

Date of Hearing: July 7, 2025

**ASSEMBLY COMMITTEE ON TRANSPORTATION**

Lori D. Wilson, Chair

SB 63 (Wiener) – As Amended May 23, 2025

**SENATE VOTE:** 28-10

**SUBJECT:** San Francisco Bay area: local revenue measure: transportation funding

**SUMMARY:** Creates the Transportation Revenue Measure District (District) including Alameda, Contra Costa, and San Francisco counties and authorizes the District to propose a new retail transaction and use tax, to be administered by Metropolitan Transportation Commission (MTC), for a duration of 10-15 years, and to be placed on the November 2026 ballot to fund transit operations for specified Bay Area transit operators. Specifically, **this bill:**

*Transportation Revenue Measure District*

- 1) Creates the District and Governing Board (Board) to include the jurisdictions of the Counties of Alameda and Contra-Costa and the City and County of San Francisco. Requires the District to be staffed MTC.
- 2) Expresses the intent of the Legislature that the Counties of Santa Clara and San Mateo have the opportunity to opt into the District by August 11, 2025.
- 3) Expresses the preference of the Legislature for the County of San Mateo to opt into the District.

*Revenue Measures*

- 4) Authorizes the Board to impose a retail transaction and use tax, either directly or through a qualified voter initiative. Defines parameters for the revenue measure, including:
  - a) Requires the tax rate to be ½ of 1% for Alameda and Contra Costa Counties and between ½ of 1% and 1% for San Francisco County in 1/8% increments;
  - b) Requires the revenue measure be on the November 2026 ballot and be for 10-15 years in duration; and,
  - c) Specify the purposes for which the revenues will be used.
- 5) Stipulates that the tax rate authorized will not be subject to the combined rate limit.
- 6) Expresses the intent of the Legislature that the tax rate and duration of the tax will be determined by August 11, 2025.

*Elections Procedures*

- 7) Sets election procedures for the District, as specified.
- 8) Requires a qualified voter initiative to comply with all of the requirements applicable to a tax imposed by the Board, including how the proceeds of the tax are to be spent.

- 9) Requires MTC to reimburse each county that comprises the District for the incremental costs incurred related to submitting the measure to voters, as specified.
- 10) If the measure is successful, requires the District to establish an independent oversight committee, as defined, to ensure that any revenues generated pursuant to this section are expended consistent with the statute.

*Expenditures*

- 11) Requires the Board to allocate to MTC to then allocate revenues to AC Transit, BART, Caltrain, and Muni exclusively for transit operations expenses.
- 12) Authorizes MTC to utilize up to 10% of revenues for initiatives included in the 2021 Bay Area Transit Transformation Action Plan or any successor plan.
- 13) Requires the Board, after the amounts are allocated to AC Transit, BART, Caltrain, and Muni, to allocate any remaining funds directly to the counties for support of public transit expenses, as specified.
- 14) Expresses the intent of the Legislature that MTC not supplant any funding that would have otherwise been allocated to projects and programs in the counties, as specified.
- 15) Requires the Board to pay administrative costs of the California Department of Tax and Fee Administration for collection of revenues. Authorizes the Board, to retain up to 1% of revenues for its administrative costs.
- 16) Expresses the intent of the Legislature to establish specific levels of funding for allocation by August 11, 2025.
- 17) Expresses the intent of the Legislature to create a working group of local and regional stakeholders, transit operators and counties that have a funding relationship with at least one of the transit operators to develop the Transit Operations Financial Responsibility and Implementation Plan (T-FRIP), to detail funding allocations of the regional measure. Requires the T-FRIP to identify target contributions and implementation strategies from these counties to the transit operators. Requires target constructions and implementation strategies for Caltrain be determined through conversations between Caltrain member agencies. T-FRIP should be completed by July 1, 2025.

*Financial Transparency and Review*

- 18) Requires, upon approval of the regional revenue measure, MTC contract with an independent third party to develop a comprehensive financial efficiency review of AC Transit, BART, Caltrain, and Muni.

