a multi-county transportation funding measure to be put to voters in 2026 to provide emergency operating funding for regional transit operators currently facing a "fiscal cliff" of operating revenue shortfalls, in order to avoid deep service cuts. Currently all multi-county measure options, including the most narrowly focused, would include Alameda County, and the core "regional operators" to be prioritized for new revenues are to include:

Operator	County/ies Served
BART	Alameda, Contra Costa, San Francisco, San Mateo
Caltrain	San Francisco, San Mateo, Santa Clara
AC Transit	Alameda, Contra Costa
SF MTA	San Francisco

A copy of the initial substantive amendments published on March 25 are included as Attachment 3. LAVTA's 2025 Legislative Program aims to participate actively and strategically in developing the authorization language for a regional transportation revenue measure by advocating for a return-to-source of any new revenues and maintenance of effort of all existing revenue streams. Our adopted program also aims to work proactively to address any related provisions concerning transit governance and/or administration that

resulted in opposition from many transit operators, including LAVTA, to this bill's predecessor from the previous legislative session.

The LAVTA Board should convey a desire to the bill's authors and our delegation that our important needs and priorities be reflected in authorizing language that results in a revenue measure that can ultimately be successful before voters throughout a multi-county area.

For these reasons, staff recommends a **Support If Amended** position on this bill to ensure desired amendments will receive due consideration in the process.

#### **Next Steps**

LAVTA and TPA staff will continue to discuss desired amendments to SB 63 with the bill's authors and others to enable a future "Support" position.

A substantial number of identified bills are pending published amendments, and staff with the support of TPA will continue to monitor these and other bills of interest to LAVTA and provide updates to the Finance & Administration Committee and/or the Board as may be appropriate.

#### **Fiscal Impact**

None

#### Recommendation

The Finance and Administration Committee recommends the Board of Directors accept this report and approve one legislative position:

SB 63 (Wiener, Arreguin) – Local Revenue Measure: Transportation Funding –
 SUPPORT IF AMENDED

#### **Attachments:**

- 1. Federal Transportation Weekly Update (March 1 14)
- 2. State Legislative Matrix (as of March 18)
- 3. SB 63 bill text in print as of March 25

March 14, 2025

UPDATE

\* Note: This issue covers activities from March 1st - March 14th.

# THIS WEEK IN CONGRESS

House Subcommittee Holds Hearing on ATC Staffing. On March 4<sup>th</sup>, the Aviation Subcommittee of the Transportation & Infrastructure Committee held a hearing titled "America Builds: Air Traffic Control System Infrastructure and Staffing". Witnesses included representatives from the Government Accountability Office (GAO), Airlines for America (A4A), General Aviation Manufacturers Association (GAMA), the National Air Traffic Controllers Association (NATCA), Professional Aviation Safety Specialists (PASS), and Rinaldi Consultants. In his opening statement, Chair Troy Nehls (R-TX) emphasized that the current air traffic control system is unsustainable and in urgent need of modernization, stable funding, and increased controller hiring. Citing a GAO report that found 51 of 138 ATC systems to be "unsustainable," he called for bipartisan cooperation to seize this unique opportunity to invest in critical infrastructure and ensure the long-term success of the aviation industry.

MORE INFORMATION

# THIS WEEK AT THE DEPARTMENT OF TRANSPORTATION

**DOT Issues a Memo Providing Guidance on Competitive Grants and Compliance with EO.** DOT has issued guidance for competitive grant and cooperative agreement awards made after January 20, 2021, that lack fully obligated agreements. This guidance mandates that all selections align with current Administration priorities, including Executive Orders (EO) focused on energy, climate, diversity, and economic analysis. It requires a comprehensive review of all awards from FY 2022–2025 that have not been fully obligated, particularly those supporting equity, DEI, climate change, environmental justice, bicycle infrastructure, and electric vehicle projects. Programs meeting these criteria will undergo project-by-project reviews, with identified elements flagged for potential removal or revision. If necessary, award scopes must

be modified to align with statutory requirements and Administration priorities, with final decisions made by the Office of the Assistant Secretary for Transportation Policy and the Office of the General Counsel.

