

SB 1408 (Arreguín) Analysis and Recommendation

TITLE: Contra Costa Transportation Authority: transactions and use tax

AUTHOR: Senator Jesse Arreguín (D-Berkeley)

SPONSOR: Contra Costa Transportation Authority

RECOMMENDATION: Support

BACKGROUND: Current law authorizes local government entities, such as cities, counties, special districts, and transportation authorities, to impose transactions and use taxes, commonly known as sales taxes. State Transactions and Use Tax Law sets out procedures and requirements, including a requirement that the combined rate of all taxes within a county or city not exceed 2% over the statewide base sales tax rate of 7.25%.

The Contra Costa Transportation Authority (CCTA) currently manages a 0.5% countywide sales tax, initially passed as Measure C in 1988 and renewed as Measure J in 2004. Sales tax funds helped extend BART to Pittsburg/Bay Point and subsequently to Antioch and have supported BART parking and station access projects, projects to increase system capacity, and safety improvements.

Through legislation, certain local jurisdiction sales taxes have been exempted from the 2% cap. Assembly Bill (AB) 1324 (Chapter 795, Statutes of 2014) permitted the City of El Cerrito to impose a 0.5% sales tax exempt from the cap, AB 1665 (Chapter 45, Statutes of 2016) exempts a new 0.5% sales tax imposed by CCTA, and Senate Bill (SB) 1349 (Chapter 369, Statutes of 2020) exempts BART's existing 0.5% sales tax from the cap in Contra Costa County.

In 2016, CCTA proposed Measure X, a 30-year, 0.5% transportation sales tax on top of the existing 0.5% countywide tax imposed by Measure J. The tax authorized by Measure X would have run through 2047 and raised \$2.8 billion for transit, local roads, and congestion relief. Measure X failed to obtain the necessary 2/3 vote for approval. The existing Measure J tax will expire in 2034.

PURPOSE: Senate Bill (SB) 1408 would authorize, until January 1, 2045, CCTA to impose, but not extend, a transactions and use tax for the support of countywide transportation programs at a rate of no more than 1% that would be exempt from the above-described combined rate limit of 2%, if approved by the voters.

DISTRICT IMPACT: Twelve of BART's 50 stations are in Contra Costa County, and the Yellow Line, a substantial portion of which runs through Contra Costa County, is BART's busiest line by ridership. Should CCTA place a future sales tax on the ballot, BART executive leadership, staff, and Directors would engage with CCTA board members, staff and county stakeholders to secure allocations within the measure's expenditure plan to support District priorities.

KNOWN SUPPORT/OPPOSITION:

Support: Contra Costa Transportation Authority (Sponsor); California Special Districts Association; Central Contra Costa Transit Authority (County Connection); Choice in Aging; City of Concord; County of Contra Costa; East Bay Leadership Council; Eastern Contra Costa Transit Authority (Tri-Delta Transit); San Francisco Bay Ferry; Town of Danville; Western Contra Costa Transit Authority (WestCAT)

Opposition: Alameda County Taxpayers' Association; California Taxpayers Association; Contra Costa Taxpayers Association; Howard Jarvis Taxpayers Association

STATUS: Passed Senate Committee on Transportation (9-2) on April 7. Passed Senate Committee on Revenue and Taxation (4-1) on April 22. Passed the Senate (30-9) on May 19.

AMENDED IN SENATE APRIL 14, 2026
AMENDED IN SENATE MARCH 23, 2026

SENATE BILL

No. 1408

Introduced by Senator Arreguín

February 20, 2026

An act to add and repeal Chapter 3.66 (commencing with Section 7290.7) of Part 1.7 of Division 2 of the Revenue and Taxation Code, relating to transportation.

LEGISLATIVE COUNSEL'S DIGEST

SB 1408, as amended, Arreguín. Contra Costa Transportation Authority: transactions and use tax.

Existing law authorizes various local governmental entities, subject to certain limitations and approval requirements, to levy a transactions and use tax for general purposes, in accordance with the procedures and requirements set forth in the Transactions and Use Tax Law, including a requirement that the combined rate of all taxes that may be imposed in accordance with that law in the county not exceed 2%.

This bill would authorize, until January 1, 2045, the Contra Costa Transportation Authority to impose a transactions and use tax for the support of countywide transportation programs at a rate of no more than 1% that would, in combination with other transactions and use taxes, exceed the above-described combined rate limit of 2%, if the ordinance proposing the tax is approved by the voters, subject to applicable voter approval requirements, as specified. The bill would provide that a transactions and use tax rate imposed pursuant to the bill will not be considered for purposes of that combined rate limit described above.

This bill would make legislative findings and declarations as to the necessity of a special statute for the County of Contra Costa.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

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

1 SECTION 1. Chapter 3.66 (commencing with Section 7290.7)
2 is added to Part 1.7 of Division 2 of the Revenue and Taxation
3 Code, to read:

4
5 CHAPTER 3.66. LOCAL GOVERNMENT FINANCE IN THE COUNTY
6 OF CONTRA COSTA
7

8 7290.7. (a) Notwithstanding any other law, the Contra Costa
9 Transportation Authority may impose ~~or extend~~ a transactions and
10 use tax for the support of countywide transportation programs at
11 a rate of no more than 1 percent that would, in combination with
12 all taxes imposed pursuant to Part 1.6 (commencing with Section
13 7251), exceed the limit established in Section 7251.1, if all of the
14 following requirements are met:

15 (1) The Contra Costa Transportation Authority adopts an
16 ordinance proposing the transactions and use tax by any applicable
17 voting approval requirement.

18 (2) The ordinance proposing the transactions and use tax is
19 submitted to the electorate and is approved by the voters voting
20 on the ordinance in accordance with the California Constitution.

21 (3) The transactions and use tax conforms to the Transactions
22 and Use Tax Law (Part 1.6 (commencing with Section 7251)),
23 other than Section 7251.1.

24 (b) Notwithstanding Section 7251.1, a transactions and use tax
25 rate imposed pursuant to subdivision (a) shall not be considered
26 for purposes of the combined rate limit established by Section
27 7251.1.

28 7290.8. If an ordinance proposing the transactions and use tax
29 authorized by this chapter is not approved pursuant to Section
30 7290.7 on or before January 1, 2045, this chapter shall be repealed
31 on January 1, 2045.

32 SEC. 2. The Legislature finds and declares that a special statute
33 is necessary and that a general statute cannot be made applicable
34 within the meaning of Section 16 of Article IV of the California

- 1 Constitution because of the unique circumstances in the County
- 2 of Contra Costa.

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