- 19) Requires MTC to consult a select committee on the review, that consists of:
  - a) Members of MTC;
  - b) A state representative;
  - c) Transit operator representatives from the operators subject to the review; and,
  - d) Representatives from transit labor, advocacy, and business communities.
- 20) Requires the review to identify a menu of cost-saving efficiencies that, if implemented, would reduce one-time and ongoing fixed and variable costs for the transit operators.
- 21) Requires the scope of the review to include:
  - a) Administrative, operating, and capital costs and to clearly distinguish between cost-saving options that would not impact service and cost-saving options that would require service realignments or reductions; and,
  - b) Initiatives included in the 2021 Bay Area Transit Transformation Action Plan or any successor plan and associated supporting programs administered by MTC, such as the Clipper program.
- 22) Requires the independent third party to transmit a final report to the select committee, the Legislature, and the transit operators, as specified.
- 23) Requires a transit operator to finalize an implementation plan, after receipt of the review report, that describes efficiency measures that the transit operator has already taken since January 1, 2020, associated cost savings, and all subsequent efficiency measures the transit operator plans to take. Requires transit operators, as a condition of receiving funds from the regional revenue measure, to submit the plan to MTC. Requires MTC to transmit it to the Legislature, the California State Transportation Agency (CalSTA), and the counties that have a funding relationship with at least one of the transit operators subject to the review.
- 24) Requires transit operators subject to the review to verify to MTC that it will maintain its expected level of funding for operations and not supplant any sources of revenue that were used for transit operations for the preceding three years, as specified, in order to be eligible for funding from the measure, except in proportion to any reduction in operating costs or reduction in operating revenue based on factors outside of its control, as specified. Authorizes a transit operator to request an exception for the purposes of transferring operating funds to state of good repair needs or compliance with a state or federal law or regulation.
- 25) Requires MTC to submit a report to the Legislature on or before March 31, 2026, on its forecast of the impacts to ridership on AC Transit, Caltrain, BART and SF Muni from planned transportation projects and strategies included in its adopted regional transportation plan as specified.

*Regional Network Management Accountability*

- 26) Requires transit operators that receive funding from the regional revenue measure to comply with the policies and programs adopted by MTC through its Regional Network Management framework in order to fulfill initiatives included in the 2021 Bay Area Transit Transformation Action Plan or successor plan.
- 27) Stipulates that nothing in the bill authorizes MTC to do any of the following:
  - a) Restrict a transit operator's access to funds not allocated by MTC;
  - b) 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;
  - c) Restrict the use of a transit operator's logo outside the scope of MTC's regional mapping and wayfinding standards; and,
  - d) Require that a transit operator modify the schedule or route of a specific local route that the transit agency and MTC do not identify as primarily serving regional transit service.
- 28) Stipulates that MTC cannot require a transit operator to be subject to a one-time or ongoing policy, or to make a one-time or ongoing expenditure, 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.
- 29) Requires the transit operator, before adopting a finding regarding the policy to conduct an assessment that takes into consideration all funding anticipated to be available to the transit operator in the next fiscal year, as specified. Requires the assessment be developed in consultation with MTC staff and be presented at a public meeting before adopting a finding.
- 30) Stipulates that in implementing the provisions, transit operators are required to fulfill all applicable requirements under Title VI of the federal Civil Rights Act of 1964 (Public Law 88-352) regarding service and fare changes.
- 31) Requires MTC to submit a report to the Legislature and post on its internet website on or before January 1, 2028, and each year thereafter, on the status of the outcomes and the status of transit ridership in the entire region, as specified.

*Miscellaneous*

- 32) Authorizes a county transportation authority or MTC to impose a retail transactions and use tax for up to 1%, in any combination of 1/8% increments in San Mateo and San Francisco counties, as specified.
- 33) Declares that the provisions of the bill are severable, as specified.
- 34) Declares the provisions of the bill could constitute a reimbursable mandate.

35) Makes finding and declarations supporting the bill's purposes, including that 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.

36) Defines terms, as follows:

- 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; and,
- g) "Muni" means the San Francisco Municipal Transportation Agency.