#### MORE INFORMATION

DOT IG Publishes Report on Steps Taken by FAA to Prevent and Mitigate Runway Incursions. The DOT's Office of Inspector General (DOT IG) has published a report titled FAA Has Taken Steps to Prevent and Mitigate Runway Incursions, but Work Remains to Improve Data Analytics and Implement Key Initiatives. The report found that FAA has taken steps to mitigate runway incursions through technology deployment, enhanced pilot and controller training, and safety initiatives. However, challenges remain in improving data analysis and risk assessment to identify and address root causes more effectively. The report also highlights that while the FAA has made progress, its ability to measure the effectiveness of safety initiatives remains limited. Additionally, the FAA has yet to fully implement recommendations from past reports and initiatives, such as those from the 2015 Call to Action on Runway Safety forum and the 2003 Runway Incursion Airport Assessment Report. To enhance safety, the report recommends that the FAA adopt the 24 recommendations from an independent Safety Review Team, issued in November 2023, which focus on process integrity, staffing, facilities, and equipment improvements. The FAA is urged to refine its data analytics and risk assessment methodologies to better understand and mitigate risks. Further, it should implement and measure the effectiveness of past and ongoing runway safety initiatives to ensure meaningful progress in reducing incursions. Addressing these recommendations will help the FAA strengthen its safety measures and enhance overall runway safety.

**DOT IG Publishes Report on FAA's Oversight of COVID Relief Funds.** DOT IG has published a report titled **FAA Has Improved Its Oversight of COVID-19 Relief Funds Despite Implementation Inconsistencies.** The report found that FAA received substantial funding through the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) and the American Rescue Plan Act (ARPA) to support airports during the COVID-19 pandemic. The report evaluated the FAA's oversight of these grant funds and found that while the FAA established processes to distribute funds promptly, there were shortcomings in monitoring grant recipients' compliance with federal requirements and in ensuring that funds were used effectively. To enhance oversight, the report recommended that the FAA strengthen its monitoring procedures, improve documentation practices, and provide additional guidance to grant recipients to ensure proper use of funds and adherence to federal regulations. Implementing these recommendations would help the FAA address identified weaknesses and improve the effectiveness of its grant oversight.



**FAA Delays Enforcement Action of Several Rules.** FAA has announced that it will not take enforcement of the following rules until March 20, 2025:

- Drug and Alcohol Testing of Certified Repair Station Employees Located Outside of the United States
- Aircraft Registration and Recordation Procedural Updates
- Electronic Issuance of Aircraft Registration and Dealer Certificates
- Enforcement Policy Regarding Integration of Powered-Lyft



**FHWA Delays Buy America Rule.** FHWA has delayed until March 20, 2025, the final rule titled "Buy America Requirements for Manufactured Products". **MORE INFORMATION** 



**NHTSA Delays Enforcement Action of Several Rules.** NHTSA has announced that it will not take enforcement of the following rules until March 20, 2025:

- FMVSS: Bus Rollover Structural Integrity
- FMVSS: Child Restraint Systems
- Implementing the Whistleblower Provisions of the Vehicle Safety Act

## **OTHER**

NTSB Publishes Preliminary Report on Mid-Air Collision Near DCA Airport. The National Transportation Safety Board (NTSB) released a <u>preliminary report</u> and <u>urgent recommendations</u> that would permanently prohibit helicopter operations near Washington's Ronald Reagan National Airport (DCA) when certain runways are in use for arrivals or departures. In its 10-page urgent recommendation report, the NTSB said that helicopters transiting the Route 4 helicopter corridor at the maximum authorized altitude of 200 feet could have only about 75 feet of vertical separation from an airplane on landing approach to Runway 33. The NTSB said the lack of separation was insufficient and said vertical separation could potentially be even less than 75 feet depending on the helicopter's lateral distance from the Potomac River shoreline or if an approaching airplane was below the designated visual glidepath to Runway 33.



**Channon Hanna,** Partner at Carpi & Clay Government Relations, brings over 20 years of expertise in navigating federal transportation policy complexities to advance priorities for public and private sector clients across all modes of transportation.



