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SENATE BILL

No. 63

Introduced by Senators Wiener and Arreguín

(Coauthor: Senator Richardson)

(Coauthors: Assembly Members Bonta, Haney, and Stefani)

January 9, 2025

An act to add Title 7.85 (commencing with Section 67700) to, and to add and repeal Section 66513.5 of, the Government Code, and to amend Section 131102 of the Public Utilities Code, relating to ~~transportation, and declaring the urgency thereof, to take effect immediately.~~ *transportation.*

LEGISLATIVE COUNSEL'S DIGEST

SB 63, as amended, Wiener. San Francisco Bay area: local revenue measure: ~~transportation~~ *public transit* funding.

(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 establish the ~~Transportation~~ *Public Transit* Revenue Measure District with jurisdiction extending throughout the boundaries of the Counties of Alameda, Contra Costa, San Mateo, and Santa Clara 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 14 years, and in an amount of 0.5% in each of the above-described counties located within the district and 1% in the City and County of San Francisco, subject to voter approval at the November 3, 2026, statewide general election. After ~~allocations~~ *payments* are made for various administrative expenses, the bill would require the district to transfer specified portions of the proceeds of the tax to the commission for allocation to certain programs and other purposes and for allocation to the Alameda-Contra Costa Transit District, the Peninsula Corridor Joint Powers Board, commonly known as Caltrain, the San Francisco Bay Area Rapid Transit District, the San Francisco Municipal Transportation Agency, and other specified transit agencies, for transit operations expenses, and would require the district to transfer specified portions of the proceeds of the tax directly to other specified ~~transit~~ *local transportation* agencies, including the San Mateo County Transit District and the Santa Clara Valley Transportation Authority, for public transit 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~~ *commission to contract with, and manage, a third-party consultant to conduct a financial efficiency review of the Alameda-Contra Costa Transit District, Caltrain, the San*

Francisco Bay Area Rapid Transit District, and the San Francisco Municipal Transportation Agency, and would require the independent third party contracted by the commission for this purpose to prepare a final report of the review. After one of these transit operators 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, as a condition of receiving those funds, to comply with a maintenance of effort requirement, as specified. *The bill would require the review to be completed in 2 phases, with the analysis for the 2nd phase only required if the tax measure is approved by the voters of the Public Transit Revenue Measure District. The bill would require the consultant to transmit the analysis for each phase to an oversight committee, which the bill would create with a prescribed membership, for review and adoption. The bill would require a transit operator subject to the financial efficiency review to take specified actions in response to the analysis for the first phase and, subject to review of the oversight committee, to adopt an implementation plan that describes the cost-saving measures identified in the analysis for the 2nd phase that the operator plans to implement, as specified. The bill would require a transit operator subject to the financial efficiency review to verify its compliance with the requirements of the review as a condition of receiving funds from the tax measure approved by the voters of the district.*

The bill would require each transit operator to which the commission allocates funds to comply with the policies and programs adopted by the commission through its Regional Network Management framework, a maintenance of effort requirement as a condition of receiving those funds, as provided.

This bill would require the commission, if the tax measure is approved by the voters of the district and other conditions are satisfied, to establish an ad hoc adjudication committee for a transit operator subject to the above-described financial efficiency review to assess and adjudicate petitions submitted by a participating county transportation entity, as defined, or a county board of supervisors with regard to the performance of the transit operator within the geographic jurisdiction of the entity submitting the petition, as provided. As part of this process, the bill would require an ad hoc adjudication committee, among other

things, to determine whether to direct the commission to withhold funding from the tax measure allocated to the transit operator if the committee agrees with a claim regarding the performance of the transit operator, as specified.

This bill would require the commission to submit a report to the Legislature on or before March 31, 2026, on its forecast of the impacts to ridership on the Alameda-Contra Costa Transit District, Caltrain, the San Francisco Bay Area Rapid Transit District, and the San Francisco Municipal Transportation Agency from planned transportation projects and strategies included in its adopted regional transportation plan.

By adding to the duties of the commission, the bill would impose a state-mandated local program.

(3) The Bay Area County Traffic and Transportation Funding Act authorizes the formation of county transportation authorities in each of the 9 bay area counties, and provides for the imposition of a retail transaction and use tax of either $\frac{1}{2}$ of 1% or 1%, subject to voter approval, with revenues to be used for various transportation purposes.

This bill would instead provide that a retail transaction and use tax imposed under those provisions in the County of San Mateo or the City and County of San Francisco may be imposed in $\frac{1}{8}$ 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.

~~(6) This bill would declare that it is to take effect immediately as an urgency statute.~~

Vote: $\frac{2}{3}$ -majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

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

- 1 SECTION 1. This act shall be known, and may be cited, as the
- 2 Connect Bay Area Act.
- 3 SEC. 2. The Legislature finds and declares all of the following:

1 (a) The San Francisco Bay area needs a world-class, reliable,
2 affordable, efficient, and connected transportation network that
3 meets the needs of bay area residents, businesses, and visitors
4 while also helping combat the climate crisis. The bay area’s public
5 ~~transportation~~ *transit* network is a critical component of the overall
6 transportation network.

7 (b) ~~Public transportation~~ *transit* is of regional and local benefit,
8 serving both regional and local trips for residents of all income
9 levels.

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

15 (d) To achieve that vision, the San Francisco Bay area needs a
16 public transit network that offers safe, clean, frequent, accessible,
17 easy-to-navigate, and reliable service that gets transit riders where
18 they want and need to go safely, affordably, quickly, and
19 seamlessly. The San Francisco Bay area also needs to prioritize
20 increasing ridership to ensure the region’s transit network is
21 sustainable.

22 (e) Regional funding, increased coordination, financial
23 efficiency, and safety, cleanliness, and reliability reforms are
24 urgently needed to both preserve and improve ~~public transportation~~
25 *transit* service.

26 SEC. 3. Section 66513.5 is added to the Government Code, to
27 read:

28 66513.5. (a) The commission shall submit a report to the
29 Legislature on or before March 31, 2026, on its forecast of the
30 impacts to ridership on the Alameda-Contra Costa Transit District,
31 the Peninsula Corridor Joint Powers Board, the San Francisco Bay
32 Area Rapid Transit District, and the San Francisco Municipal
33 Transportation Agency from planned transportation projects and
34 strategies included in its adopted regional transportation plan, with
35 an emphasis on rail connectivity projects that may increase
36 ridership, reduce operating costs, or help with enhanced mobility.

37 (b) (1) A report to be submitted pursuant to subdivision (a)
38 shall be submitted in compliance with Section 9795.

39 (2) Pursuant to Section 10231.5, this section is inoperative on
40 March 31, 2030, and, as of January 1, 2031, is repealed.

1 SEC. 4. Title 7.85 (commencing with Section 67700) is added
2 to the Government Code, to read:

3
4 TITLE 7.85. SAN FRANCISCO BAY AREA REGIONAL
5 TRANSPORTATION *PUBLIC TRANSIT* FINANCE
6
7 PART 1. FORMATION OF THE ~~TRANSPORTATION~~ *PUBLIC*
8 *TRANSIT* REVENUE MEASURE DISTRICT
9

10 CHAPTER 1. GENERAL PROVISIONS
11

12 67700. For purposes of this title, the following definitions
13 apply:

14 (a) “AC Transit” means the Alameda-Contra Costa Transit
15 District.