**EXISTING LAW:**

- 1) Establishes MTC as the transportation planning, coordinating, and financing agency for the nine-county San Francisco Bay Area. (Public Utilities Code (PUC) 131001).
- 2) Establishes the regional transit coordinating council (RTCC) within MTC, 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 areas such as marketing, maintenance, and purchasing. (PUC 66516)
- 3) Authorizes MTC, in coordination with RTCC, to adopt rules and regulations to promote the coordination of fares and schedules for all public transit systems within its jurisdiction. (PUC 66516)
- 4) Requires every transit system to enter into a joint fare revenue sharing agreement with connecting systems consistent with MTC's rules and regulations. (PUC 66516)
- 5) Authorizes MTC, in coordination with RTCC, to identify the functions performed by individual 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. (PUC 66516.5)
- 6) Authorizes MTC, in coordination with RTCC, to improve service coordination and effectiveness in those transit corridors identified as transit corridors of regional significance by recommending improvements in those corridors, including, but not limited to, reduction of duplicative service and institution of coordinated service across public transit system boundaries. (PUC 66516.5)

**FISCAL EFFECT:** According to Senate Appropriations Committee:

- Unknown significant local costs related to the substantial workload imposed on MTC as a result of this bill in advance of placing a transactions and use tax ordinance before voters in specified counties in the Bay Area, including preparing the report to the Legislature on forecast impacts to ridership, acting as the governing board of the Transportation Revenue

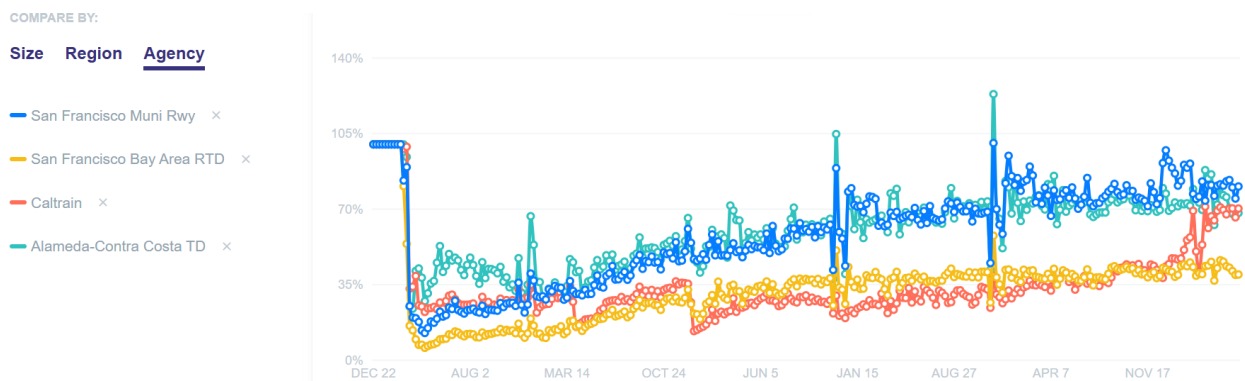
Measure District (TRMD), staffing the TRMD, preparing an impartial analysis of the tax measure, and paying for the counties' costs associated with the election. Should the measure pass, any ongoing MTC costs would be covered from the 1% set-aside of any new revenues collected from the transactions and use tax authorized by the bill, as specified. Staff is unaware of any prior instances in which MTC has been deemed an eligible claimant for state reimbursement for mandated costs. Ultimately, whether costs associated with the bill's requirements are reimbursable from the General Fund would be subject to a determination by the Commission on State Mandates, should MTC file a reimbursement claim. (General Fund)

- The California Department of Tax and Fee Administration (CDTFA) indicates that it will only incur costs if voters were to approve the authorizing tax ordinance, and that all preparatory costs and all ongoing administrative costs would be reimbursed by TRMD from the proceeds of the transactions and use tax. (local funds)
- Unknown major local tax revenue gains, likely in the hundreds of millions annually for 10 to 15 years, contingent upon voter approval, to fund transit operations and other transportation-related projects in specified Bay Area counties. Actual revenues would depend upon the tax rates imposed in various counties within the district, and whether the optional counties participate. (local funds)

**COMMENTS:** *Transit ridership and revenues plunged since COVID.* With the onset of the COVID-19 pandemic, during the first half of 2020, transit ridership plunged from 50% to as much as 94%. In efforts to stave off financial losses from declining transit ridership, the federal government provided relief for transit operators across the country. In March of 2020, Congress passed and the President signed the Coronavirus Aid, Relief and Economic Security (CARES) Act, which provided \$25 billion in relief to transit agencies. The Coronavirus Response and Relief Supplemental Appropriations Act of 2021 added an additional \$14 billion in transit relief. The American Rescue Plan in March of 2021 provided an additional \$30.5 billion.