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# **Livermore Amador Valley Transit Authority**

## **Legislative Matrix**

#### **Recommended Support**

#### AB 394 (Wilson, D) Crimes: public transportation providers.

**Status:** 03/11/2025 - In committee: Set, first hearing. Hearing canceled at the request of author. **Calendar:** 03/25/25 A-PUBLIC SAFETY 8:30 a.m. - State Capitol, Room 126 SCHULTZ, NICK, Chair



Location: 02/18/2025 - Assembly Public Safety

**Summary:** Current law defines a battery as any willful and unlawful use of force or violence upon the person of another. Current law provides that when a battery is committed against the person of an operator, driver, or passenger on a bus, taxicab, streetcar, cable car, trackless trolley, or other motor vehicle, as specified, and the person who commits the offense knows or reasonably should know that the victim is engaged in the performance of their duties, the penalty is imprisonment in a county jail not exceeding one year, a fine not exceeding \$10,000, or both the fine and imprisonment. Current law also provides that if the victim is injured, the offense would be punished by a fine not exceeding \$10,000, by imprisonment in a county jail not exceeding one year or in the state prison for 16 months, 2, or 3 years, or by both that fine and imprisonment. This bill would expand this crime to apply to an employee or contractor of a public transportation provider. The bill would authorize the court, following a conviction, to impose a prohibition order barring reentry to public transit property, as specified. (Based on 02/03/2025 text)

#### SB 239 (Arreguín, D) Open meetings: teleconferencing: subsidiary body.

Status: 02/14/2025 - Referred to Coms. on L. GOV. and JUD.



Location: 02/14/2025 - Senate Local Government

Summary: The Ralph M. Brown Act requires, with specified exceptions, that all meetings of a legislative body, as defined, of a local agency be open and public and that all persons be permitted to attend and participate. The act generally requires for teleconferencing that the legislative body of a local agency that elects to use teleconferencing post agendas at all teleconference locations, identify each teleconference location in the notice and agenda of the meeting or proceeding, and have each teleconference location be accessible to the public. Current law also requires that, during the teleconference, at least a guorum of the members of the legislative body participate from locations within the boundaries of the territory over which the local agency exercises jurisdiction, except as specified. Current law, until January 1, 2026. authorizes specified neighborhood city councils to use alternate teleconferencing provisions related to notice, agenda, and public participation, as prescribed, if, among other requirements, the city council has adopted an authorizing resolution and 2/3 of the neighborhood city council votes to use alternate teleconference provisions, as specified. This bill would authorize a subsidiary body, as defined, to use alternative teleconferencing provisions and would impose requirements for notice, agenda, and public participation, as prescribed. The bill would require the subsidiary body to post the agenda at the primary physical meeting location. The bill would require the members of the subsidiary body to visibly appear on camera during the open portion of a meeting that is publicly accessible via the internet or other online platform, as specified. (Based on 01/30/2025 text)

# <u>SB 752</u> (<u>Richardson, D</u>) Sales and use taxes: exemptions: California Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project: transit buses.

Status: 03/12/2025 - Referred to Com. on REV. & TAX.

Calendar: 05/14/25 S-REVENUE AND TAXATION 9:30 a.m. - 1021 O Street, Room 1200 MCNERNEY,

JERRY, Chair

1st House

2nd House

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Location: 03/12/2025 - Senate Revenue and Taxation

**Summary:** Existing state sales and use tax laws impose a tax on retailers measured by the gross receipts from the sale of tangible personal property sold at retail in this state or on the storage, use, or other consumption in this state of tangible personal property purchased from a retailer for storage, use, or other consumption in this state. The Sales and Use Tax Law provides various exemptions from those taxes, including, until January 1, 2026, an exemption from those taxes with respect to the sale in this state of, and the storage, use, or other consumption in this state of, specified zero-emission technology transit buses sold to specified public agencies that are eligible for specified incentives from the State Air Resources Board. This bill would extend the exemption for specified zero-emission technology transit buses until January 1, 2028. This bill contains other related provisions. (Based on 02/21/2025 text)

#### **Recommended Watch**

#### AB 35 (Alvarez, D) California Environmental Quality Act: clean hydrogen transportation projects.

Status: 02/18/2025 - Referred to Coms. on NAT. RES. and JUD.