16 (b) “Alameda County small bus operators” means the Livermore
17 Amador Valley Transit Authority and Union City Transit.

18 (c) “BART” means the San Francisco Bay Area Rapid Transit
19 District.

20 (d) “Board” means the governing board of the ~~Transportation~~
21 *Public Transit* Revenue Measure District.

22 (e) “Caltrain” means the Peninsula Corridor Joint Powers Board.

23 (f) “Commission” means the Metropolitan Transportation
24 Commission.

25 (g) “*Commissioner*” means a voting member serving on the
26 commission pursuant to Section 66503.

27 ~~(g)~~

28 (h) “Contra Costa County small bus operators” means the
29 Central Contra Costa Transit Authority, the Western Contra Costa
30 Transit Authority, and the Eastern Contra Costa Transit Authority.

31 ~~(h)~~

32 (i) “County” includes city and county.

33 (j) “*County elections official*” means a county clerk, registrar
34 of voters, or elections supervisor having jurisdiction over elections
35 within the county.

36 ~~(j)~~

37 (k) “District” means the ~~Transportation~~ *Public Transit* Revenue
38 Measure District.

39 (l) (1) “*District elections official*” means the official designated
40 by the board to perform the duties required for the purposes of an

1 initiative under Article 1 (commencing with Section 9300) of
2 Chapter 4 of Division 9 of the Elections Code, except as provided
3 in paragraph (2).

4 (2) For purposes of Section 9306, subdivisions (a) and (b) of
5 Section 9308, subdivisions (a), (b), and (c) of Section 9309, and
6 Section 9312, of the Elections Code, “district elections official”
7 refers to the county elections officials charged with the duty of
8 conducting the election for the counties participating in the
9 measure.

10 (3) This subdivision shall become inoperative on December 31,
11 2026.

12 ~~(j)~~

13 (m) “Golden Gate Transit” means the Golden Gate Bridge,
14 Highway and Transportation District.

15 ~~(k)~~

16 (n) “Muni” means the San Francisco Municipal Transportation
17 Agency.

18 (o) “Participating county transportation entity” means any of
19 the following:

20 (1) Alameda County Transportation Commission, also referred
21 to as ACTC.

22 (2) Contra Costa Transportation Authority, also referred to as
23 CCTA.

24 (3) San Francisco County Transportation Authority, also
25 referred to as SFCTA.

26 (4) San Mateo County Transit District, also referred to as
27 SMCTD.

28 (5) Santa Clara Valley Transportation Authority, also referred
29 to as SCVTA.

30 ~~(t)~~

31 (p) “Public transit expenses” means public transit operations
32 expenses, or expenses for public transit capital improvement
33 projects that maintain or improve public transit service, including
34 expenses for public transit-specific components of a multimodal
35 transportation project.

36 ~~(m)~~

37 (q) “San Francisco Bay Ferry” means the San Francisco Bay
38 Area Water Emergency Transportation Authority.

1 (r) “Subject operator” means a transit operator subject to the
2 financial efficiency review pursuant to Chapter 4 (commencing
3 with Section 67760) of Part 2.

4

5 CHAPTER 2. THE ~~TRANSPORTATION~~ PUBLIC TRANSIT REVENUE
6 MEASURE DISTRICT AND GOVERNING BOARD

7

8 67710. (a) The ~~Transportation~~ Public Transit Revenue Measure
9 District is hereby established with jurisdiction extending throughout
10 the territorial boundaries of the Counties of Alameda, Contra Costa,
11 San Mateo, and Santa Clara, and the City and County of San
12 Francisco.

13 (b) The district shall be governed by the same board that governs
14 the commission. The district shall be a separate legal entity from
15 the commission.

16 (c) The formation and jurisdictional boundaries of the district
17 are not subject to the Cortese-Knox-Hertzberg Local Government
18 Reorganization Act of 2000 (Division 3 (commencing with Section
19 56000) of Title 5).

20 (d) The district shall be staffed by the existing staff of the
21 commission or any successor agency, with the understanding that
22 additional staff may be needed to administer the requirements of
23 this title.

24 67712. *This title shall apply only to the counties and city and
25 county identified pursuant to Section 67710.*

26

27 PART 2. TRANSACTIONS AND USE TAXES

28

29 CHAPTER 1. RETAIL TRANSACTIONS AND USE TAX
30 AUTHORIZATION

31

32 67730. (a) The board may impose a retail transactions and use
33 tax ordinance applicable to the entire district in accordance with
34 Part 1.6 (commencing with Section 7251) of Division 2 of the
35 Revenue and Taxation Code if the electors voting on the measure
36 vote to approve its imposition at the election described in Section
37 67734 in accordance with this title and Part 1.6 (commencing with
38 Section 7251) of Division 2 of the Revenue and Taxation Code.

39 (b) The board may impose a retail transactions and use tax
40 pursuant to subdivision (a) that, in combination with all taxes

1 imposed in accordance with Part 1.6 (commencing with Section
2 7251) of Division 2 of the Revenue and Taxation Code, exceeds
3 the limit established in Section 7251.1 of the Revenue and Taxation
4 Code.

5 (c) The board, in the ordinance, shall do all of the following:

6 (1) State the nature of the tax to be imposed.

7 (2) Provide the tax rates as follows:

8 (A) Except as provided in subparagraph (B), the tax rate shall
9 be one-half of 1 percent in each county comprising the district.

10 (B) The tax rate in the City and County of San Francisco shall
11 be 1 percent.

12 (3) Specify the period during which the tax will be imposed,
13 which shall be 14 years beginning on the date the ordinance
14 becomes operative.

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

18 (d) Notwithstanding Section 7251.1 of the Revenue and Taxation
19 Code, the tax rate authorized pursuant to this section shall not be
20 considered for purposes of the combined rate limit established by
21 Section 7251.1 of the Revenue and Taxation Code.

22 67732. (a) Notwithstanding Section 9300 of the Elections
23 Code or any other law, the taxes authorized by Section 67730 may
24 also be imposed by a qualified voter initiative pursuant to Chapter
25 4 (commencing with Section 9300) of Division 9 of the Elections
26 Code if the electors voting on the measure vote to approve its
27 imposition at the election described in Section 67734 in accordance
28 with the requirements of this title and Part 1.6 (commencing with
29 Section 7251) of Division 2 of the Revenue and Taxation Code.

30 (b) In addition to the procedures set forth in Chapter 4
31 (commencing with Section 9300) of Division 9 of the Elections
32 Code, if an ordinance containing a tax authorized by this title is
33 proposed by an initiative petition, the initiative shall comply with
34 all of the *substantive* requirements applicable to a tax imposed by
35 the board pursuant to this title, including the requirement that the
36 proceeds of the tax be ~~transferred and allocated~~ *distributed,*
37 *transferred, allocated, and expended* pursuant to Chapter 3
38 (commencing with Section 67750).