Transit ridership has improved since 2020, but is still far below January 2020 levels. As of June of 2025 San Francisco Metropolitan Transportation Authority (Muni) has restored 80% of its pre-pandemic ridership, Caltrain has restored 70% of its pre-pandemic ridership, AC transit has restored 68% of its pre-pandemic ridership and BART has restored 40% of its pre-pandemic ridership.

Caltrain's restoration of its ridership is recent. In January 2025 they had only restored 47% of their ridership. However faster and more frequent service as a result of electrification has turned it from a commuter system to something that can be used for everyday travel.



The ridership drops have been particularly harmful to BART and Caltrain. Prior to the COVID-19 pandemic both systems received nearly or over 70% of their operating funds from fares, the highest in the nation. Their success has become a liability as the Bay Area had not had to subsidize their operations in the same manner as other systems like LA Metro. LA Metro had a 14.9% farebox recovery ratio in 2019.

As detailed in MTC's Transportation Revenue Measure Select Committee Final Report, BART is projecting an operating deficit in budget year 2026-2027 of \$385 million. BART reports that a 20% reduction in operating costs requires an approximate 65% cut in service, with possible service changes such as 60-minute train frequencies, 9 p.m. system closure, station closures, elimination of lines, and no weekend service. The SF Muni has discussed the need to cut up to 20 bus lines and reduce service on up to 28 bus and train routes. AC Transit is facing a \$30 million shortfall and has already reduced service by 15%. Without additional funding, they are looking at cutting services to 70% of pre-COVID levels. Finally, Caltrain is facing an average budget shortfall of about \$80 million from 2026-2030 and would require service cuts that would undermine the frequency benefits of the recently completed electrification project.

*State assistance.* To help support public transit throughout the state, the 2023-24 State Budget, provided \$5.1 billion for transit agencies to use for both capital and operating expenditures. Specifically, \$4 billion was allocated to Regional Transportation Planning Agencies through a population-based formula, with an additional \$1.1 billion from the Greenhouse Gas Reduction Fund to be allocated using existing formulas. This funding is available for the purchase of zero-emission buses or overall operating costs. Of these funds, the Bay Area was expected to receive roughly \$800 million that was previously committed to two major capital projects: BART's Core Capacity Project, and Santa Clara Valley Transportation Authority's BART to Silicon Valley Phase 2 project. Additionally, the Bay Area will receive roughly \$400 million in funding, which can be used flexibly for operations or zero-emissions transition investments.

This year's budget provides a \$750 million General Fund loan for BART, SF Muni, Caltrain, and AC Transit that is contingent upon the passage of SB 63. In addition, budget discussions are underway that may or may not provide additional funding for transit using Greenhouse Gas Reduction Funds from the state's Cap and Trade program.

*Efficiency measures in the bill.* This bill requires all transit operators who receive funding from the regional revenue measure to comply with policies and programs MTC adopts through its regional network manager framework. This bill limits MTC's regional policies and programs to not interfere with other transit funding sources, existing transit labor contracts, or modification of local routes. Additionally, this bill provides for an exemption to compliance with specific findings the transit agency must approve.

SB 63 declares that financial efficiency and transparency are imperative to build public confidence and support for public transportation. To that end, if the regional revenue measure is approved, this bill requires MTC to conduct a comprehensive independent third party financial efficiency review of the four transit operators. The review will identify costs saving options, distinguishing between options and their impacts on service levels. Members of MTC, a state representative, representatives from the affected transit operators, transit labor, transit advocates, and the business community will oversee the review.