Location: 02/18/2025 - Assembly Natural Resources

**Summary:** The California Environmental Quality Act (CEQA) requires a lead agency, as defined, to prepare, or cause to be prepared, and certify the completion of an environmental impact report on a project that it proposes to carry out or approve that may have a significant effect on the environment or to adopt a negative declaration if it finds that the project will not have that effect. CEQA also requires a lead agency to prepare a mitigated negative declaration for a project that may have a significant effect on the environment if revisions in the project would avoid or mitigate that effect and there is no substantial evidence that the project, as revised, would have a significant effect on the environment. This bill would provide for limited CEQA review of an application for a discretionary permit or authorization for a clean hydrogen transportation project, as defined, by requiring the application to be reviewed through a clean hydrogen environmental assessment, unless otherwise requested by the applicant, as prescribed. The bill would, except as provided, require the lead agency to determine whether to approve the clean hydrogen environmental assessment and issue a discretionary permit or authorization for the project no later than 270 days after the application for the project is deemed complete. (Based on 12/02/2024 text)

#### AB 939 (Schultz, D) The Safe, Sustainable, Traffic-Reducing Transportation Bond Act of 2026.

Status: 03/10/2025 - Referred to Com. on TRANS.



Location: 03/10/2025 - Assembly Transportation

**Summary:** Would enact the Safe, Sustainable, Traffic-Reducing Transportation Bond Act of 2026 which, if approved by the voters, would authorize the issuance of bonds in the amount of \$20,000,000,000 pursuant to the State General Obligation Bond Law to finance transit and passenger rail improvements, local streets and roads and active transportation projects, zero-emission vehicle investments, transportation freight infrastructure improvements, and grade separations and other critical safety improvements. The bill would provide for the submission of the bond act to the voters at the November 3, 2026, statewide general election. (Based on 02/19/2025 text)

#### AB 1207 (Irwin, D) Climate change: market-based compliance mechanism: price ceiling.

Last Amended: 03/17/2025

**Status:** 03/17/2025 - Referred to Com. on NAT. RES. From committee chair, with author's amendments: Amend, and re-refer to Com. on NAT. RES. Read second time and amended.



Location: 03/17/2025 - Assembly Natural Resources

**Summary:** The California Global Warming Solutions Act of 2006, until January 1, 2031, authorizes the State Air Resources Board to adopt a regulation establishing a system of market-based declining aggregate emissions limits for sources or categories of sources that emit greenhouse gases (market-based compliance mechanism) that meets certain requirements. Current law requires the state board, in adopting the regulation to, among other things, establish a price ceiling for emission allowances sold by the state board. Current law requires the state board, in establishing the price ceiling, to consider specified factors, including the full social cost associated with emitting a metric ton of greenhouse gases. This bill would require the state board to instead consider the full social cost associated with emitting a metric ton of greenhouse gases, as determined by the United States Environmental Protection Agency in November 2023. (Based on 03/17/2025 text)

#### AB 1340 (Wicks, D) Metropolitan Transportation Commission: duties.

Status: 03/13/2025 - Referred to Com. on TRANS.



Location: 03/13/2025 - Assembly Transportation

**Summary:** The Metropolitan Transportation Commission Act establishes the Metropolitan Transportation Commission to provide comprehensive regional transportation planning for the San Francisco Bay area, as provided. Existing law requires the commission to establish a regional transit coordinating council to better coordinate routes, schedules, fares, and transfers among the San Francisco Bay area transit operators and to explore potential advantages of joint ventures in certain areas. The act authorizes the commission, in consultation with the regional transit coordinating council, to identify functions performed by individual public transit systems that could be consolidated to improve the efficiency of regional transit service, and recommend that those functions be consolidated and performed through inter-operator agreements or as services contracted to a single entity. This bill would require the commission to consult with the general manager from each transit operator, instead of the regional transit coordinating council, when identifying functions that could be consolidated and recommending their consolidation, as described above. To the extent that this bill would impose additional duties on transit operators, it would impose a state-mandated local program. This bill contains other related provisions and other existing laws. (Based on 02/21/2025 text)

#### SB 63 (Wiener, D) San Francisco Bay area: local revenue measure: transportation funding.

Status: 01/29/2025 - Referred to Com. on RLS.