39 (c) Consistent with Chapter 4 (commencing with Section 9300)
40 of Division 9 of the Elections Code, a ballot title and summary are

1 not required for an initiative petition proposed pursuant to this
2 chapter.

3 67734. A tax proposed pursuant to this title may only be placed
4 on the ballot for the November 3, 2026, statewide general election
5 and shall be submitted to the voters of the entire district in
6 accordance with Chapter 2 (commencing with Section 67740).

7 67736. (a) *Chapter 9 (commencing with Section 860) of Title*
8 *10 of Part 2 of the Code of Civil Procedure shall apply to any*
9 *judicial action or proceeding to validate, attack, review, set aside,*
10 *void, or annul a tax ordinance approved by the voters pursuant to*
11 *this title.*

12 (b) *Notwithstanding Section 860 of the Code of Civil Procedure,*
13 *the district may, upon the approval of the tax ordinance by the*
14 *voters pursuant to this title, and for 30 days thereafter, bring an*
15 *action in the superior court of the county in which the principal*
16 *office of the district is located to determine the validity of that*
17 *matter. The action shall be in the nature of a proceeding in rem.*

18 (c) *Notwithstanding Section 863 of the Code of Civil Procedure,*
19 *if proceedings have not been brought by the district pursuant to*
20 *subdivision (b), any interested person may bring an action within*
21 *the time and in the court specified by subdivision (b) to determine*
22 *the validity of that matter. The district shall be a defendant and*
23 *shall be served with the summons and complaint in the action in*
24 *the manner provided by law for the service of a summons in a civil*
25 *action. In that action the summons shall be in the form prescribed*
26 *in Section 861.1 of the Code of Civil Procedure except that in*
27 *addition to being directed to “all persons interested in the matter*
28 *of [specifying the matter],” it shall also be directed to the district.*
29 *If the interested person bringing that action fails to complete the*
30 *publication and other notice as may be prescribed by the court in*
31 *accordance with Section 861 of the Code of Civil Procedure and*
32 *to file proof thereof in the action within 30 days from the filing of*
33 *their complaint, the action shall be forthwith dismissed on the*
34 *motion of the district unless good cause for such failure is shown*
35 *by the interested person.*

36 (d) *Any appeal from the final judgment in an action or*
37 *proceeding brought pursuant to this section shall be filed within*
38 *30 days after entry of the judgment.*

CHAPTER 2. ELECTION PROCEDURES

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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 the district.

(b) For the purpose of the placement of a tax ordinance on the ballot, the ~~Transportation~~ *Public Transit* 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) If the measure is proposed by a qualified voter initiative, after the petition has been filed, the county elections officials shall examine the petition in accordance with subdivisions (a) and (b) of Section 9308, or subdivisions (a), (b), and (c) of Section 9309, of the Elections Code. It is the intent of the Legislature that the county elections officials shall cooperate with the district elections official to resolve any issues arising from the counting or verification of signatures.

~~(e)~~

(d) 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.

~~(e)~~

(e) 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

1 those counties that are required to prepare a translation of ballot
2 materials into the same language other than English, shall prepare
3 the translation or authorize the district to prepare the translation,
4 and that translation shall be used by the other county or counties,
5 as applicable.

6 ~~(e)~~

7 (f) Notwithstanding Section 13116 of the Elections Code, the
8 elections officials of the counties where the measure will appear
9 on the ballot shall mutually agree to use the same letter designation
10 for the measure.

11 ~~(f)~~

12 (g) The county clerk of each county shall report the results of
13 the special election to the district. If the approval threshold required
14 by the California Constitution at the time of the election is
15 achieved, the measure shall take effect in the district in accordance
16 with the requirements of this title. For purposes of determining
17 whether the measure is approved, the approval threshold shall be
18 assessed based on the cumulative vote within the entire district,
19 and not separately within each county comprising the district.

20 ~~(g)~~

21 (h) (1) Notwithstanding Section 10520 of the Elections Code,
22 the district shall reimburse each county that comprises the district
23 from funds made available pursuant to Section 67750 only for the
24 incremental costs incurred by the county elections official related
25 to submitting the measure to the voters with proceeds from the
26 measure.

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

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

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

36 (i) The printing and mailing of ballot materials.

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

1 CHAPTER 3. REGIONAL ~~TRANSPORTATION~~ *PUBLIC TRANSIT*
2 REVENUE MEASURE EXPENDITURES
3

4 67750. The district shall ~~allocate~~ *distribute* revenues generated
5 pursuant to Chapter 2 (commencing with Section 67740) on an
6 annual basis as follows:

7 (a) The district shall pay the administrative costs associated
8 with the collection of the revenues incurred by the California
9 Department of Tax and Fee Administration, and the amounts
10 necessary for the costs incurred by the district or commission to
11 perform the duties required under this title, including, but not
12 limited to, election cost reimbursements specified in Section 67740,
13 costs incurred for the financial efficiency review described in
14 Section 67762, costs incurred for any required legal defense, and
15 other one-time costs associated with administering the tax
16 ordinance authorized by this title.

17 (b) After the amounts ~~allocated~~ *paid* in subdivision (a), the
18 district shall transfer the remaining revenues, with no discretion
19 to withhold, reduce, delay, modify, specify the use of, or condition
20 those revenues, as follows:

21 (1) (A) The revenues described in subparagraph (B) to the
22 commission for the ongoing costs associated with administering
23 this title. If the amount transferred pursuant to this paragraph
24 exceeds that which is necessary for administrative costs in a given
25 year, the commission may use those excess funds for the purposes
26 identified in paragraphs (10) to (12), inclusive.

27 (B) All of the following revenues shall be transferred to the
28 commission pursuant to this paragraph:

29 (i) 0.25 percent of all revenues generated within the territory of
30 the County of Alameda.

31 (ii) 0.25 percent of all revenues generated within the territory
32 of the County of Contra Costa.

33 (iii) 0.13 percent of all revenues generated within the territory
34 of the City and County of San Francisco.

35 (iv) 0.25 percent of all revenues generated within the territory
36 of the County of San Mateo.

37 (v) 0.25 percent of all revenues generated within the territory
38 of the County of Santa Clara.