This bill sets aside 10% of the revenue for MTC to implement the 2021 Bay Area Transit Transformation Action Plan. On June 25<sup>th</sup> MTC made a formal recommendation dedicating \$45 million annually – if pursued as a four- or five-county measure. The recommendation includes \$25 million for fare integration that would result in free and reduced costs transfers between systems (approximately 30,000 trips a day) and to expand Clipper START, a low-income fare discount for an additional 100,000 residents. In addition, MTC seeks to implement \$10 million in accessibility upgrades for older adults and people with disabilities and another \$10 million to make the system easier for users to navigate and to make transit faster and more reliable.

*According to the author*, “Public transportation is an essential service. Every day, transit systems like BART, Muni, Caltrain, and AC Transit help Bay Area residents and visitors travel throughout the region. These systems were structurally underfunded and overly fare-reliant prior to the coronavirus pandemic. Shifting post-pandemic travel patterns have made this funding model even more untenable, despite cost-saving measures that transit agencies have taken to be more financially efficient and improve service. Without new funding and as emergency federal and state aid runs out, Bay Area transit systems will be forced to make devastating service cuts that would push public transit into a death spiral. The loss of transit service would disproportionately impact lower income people of color, greatly increase traffic congestion and pollution, and destroy the region’s economic recovery. SB 63 gives the voters an opportunity on the November 2026 General Election ballot to decide whether to provide public transportation services like BART, Caltrain, Muni, and AC Transit a sustainable funding source while requiring increased accountability and improvements.”

BART, *writing in support of this bill*, argues “the limited-duration sales tax authorized by SB 63 shares similarities with Scenario 1A, which was developed during the Revenue Measure Select Committee process led last year by the Metropolitan Transportation Commission (MTC). During that process, BART supported Scenario 1A as a simple politically viable option that raises enough revenue to significantly address the collective deficits of the region’s largest operators. BART also appreciates the collaborative process prescribed in the bill for the development of the Transit Operations Financial Responsibility and Implementation Plan (T-FRIP) and looks forward to engaging with relevant stakeholders.

Additionally, BART supports the financial transparency and accountability provisions included in SB 63. The District has consistently welcomed outside review of our agency’s finances. We appreciate how this bill provides for a third-party financial efficiency review of all agencies receiving funding and includes work administered by MTC. Having transit operator representation on the proposed select committee responsible for working with the independent third-party reviewer will also ensure efforts are successful in identifying potential cost efficiencies.”

The California Taxpayer Association, *writing in opposition to this bill*, argues “It is unclear why a new special district is needed when all of the counties and their associated transit agencies already have the authority to impose sales taxes with voter approval.

Furthermore, SB 63 overrides local control by restricting voters in some jurisdictions from deciding how they are taxed. Alameda County (with 961,304 registered voters) would have significantly more voting power than San Francisco County (with 520,203 registered voters). This system allows counties with larger populations to approve taxes that also would be imposed in smaller counties, even if the voters in those smaller counties did not support the taxes.”



*Small operators.* This bill prioritizes funding the operations of Caltrain, BART, AC Transit and SF Muni and any remaining funds go to smaller operators including Eastern Contra Costa Transit Authority, Livermore Amador Valley Transit Authority, and Tri Delta Transit. San Francisco Bay Area Water Emergency Transportation Authority (WETA), while potentially eligible for funding under this bill, is not named in this bill. The East Bay smaller operators are all projecting significant operating shortfalls beginning in fiscal year 2025-2026. More recently, MTC reallocated millions from these agencies in an effort to address BART's operating shortfalls. WETA has indicated it will face operating shortfalls starting in fiscal year 2033.