Location: 01/09/2025 - Senate Rules

**Summary:** Would state the intent of the Legislature to enact legislation authorizing a revenue measure to invest in transportation in the San Francisco Bay area. (Based on 01/09/2025 text)

#### SB 419 (Caballero, D) Hydrogen fuel.

Status: 02/26/2025 - Referred to Com. on REV. & TAX.

Calendar: 05/14/25 S-REVENUE AND TAXATION 9:30 a.m. - 1021 O Street, Room 1200 MCNERNEY,

JERRY, Chair

1st House

2nd House

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Location: 02/26/2025 - Senate Revenue and Taxation

**Summary:** Would, on and after January 1, 2026, provide an exemption from the taxes imposed by the Sales and Use Tax Law for the gross receipts from the sale in this state of, and the storage, use, or other consumption in this state of, hydrogen fuel. (Based on 02/18/2025 text)

#### SB 840 (Limón, D) Greenhouse gases: market-based compliance mechanism.

Status: 03/12/2025 - Referred to Com. on RLS.



Location: 02/21/2025 - Senate Rules

**Summary:** Existing law authorizes the State Air Resources Board to establish a system of market-based declining annual aggregate emissions limits for sources or categories of sources that emit greenhouse gases that is applicable from January 1, 2021, to December 31, 2030, inclusive, and that meets certain requirements (market-based compliance mechanism). This bill would state the intent of the Legislature to enact subsequent legislation to reform, and extend the operation of, the market-based compliance mechanism. (Based on 02/21/2025 text)

#### AMENDED IN SENATE MARCH 25, 2025

# 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 amended, 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,

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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 subvened 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.

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(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 ½ 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:

- 1 SECTION 1. The Legislature finds and declares all of the 2 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.
- 16 (d) To achieve that vision, the San Francisco Bay area needs a public transit network that offers safe, clean, frequent, accessible,

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1	easy-to-navigate, and reliable service that gets transit riders where
2	they want and need to go safely, affordably, quickly, and
3	seamlessly.
4	(e) Regional funding, increased coordination, financial
5	efficiency, and safety, cleanliness, and reliability reforms are
6	urgently needed to both preserve and improve public transportation
7	service.
8	SEC. 2. Title 7.85 (commencing with Section 67700) is added
9	to the Government Code, to read:
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11	TITLE 7.85. SAN FRANCISCO BAY AREA REGIONAL
12	TRANSPORTATION FINANCE
13	
14	PART 1. FORMATION OF THE TRANSPORTATION REVENUE
15	MEASURE DISTRICT
16	
17	Chapter 1. General Provisions
18	
19	67700. For purposes of this title, the following definitions
20	apply:
21	(a) "AC Transit" means the Alameda-Contra Costa Transit
22	District.
23	(b) "BART" means the San Francisco Bay Area Rapid Transit
24	District.
25	(c) "Board" means the governing board of the Transportation
26	Revenue Measure District.
27	(d) "Caltrain" means the Peninsula Rail Transit District.
28	(e) "Commission" means the Metropolitan Transportation
29	Commission.
30	(f) "District" means the Transportation Revenue Measure
31	District.
32	(g) "Muni" means the San Francisco Municipal Transportation
33	Agency.
34	Creating 2 True To even appropriation Development Management
35	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

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1 territorial boundaries of the Counties of Alameda and Contra2 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 <sup>1</sup>/<sub>8</sub> percent increments.

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(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).

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#### 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.

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(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.

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(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).
- 37 (B) Eastern Contra Costa Transit Authority (Tri Delta Transit).
  - (C) Livermore Amador Valley Transit Authority (LAVTA).
- 39 (D) Union City Transit.

40 (e) Western Contra Costa Transit Authority (WestCAT).

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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.

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#### 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.

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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.

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(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.

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(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

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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 \$^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.

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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.

SECTION 1. It is the intent of the Legislature to enact legislation authorizing a revenue measure to invest in transportation, including to, at a minimum, sustain and improve public transportation, in the San Francisco Bay area. It is the further intent of the Legislature that the details of this authorizing legislation, including the specific geography of the measure, be based on continued stakeholder engagement and consensus building, building off of a robust regional engagement process led by the Metropolitan Transportation Commission in 2024.