39 (2) The following revenues to the commission for allocation to
40 BART for transit operations expenses:

- 1 (A) 64.70 percent of all revenues generated within the territory
- 2 of the County of Alameda.
- 3 (B) 58.59 percent of all revenues generated within the territory
- 4 of the County of Contra Costa.
- 5 (C) 29.14 percent of all revenues generated within the territory
- 6 of the City and County of San Francisco.
- 7 (D) 26.64 percent of all revenues generated within the territory
- 8 of the County of San Mateo.
- 9 (3) The following revenues to the commission for allocation to
- 10 Muni for transit operations expenses:
 - 11 (A) 1.09 percent of all revenues generated within the territory
 - 12 of the County of Contra Costa.
 - 13 (B) 62.87 percent of all revenues generated within the territory
 - 14 of the City and County of San Francisco.
 - 15 (C) 7.40 percent of all revenues generated within the territory
 - 16 of the County of San Mateo.
- 17 (4) The following revenues to the commission for allocation to
- 18 Caltrain for transit operations expenses:
 - 19 (A) 3.97 percent of all revenues generated within the territory
 - 20 of the City and County of San Francisco.
 - 21 (B) 24.07 percent of all revenues generated within the territory
 - 22 of the County of San Mateo.
 - 23 (C) 10.38 percent of all revenues generated within the territory
 - 24 of the County of Santa Clara.
- 25 (5) The following revenues to the commission for allocation to
- 26 AC Transit for transit operations expenses:
 - 27 (A) 21.25 percent of all revenues generated within the territory
 - 28 of the County of Alameda.
 - 29 (B) 3.70 percent of all revenues generated within the territory
 - 30 of the County of Contra Costa.
- 31 (6) 2.43 percent of all revenues generated within the territory
- 32 of the County of Alameda to the commission for allocation to the
- 33 Alameda County small bus operators, apportioned among each
- 34 operator in amounts determined by the Alameda County
- 35 Transportation Commission, for transit operations expenses.
- 36 (7) 11.41 percent of all revenues generated within the territory
- 37 of the County of Contra Costa to the commission for allocation to
- 38 the Contra Costa County small bus operators, apportioned among
- 39 each operator in amounts determined by the Contra Costa
- 40 Transportation Authority, for transit operations expenses.

- 1 (8) The following revenues to the commission for allocation to
2 San Francisco Bay Ferry for transit operations expenses:
- 3 (A) 1.62 percent of all revenues generated within the territory
4 of the County of Alameda.
- 5 (B) 0.76 percent of all revenues generated within the territory
6 of the County of Contra Costa.
- 7 (C) 0.97 percent of all revenues generated within the territory
8 of the City and County of San Francisco.
- 9 (9) 0.40 percent of all revenues generated within the territory
10 of the City and County of San Francisco to the commission for
11 allocation to Golden Gate Transit for transit operations expenses.
- 12 (10) The following revenues to the commission for fare
13 programs, including free and reduced-cost transfers and expanding
14 the Clipper START program:
- 15 (A) 2.78 percent of all revenues generated within the territory
16 of the County of Alameda.
- 17 (B) 2.78 percent of all revenues generated within the territory
18 of the County of Contra Costa.
- 19 (C) 1.40 percent of all revenues generated within the territory
20 of the City and County of San Francisco.
- 21 (D) 2.78 percent of all revenues generated within the territory
22 of the County of San Mateo.
- 23 (E) 2.78 percent of all revenues generated within the territory
24 of the County of Santa Clara.
- 25 (11) The following revenues to the commission for accessibility
26 programs and projects:
- 27 (A) 1.11 percent of all revenues generated within the territory
28 of the County of Alameda.
- 29 (B) 1.11 percent of all revenues generated within the territory
30 of the County of Contra Costa.
- 31 (C) 0.56 percent of all revenues generated within the territory
32 of the City and County of San Francisco.
- 33 (D) 1.11 percent of all revenues generated within the territory
34 of the County of San Mateo.
- 35 (E) 1.11 percent of all revenues generated within the territory
36 of the County of Santa Clara.
- 37 (12) The following revenues to the commission for mapping
38 and wayfinding and transit priority projects and programs:
- 39 (A) 1.11 percent of all revenues generated within the territory
40 of the County of Alameda.

1 (B) 1.11 percent of all revenues generated within the territory
2 of the County of Contra Costa.

3 (C) 0.56 percent of all revenues generated within the territory
4 of the City and County of San Francisco.

5 (D) 1.11 percent of all revenues generated within the territory
6 of the County of San Mateo.

7 (E) 1.11 percent of all revenues generated within the territory
8 of the County of Santa Clara.

9 (13) 4.75 percent of all revenues generated within the territory
10 of the County of Alameda to the Alameda County Transportation
11 Commission for public transit expenses and roadway repavement
12 projects on roads served by fixed-route transit.

13 (14) 19.20 percent of all revenues generated within the territory
14 of the County of Contra Costa to the Contra Costa Transportation
15 Authority for public transit expenses and roadway repavement
16 projects on roads served by fixed-route transit.

17 (15) 36.64 percent of all revenues generated within the territory
18 of the County of San Mateo to the San Mateo County Transit
19 District for public transit expenses and roadway repavement
20 projects on roads served by fixed-route transit.

21 (16) 84.37 percent of *all* revenues generated within the territory
22 of the County of Santa Clara to the Santa Clara Valley
23 Transportation Authority for public transit expenses and roadway
24 repavement projects on roads served by fixed-route transit.

25 67752. In allocating funds pursuant to this chapter, it is the
26 intent of the Legislature that the commission not supplant funding
27 from regularly programmed discretionary revenue sources that are
28 allocated to the jurisdiction of the district and not increase the level
29 of those regularly programmed discretionary revenue sources that
30 are allocated to counties that are not contained in the district as a
31 result of the approval of the measure pursuant to this title.

32 67754. If the voters approve a tax ordinance pursuant to this
33 title, the district shall establish an independent oversight committee
34 within six months of the effective date of the tax increase to ensure
35 that any revenues generated pursuant to this title are ~~transferred~~
36 ~~and allocated~~ *distributed and transferred by the district* consistent
37 with the applicable requirements set forth in this chapter. The
38 committee may be consolidated with the oversight committee
39 established pursuant to subdivision (h) of Section 30923 of the
40 Streets and Highways Code. The committee shall consist of either

1 one or two representatives from each county included within the
 2 jurisdiction of the district appointed by the applicable county board
 3 of supervisors. The oversight committee may request any
 4 documents from the district and commission to assist the committee
 5 in performing its functions.

6 67756. The Legislature finds and declares that the allocation
 7 of revenues prescribed in this chapter is not intended to set any
 8 precedent for future funding relationships or agreements.

9

10 ~~CHAPTER 4. FINANCIAL TRANSPARENCY AND REVIEW~~

11

12 ~~67760. (a) The Legislature finds and declares that financial~~
 13 ~~efficiency and transparency are imperative to build public~~
 14 ~~confidence and support for public transportation.~~

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

20 ~~67762. (a) Upon the approval of a measure by the voters of~~
 21 ~~the district pursuant to this title, the commission shall engage in~~
 22 ~~a comprehensive independent third-party financial efficiency~~
 23 ~~review of AC Transit, BART, Caltrain, and Muni.~~

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

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

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

36 ~~67764. (a) The commission shall contract and manage an~~
 37 ~~independent third party to conduct the review, in consultation with~~
 38 ~~a select committee established by the commission that consists of~~
 39 ~~all of the following:~~

40 ~~(1) Members of the commission.~~

1 ~~(2) A state representative.~~

2 ~~(3) Transit operator representatives from the operators subject~~
3 ~~to the review.~~

4 ~~(4) Representatives from the transit labor, advocacy, and~~
5 ~~business communities.~~