*Committee concerns:* There are a lot of unanswered questions in this bill. Specifically, two counties, San Mateo and Santa Clara County, are called out in the intent language of this bill as possibly joining the three county measure. Both counties have indicated to the committee that they will not be taking a vote on whether they wish to join the measure until August (this bill has intent language granting them until August 11 to decide if they wish to join). Which counties are in or out of the measure will have a direct impact on the amount of funding contributed by each county and the expenditure plan. Adding San Mateo and Santa Clara to the tax measure could add over \$300 million annually in tax revenue

The expenditure plan and tax rate currently are being negotiated at the local level and the counties in the measure have made it clear they do not plan on finalizing their decisions until late August. This places the committee in a position where it is voting and possibly approving a bill that will later include a sales tax increase with hundreds of millions of dollars of expenditures with no review by the committee. Failure to pass this bill could result, at best, in the five affected counties pursuing individual sales tax measures. This could potentially have impacts beyond those counties' borders because the transit systems in these counties are interconnected and depend on coordination to deliver effective transit services. Or at worst, there would be no sales tax measure resulting in additional funding for the Bay Area's major transit systems resulting in significant layoffs and cuts in transit service.

The Legislature may wish to consider giving this committee the opportunity to hear this bill again once a decision has been made about which counties are included in the measure, the tax rate, and the expenditure plan.

Considering smaller transit agencies in the region also may experience operating shortfalls, the committee recommends providing them guaranteed funding in an expenditure plan, instead of having those agencies receive any remaining funds (there may not be any). In light of the significant financial transit agencies in the region are facing, the committee recommends reducing MTCs share of funding for transit transformation initiatives from 10% of the revenue collected to 5% of the revenue collected.

Therefore, the committee recommends the following amendments (in bold):

1. VEH 67750 (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) Contra Costa County Transit Authority (County Connection), exclusively for transit operations expenses.**

**(F) Eastern Contra Costa Transit Authority (Tri Delta Transit), exclusively for transit operations expenses.**

**(G) Livermore Amador Valley Transit Authority (LAVTA), exclusively for transit operations expenses.**

**(H) Union City Transit, exclusively for transit operations expenses.**

**(I) Western Contra Costa Transit Authority (WestCAT), exclusively for transit operations expenses.**

**(J) San Francisco Bay Area Water Emergency Transportation Authority, exclusively for transit operations.**

~~(E)~~ **(K)** Up to ~~40~~ **5** 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.

**Strike VEH 67750(d)(2)**

*Previous legislation:* SB 125 (Committee on Budget and Fiscal Review) Chapter 54, Statutes of 2023 – Outlines accountability framework for transit operators and regional transportation planning agencies to access the funding included in the 2023-24 State Budget. Also creates the Transit Transformation Task Force, led by CalSTA to look at ridership growth strategies, operation innovations, and the reform of TDA.

SB 1031 (Wiener of 2024) would have authorized MTC to propose new taxes, allocate new revenue, and issue bonds for specified transportation projects, and would have required the California State Transportation Agency to consider transit agency consolidation within the San Francisco Bay area. *This bill was held at the Assembly desk.*

SB 532 (Wiener of 2023) would have authorized an increase in Bay Area tolls to fund public transit. That bill was subsequently amended into a pilot program related to parking.

SB 917 (Becker of 2022) would have required MTC to develop and adopt a Connected Network Plan to integrate all aspects of public transit within the San Francisco Bay area. Would have required transit operators to comply with MTC's requirements and authorized MTC to withhold certain transit funds for non-compliance. *This bill was held in the Assembly Appropriations Committee.*

AB 629 (Chiu of 2021) would have enacted similar provisions to SB 917 to provide more seamless public transit service across the San Francisco Bay Area. *This bill was held in the Assembly Appropriations Committee.*

**REGISTERED SUPPORT / OPPOSITION:**

**Support**

AARP  
City of Alameda  
City of El Cerrito  
City of Emeryville  
Climate Action California  
Eastern Contra Costa Transit Authority (support if amended)  
Livermore Amador Valley Transit Authority (support if amended)  
Mayor Daniel Lurie, City and County of San Francisco  
Metropolitan Transportation Commission  
Napa Valley Transportation Authority  
Peninsula Corridor Joint Powers Board (CALTRAIN)  
San Francisco Bay Area Rapid Transit District (BART)  
San Francisco Bay Area Planning & Urban Research Association (SPUR)  
San Francisco Bay Area Water Emergency Transportation Authority (support if amended)

**Opposition**

California Association of Realtors  
California Building Industry Association  
California Business Properties Association  
California Taxpayers Association  
New Livable California Db a Livable California

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