6 ~~(b) Upon completion of the review, the independent third party~~
7 ~~shall transmit a final report to the select committee established by~~
8 ~~the commission, to the Legislature, in compliance with Section~~
9 ~~9795, and to the transit operators subject to the review.~~

10 ~~67766. (a) Within _____ months after a transit operator subject~~
11 ~~to the review receives the report, the transit operator shall finalize~~
12 ~~an implementation plan that describes all efficiency measures the~~
13 ~~transit operator has already taken since January 1, 2020, associated~~
14 ~~cost savings, and all subsequent efficiency measures the transit~~
15 ~~operator plans to take and shall submit this plan to the commission~~
16 ~~by _____, as a condition of continuing to receive funds from the~~
17 ~~commission pursuant to Chapter 3 (commencing with Section~~
18 ~~67750).~~

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

24 ~~67767. It is the intent of the Legislature to determine the timing~~
25 ~~of the required actions outlined in this chapter through further~~
26 ~~discussion with transit stakeholders.~~

27 ~~67768. (a) (1) In order to be eligible for funding pursuant to~~
28 ~~Chapter 3 (commencing with Section 67750), a transit operator~~
29 ~~subject to the review required by this chapter shall verify to the~~
30 ~~commission that it will maintain its expected level of funding for~~
31 ~~operations and shall not supplant any sources of operating revenue~~
32 ~~under its control or fund sources allocated by the commission that~~
33 ~~were used for transit operations in the preceding three fiscal years.~~

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

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

10 ~~(c) A transit operator may request that the commission grant an~~
 11 ~~exception to the requirements of this section for the purpose of~~
 12 ~~transferring operating funds to state of good repair needs for assets~~
 13 ~~owned and operated by the operator or to cover the cost of~~
 14 ~~compliance with a state or federal law or regulation.~~

15
 16 ~~CHAPTER~~

17
 18
 19 ~~CHAPTER 5. REGIONAL NETWORK MANAGEMENT~~
 20 ~~ACCOUNTABILITY~~

21
 22 ~~67770. (a) The Legislature finds and declares all of the~~
 23 ~~following:~~

24 ~~(1) In 2024, the Transportation Revenue Measure Select~~
 25 ~~Committee established by the commission in 2024 agreed on~~
 26 ~~various transit agency accountability policy recommendations for~~
 27 ~~a transportation revenue measure. Specifically, the select committee~~
 28 ~~approved a recommendation for new revenue from a measure to~~
 29 ~~be conditioned on transit operators complying with transit~~
 30 ~~transformation policies adopted through the Regional Network~~
 31 ~~Management framework.~~

32 ~~(2) As of March 2025, the commission adopted policies and~~
 33 ~~programs through an established regional network management~~
 34 ~~framework.~~

35 ~~(b) (1) It is the intent of the Legislature, in enacting this title,~~
 36 ~~to encourage the commission to continue acting in its role as~~
 37 ~~Regional Network Manager in partnership with all entities that~~
 38 ~~constitute the commission's regional network management~~
 39 ~~framework.~~

1 ~~(2) It is the further intent of the Legislature that the conditioning~~
2 ~~of funds prescribed by this chapter on regional network~~
3 ~~management policies and programs be based on the central goal~~
4 ~~of increasing transit ridership by improving the customer~~
5 ~~experience of riding public transit in the San Francisco Bay area~~
6 ~~and creating a seamless transit experience.~~

7 ~~67772. (a) Notwithstanding any other law, each transit operator~~
8 ~~that the commission allocates funds to pursuant to paragraphs (2)~~
9 ~~to (9), inclusive, of subdivision (b) of Section 67750 shall comply~~
10 ~~with the policies and programs adopted by the commission through~~
11 ~~its Regional Network Management framework in order to fulfill~~
12 ~~initiatives included in the 2021 Bay Area Transit Transformation~~
13 ~~Action Plan or successor plan adopted by the commission, as a~~
14 ~~condition of receiving those funds.~~

15 ~~(b) Nothing in this chapter authorizes the commission to do any~~
16 ~~of the following:~~

17 ~~(1) Restrict a transit operator's access to funds not allocated by~~
18 ~~the commission.~~

19 ~~(2) Require a transit operator to implement policies or programs~~
20 ~~that would impede or interfere with its ability to comply with any~~
21 ~~legal obligations in transit labor contracts.~~

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

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

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

35 ~~(d) Before adopting a finding pursuant to subdivision (c), a~~
36 ~~transit operator shall conduct an assessment that takes into~~
37 ~~consideration all funding anticipated to be available to the transit~~
38 ~~operator in the next fiscal year, including, but not limited to, any~~
39 ~~discretionary funding that the commission identifies to help offset~~
40 ~~the cost of the proposed expenditure or policy, any growth in fare~~

1 revenue anticipated as a result of the expenditure or policy, and
 2 potential adjustments to fares or fare policies the agency could
 3 make to increase revenue. The transit operator shall develop the
 4 assessment in consultation with staff from the commission and
 5 shall present it to the commission at a public meeting before
 6 adopting a finding pursuant to subdivision (e).

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

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

18
 19 ~~CHAPTER 6. APPLICABILITY~~

20
 21 ~~67780. This title shall only apply to the counties and city and~~
 22 ~~county identified pursuant to Section 67710.~~

23
 24 *CHAPTER 4. FINANCIAL TRANSPARENCY AND REVIEW*

25
 26 *67760. The Legislature finds and declares that financial*
 27 *efficiency and transparency are imperative to build public*
 28 *confidence and support for public transit.*

29 *67762. (a) The commission shall conduct a financial efficiency*
 30 *review of the subject operators, which are AC Transit, BART,*
 31 *Caltrain, and Muni pursuant to the timeline set forth in Section*
 32 *67766.*

33 *(b) Phase one of the financial efficiency review shall exclusively*
 34 *identify the following:*

35 *(1) Cost-saving measures implemented since January 1, 2020,*
 36 *by the subject operators.*

37 *(2) (A) Early action strategies that would assist the subject*
 38 *operators in delivering increased or improved service and*
 39 *enhanced customer experiences with existing resources.*

1 (B) In furtherance of the identification of early action strategies,
2 phase one of the financial efficiency review shall include an
3 analysis of the each subject operator's real property assets. The
4 analysis shall be conducted in consultation with the subject
5 operators, and shall include an inventory of existing holdings and
6 identify potential redevelopment opportunities, with an emphasis
7 on housing, commercial, and mixed-use projects, and other efficient
8 land uses near transit that can support ridership growth and
9 generate long-term value. The analysis shall include a property
10 asset map and a preliminary list of redevelopment opportunities
11 to inform phase two of the financial efficiency review.

12 (c) (1) Phase two of the financial efficiency review shall identify
13 a menu of cost-saving measures that, if implemented, would reduce
14 one-time and ongoing fixed and variable costs for the subject
15 operators. The review shall evaluate cost-saving measures using
16 metrics such as cost per passenger mile and subsidy per passenger
17 mile, reported in both nominal dollars and real dollars, and any
18 other relevant measures needed to ensure results are quantifiable
19 and actionable.

20 (2) (A) Phase two of the financial efficiency review shall also
21 include a comprehensive regional assessment of development and
22 financing strategies to maximize the value of each subject
23 operator's real property assets. The assessment shall, at a
24 minimum, do all of the following:

25 (i) Evaluate strategies to leverage assets through housing,
26 commercial, mixed-use, and other transit-supportive development.

27 (ii) Analyze potential impacts on ridership, revenue generation,
28 fiscal stability, and broader public benefits, including affordable
29 housing, job creation, and systemwide financial sustainability.

30 (iii) Consider governance structures and financing mechanisms,
31 including opportunities for regional partnerships, and alignment
32 with existing public and private financing tools.

33 (iv) Produce a regional development and financing strategy.

34 (d) The scope of both phases of the financial efficiency review
35 shall consider administrative, operating, and capital costs and
36 shall clearly distinguish between any recommended actions that
37 would not impact service and those that would require service
38 realignments or reductions.

39 67764. The commission shall contract with, and manage, a
40 third-party consultant to conduct one or both phases of the

1 *financial efficiency review. The third-party consultant shall conduct*
2 *the review in consultation with the subject operators and an*
3 *oversight committee established by the commission that consists*
4 *of all the following members:*

5 *(a) The chair of the commission, if the chair is from the*
6 *geographic jurisdiction of the district, or another member of the*
7 *commission designated by the chair that is from the geographic*
8 *jurisdiction of the district.*

9 *(b) The board chair or president, or another member of the*
10 *board designated by the chair or president, of each subject*
11 *operator.*

12 *(c) Four independent experts appointed by the commission with*
13 *expertise in public transit operations and finance.*

14 *(d) One representative from the Transportation Agency and one*
15 *representative the Department of Finance as ex officio, nonvoting*
16 *members.*

17 *67766. (a) On or before April 1, 2026, the third-party*
18 *consultant procured for phase one shall complete the phase one*
19 *analysis described in subdivision (b) of Section 67762 and transmit*
20 *it to the oversight committee. The oversight committee shall review*
21 *the phase one analysis, direct the third-party consultant to make*
22 *any revisions, and adopt a final phase one analysis. The*
23 *commission shall transmit the final phase one analysis to all of*
24 *the following entities:*

25 *(1) The subject operators.*

26 *(2) The Legislature, in compliance with Section 9795.*

27 *(3) The Transportation Agency.*

28 *(4) Each participating county transportation entity.*

29 *(b) On or before July 1, 2026, each subject operator shall*
30 *identify the specific strategies in the final adopted phase one*
31 *analysis that it commits to implementing, and shall adopt those*
32 *strategies as formal policy or budget actions, as applicable.*

33 *(c) If the certified election results identify that the tax ordinance*
34 *has been approved by the voters pursuant to this title, all of the*
35 *following shall occur no later than 480 days after the election*
36 *results are certified:*

37 *(1) The third-party consultant procured for phase two shall*
38 *complete the analysis described in subdivision (c) of Section 67762*
39 *and transmit it to the oversight committee. The oversight committee*
40 *shall review the phase two analysis, direct the third-party*

1 consultant to make any revisions, and adopt a final phase two
2 analysis, including a regional development and financing strategy
3 produced pursuant to clause (iv) of subparagraph (A) of paragraph
4 (2) of subdivision (c) of Section 67762. The commission shall
5 transmit the phase two analysis to the entities described in
6 paragraphs (1) to (4), inclusive, of subdivision (a).

7 (2) The oversight committee shall specify to each subject
8 operator what information, at a minimum, shall be included for
9 each cost-saving measure that each operator chooses to include
10 in its implementation plan pursuant to subdivision (d).

11 (d) No later than 120 days after the actions required by
12 subdivision (c) are complete, each subject operator shall submit
13 to the oversight committee a draft implementation plan that
14 describes all cost-saving measures the operator plans to implement,
15 including all information related to those measures required by
16 the oversight committee pursuant to subdivision (c). In developing
17 the implementation plan, the operator shall balance financial
18 efficiency, service, and system safety.

19 (e) The oversight committee shall review each draft
20 implementation plan and either approve the plan or recommend
21 revisions to further facilitate the implementation of
22 recommendations identified in the phase two analysis.

23 (f) No later than 60 days after the oversight committee takes
24 action pursuant to subdivision (e), the subject operator's governing
25 board shall do all of the following:

26 (1) Incorporate oversight committee recommendations made
27 pursuant to subdivision (e), if applicable, into its implementation
28 plan.

29 (2) Adopt a final implementation plan and transmit it to the
30 oversight committee and to the entities described in paragraphs
31 (1) to (4), inclusive, of subdivision (a).

32 (3) (A) Notwithstanding paragraph (1), a subject operator may
33 reject the inclusion of one or more of the recommendations made
34 by the oversight committee pursuant to subdivision (e) if the
35 governing board of the operator makes a written finding when
36 adopting the final implementation plan pursuant to paragraph (2)
37 that the recommendation has an unacceptable impact on transit
38 service or safety or is inconsistent with other documented local
39 policies and procedures.

1 (B) Within 10 business days after a subject operator adopts a
2 finding pursuant to subparagraph (A), the commission shall
3 transmit written notice of the adoption of that finding to the policy
4 committees of the Legislature with jurisdiction over transportation
5 and to the Transportation Agency. The notice shall include the
6 subject operator's adopted finding pursuant to subparagraph (A).

7 (C) Any finding adopted pursuant to subparagraph (A) shall be
8 time limited and shall expire no later than 12 months after adoption
9 unless renewed by the subject operator following the procedures
10 set forth in this chapter with an updated assessment demonstrating
11 continuing need. The subject operator shall provide annual status
12 updates to the commission that specifically address the basis for
13 the adopted finding, including whether the circumstances or
14 obstacles identified as preventing compliance have been resolved,
15 mitigated, or otherwise changed. The status update shall identify
16 specific steps taken to address the stated obstacle and a timeline
17 for when compliance could reasonably be achieved if the obstacle
18 is removed.

19 (g) The oversight committee shall terminate after each subject
20 operator takes the actions required pursuant to subdivision (f).
21 Each subject operator shall adhere to the final implementation
22 plan it adopted pursuant to subdivision (f) until the expiration of
23 the tax approved pursuant to this title, unless doing so is infeasible
24 due to circumstances beyond the operator's control, in which case
25 the operator shall make a good faith effort to comply.

26 (h) As a condition of receiving continued funding pursuant to
27 Chapter 3 (commencing with Section 67750), each subject operator
28 shall verify with the commission that it is in compliance with the
29 requirements of this chapter. Before taking an action to withhold
30 funds from a subject operator for noncompliance with the
31 requirements of this chapter, the commission shall provide the
32 operator a period of 90 days to comply before withholding funds.
33 The commission shall withhold the funds until the operator
34 complies with the requirements of this chapter. If the subject
35 operator does not comply with the requirements of this chapter
36 before the commission makes the final allocations of revenue from
37 the tax ordinance approved by the voters pursuant to this title, the
38 commission shall reallocate the withheld funds to support public
39 transit expenses within the county or counties that the operator
40 serves.

CHAPTER 5. MAINTENANCE OF EFFORT

1
2
3 67770. (a) (1) As a condition of receiving funds pursuant to
4 Chapter 3 (commencing with Section 67750), each transit operator
5 that the commission allocates funds to pursuant to paragraphs (2)
6 to (9), inclusive, of subdivision (b) of Section 67750 shall verify
7 to the commission that it will maintain its expected level of funding
8 for operations and shall not supplant any sources of operating
9 revenue under its control or fund sources allocated by the
10 commission that were used for transit operations in the preceding
11 three fiscal years.

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

18 (b) (1) Notwithstanding subdivision (a), a transit operator
19 subject to this chapter may reduce the amount of funding
20 contributed towards its operating budget in proportion to any
21 reduction in operating costs or reduction in operating revenue
22 based on factors outside the control of the operator, including,
23 but not limited to, the expiration of a voter-approved revenue
24 source or the determination based on a statistically valid poll that
25 an expiring ballot measure lacks sufficient support to warrant
26 placement on the ballot.

27 (2) Before formally taking an action to reduce its operating
28 funding pursuant to paragraph (1), a transit operator shall notify
29 the commission in writing that it is reducing the amount of funding
30 contributed towards its operating budget.

31 (c) A transit operator subject to this chapter may request that
32 the commission grant an exception to the requirements of this
33 chapter if the transit operator demonstrates any of the following
34 conditions:

35 (1) The operator has a need to transfer operating funds to state
36 of good repair needs for assets owned and operated by the
37 operator.

38 (2) The operator has a need to cover the cost of compliance
39 with a state or federal law or regulation.

1 (3) (A) *The operator seeks to finance a public transit capital*
2 *expense and does not require the full balance of its allocation of*
3 *revenues provided pursuant to this title to maintain or exceed the*
4 *service hours it provided in the 2018–19 fiscal year or the service*
5 *hours it is currently providing, whichever is greater, and the*
6 *redirection of its operational funding for the public transit capital*
7 *expense will not require the operator to reduce its service hours.*

8 (B) *The Legislature finds and declares that it is beneficial for*
9 *transit operators to increase the service hours of transit service*
10 *they are providing beyond the service hours described in*
11 *subparagraph (A).*

12 (d) *The commission shall provide written findings explaining*
13 *why a request submitted pursuant to subdivision (c) is denied.*

14
15 CHAPTER 6. ENHANCED ACCOUNTABILITY

16
17 67780. (a) *If a tax ordinance is approved by the voters*
18 *pursuant to this title, the commission shall establish an ad hoc*
19 *adjudication committee for a subject operator if the commission*
20 *receives a petition submitted pursuant to subdivision (d) at any*
21 *time commencing two years after the tax ordinance is approved.*

22 (b) *An ad hoc adjudication committee established pursuant to*
23 *subdivision (a) shall be composed of two commissioners from each*
24 *of the counties from which revenues generated pursuant to the tax*
25 *ordinance are allocated to the subject operator pursuant to*
26 *subdivision (b) of Section 67750.*

27 (c) *An ad hoc adjudication committee shall be responsible for*
28 *assessing and adjudicating petitions submitted pursuant to this*
29 *chapter regarding the applicable subject operator’s inconsistent*
30 *application or execution of its adopted standards, policies, or*
31 *commitments described in Section 67782 across counties within*
32 *the district.*

33 (d) (1) *Consistent with paragraph (2), a participating county*
34 *transportation entity or a county board of supervisors may submit*
35 *a petition to the commission to establish an ad hoc adjudication*
36 *committee and, once established, may submit a petition to the ad*
37 *hoc adjudication committee, under either of the following*
38 *circumstances:*

39 (A) *A subject operator is not consistently applying or achieving*
40 *the standard, policy, or commitment in the geographic jurisdiction*

1 of the county or the participating county transportation entity, as
2 applicable, as reasonably compared to the geographic jurisdiction
3 of other counties or participating county transportation entities.

4 (B) A standard, policy, or commitment disproportionately
5 disadvantages the operation or maintenance of the subject
6 operator's transit system in the geographic jurisdiction of the
7 county or participating county transportation entity, as applicable,
8 and there is no compelling reason for that standard, policy, or
9 commitment to disproportionately disadvantage the operation or
10 maintenance of the subject operator's transit system in the
11 geographic jurisdiction of the county or participating county
12 transportation entity, as applicable.

13 (2) A participating county transportation entity, or a county
14 board of supervisors, shall be the only entities that may submit a
15 petition to an ad hoc adjudication committee established pursuant
16 to this chapter, and may only submit a petition to an ad hoc
17 adjudication committee established for a subject operator that is
18 receiving funding from revenues generated from the jurisdiction
19 of the applicable county pursuant to subdivision (b) of Section
20 67750.

21 (3) (A) Except as provided in subparagraph (B), in each county
22 from which a subject operator is receiving funding generated by
23 the tax ordinance, no more than one petition per year may be
24 submitted by both the participating county transportation entity
25 and the county board of supervisors.

26 (B) An additional petition may be submitted within the same
27 year if a participating county transportation entity or the county
28 board of supervisors, as applicable, withdraws its petition pursuant
29 to subdivision (c) of Section 67784.

30 (e) Any ad hoc adjudication committee established pursuant to
31 this chapter shall terminate on the date that the commission makes
32 the final allocations of revenue pursuant to subdivision (b) of
33 Section 67750 from a tax ordinance approved by the voters
34 pursuant to this title.

35 67782. The scope of the adopted standards, policies, or
36 commitments, or application of those standards, policies, or
37 commitments, that may be the subject of a petition, assessment,
38 and adjudication shall be the following issues related to the
39 operation or maintenance of the subject operator's transit system

1 *in the geographic jurisdiction of the applicable county or*
2 *participating county transportation entity:*

- 3 (a) *Service frequency or route changes.*
- 4 (b) *Fare policy, such as the assessment of surcharges.*
- 5 (c) *Station, facility, or vehicle cleanliness.*
- 6 (d) *Station or facility maintenance.*
- 7 (e) *Station or facility closures.*
- 8 (f) *Safety and security.*

9 67784. (a) *Before taking a board action pursuant to*
10 *subdivision (b), a participating county transportation entity or*
11 *county board of supervisors shall seek to address the issue that is*
12 *the subject of a prospective petition directly with the subject*
13 *operator, including by providing the operator with an opportunity*
14 *to directly address the issue.*

15 (b) *Before submitting a petition to an ad hoc adjudication*
16 *committee, the governing board of a participating county*
17 *transportation entity or the county board of supervisors shall take*
18 *formal board action to approve the petition.*

19 (c) *At any time before the commission is directed to take final*
20 *action to withhold funding pursuant to Section 67788, a*
21 *participating county transportation entity or county board of*
22 *supervisors may withdraw its petition with a formal board action,*
23 *or decision of the chair of, the applicable participating county*
24 *transportation entity or county board of supervisors.*

25 67786. (a) *If presented with a petition, an ad hoc adjudication*
26 *committee, in consultation with the entity that submitted the petition*
27 *and the applicable subject transit operator, shall do both of the*
28 *following:*

29 (1) *Determine whether it agrees with the entity's claim or claims*
30 *in the petition.*

31 (2) *If it agrees with the claim or claims described in paragraph*
32 *(1), determine whether to recommend the following:*

33 (A) *Corrective action for the subject operator to take to address*
34 *the issue that was the subject of the petition.*

35 (B) *That the commission withhold up to 3.5 percent of funding*
36 *allocated to the subject operator pursuant to Chapter 3*
37 *(commencing with Section 67750) in an amount the ad hoc*
38 *adjudication committee deems proportionate to the issue that was*
39 *the subject of the petition.*

1 (b) An ad hoc adjudication committee shall provide written
2 findings explaining a recommendation made pursuant to this
3 section and shall submit the recommendation and those findings
4 to the commission.

5 (c) If there is a tie vote in approving a recommendation, then
6 the tie vote shall favor making a recommendation.

7 67788. (a) After receiving a recommendation from an ad hoc
8 adjudication committee pursuant to Section 67786, the commission
9 shall approve the recommendation and, if the ad hoc adjudication
10 committee recommended corrective action, provide the subject
11 operator with a period of at least 90 days to comply.

12 (b) (1) If the subject operator does not take corrective action
13 within the period granted by the commission pursuant to
14 subdivision (a), then the ad hoc adjudication committee may direct
15 to commission to withhold up to an additional 3.5 percent of
16 funding allocated to the subject operator pursuant to Chapter 3
17 (commencing with Section 67750) in an amount the ad hoc
18 adjudication committee deems proportionate to the issue that was
19 the subject of the petition. The total amount withheld from a subject
20 operator pursuant to this chapter at any given time shall not exceed
21 7 percent.

22 (2) The commission shall withhold the funds until either of the
23 following occurs:

24 (A) The operator complies with the corrective action and the
25 ad hoc adjudication committee, with an affirmative vote from at
26 least one committee member of every county represented in the
27 committee, makes a finding that the operator has complied with
28 the requirements and approves the return of funding.

29 (B) After 180 days of the submission of the recommendation,
30 the ad hoc adjudication committee, with an affirmative vote from
31 the majority of the committee, makes a finding that the operator
32 has complied with the requirements and approves the return of
33 funding.

34 (c) If the subject operator does not comply with the requirements
35 of this chapter before the commission makes the final allocations
36 of revenue from the tax ordinance approved by the voters pursuant
37 to this title, the commission shall reallocate the withheld funds to
38 support public transit expenses within the county or counties that
39 the operator serves.

1 *(d) If there is a lawsuit involving a decision made by an ad hoc*
2 *adjudication committee, the sole remedy against the commission*
3 *shall be limited to either the release or withholding, as the case*
4 *necessitates, of the funds at issue in the ad hoc adjudication*
5 *committee decision, and legal fees shall not be recoverable.*

6 SEC. 5. Section 131102 of the Public Utilities Code is amended
7 to read:

8 131102. (a) (1) A retail transactions and use tax ordinance
9 for a tax of either one-half of 1 percent or 1 percent applicable in
10 the incorporated and unincorporated territory of a county, except
11 as provided in paragraph (2), may be imposed by a county
12 transportation authority or the commission in the manner prescribed
13 in Section 131103 and Part 1.6 (commencing with Section 7251)
14 of Division 2 of the Revenue and Taxation Code, if two-thirds of
15 the electors voting on the measure vote to approve its imposition
16 at an election which shall be called for this purpose by the board
17 of supervisors within one year after the adoption of a county
18 transportation expenditure plan.

19 (2) The authority to impose a tax under paragraph (1) shall apply
20 to the incorporated and unincorporated territory of the County of
21 San Mateo and the City and County of San Francisco only until
22 December 31, 2025. The elimination of the authority pursuant to
23 this paragraph to impose a tax shall not affect the validity or
24 operation of a tax approved before December 31, 2025, in the
25 incorporated and unincorporated territory of the County of San
26 Mateo or the City and County of San Francisco pursuant to
27 paragraph (1).

28 (b) Commencing January 1, 2026, a retail transactions and use
29 tax ordinance for a tax of $\frac{1}{8}$ of 1 percent or multiple thereof, up
30 to 1 percent, applicable in the territory of the City and County of
31 San Francisco may be imposed by the county transportation
32 authority or the commission in the manner prescribed in Section
33 131103 and Part 1.6 (commencing with Section 7251) of Division
34 2 of the Revenue and Taxation Code, if two-thirds of the electors
35 voting on the measure vote to approve its imposition at an election
36 which shall be called for this purpose by the board of supervisors
37 within one year after the adoption of a county transportation
38 expenditure plan. The combined rate of taxes in the territory of
39 the City and County of San Francisco imposed pursuant to this

1 subdivision and paragraph (1) of subdivision (a) shall not exceed
2 1 percent.

3 (c) Commencing January 1, 2026, a retail transactions and use
4 tax ordinance for a tax of $\frac{1}{8}$ of 1 percent or multiple thereof, up
5 to 1 percent, applicable in the incorporated and unincorporated
6 territory of the County of San Mateo may be imposed by the county
7 transportation authority or the commission in the manner prescribed
8 in Section 131103 and Part 1.6 (commencing with Section 7251)
9 of Division 2 of the Revenue and Taxation Code, if two-thirds of
10 the electors voting on the measure vote to approve its imposition
11 at an election which shall be called for this purpose by the board
12 of supervisors within one year after the adoption of a county
13 transportation expenditure plan. The combined rate of taxes in the
14 incorporated and unincorporated territory of the County of San
15 Mateo imposed pursuant to this subdivision and paragraph (1) of
16 subdivision (a) shall not exceed 1 percent.

17 (d) The ordinance shall take effect at the close of the polls on
18 the day of the election at which the proposition, as set forth in
19 Section 131108, is adopted. The ordinance shall specify the period,
20 as determined by the adopted county transportation expenditure
21 plan during which the tax will be imposed. The tax may be
22 terminated earlier if the projects in the adopted plan are completed
23 and any bonds outstanding issued pursuant to this division are
24 redeemed.

25 SEC. 6. The provisions of this act are severable. If any
26 provision of this act or its application is held invalid, that invalidity
27 shall not affect other provisions or applications that can be given
28 effect without the invalid provision or application.

29 SEC. 7. If the Commission on State Mandates determines that
30 this act contains costs mandated by the state, reimbursement to
31 local agencies and school districts for those costs shall be made
32 pursuant to Part 7 (commencing with Section 17500) of Division
33 4 of Title 2 of the Government Code.

34 ~~SEC. 8. This act is an urgency statute necessary for the~~
35 ~~immediate preservation of the public peace, health, or safety within~~
36 ~~the meaning of Article IV of the California Constitution and shall~~
37 ~~go into immediate effect. The facts constituting the necessity are:~~

38 ~~Public transit is an essential service in the state and there is an~~
39 ~~urgent need to conduct the financial efficiency review of specified~~
40 ~~transit operators required by this act as soon as possible and to~~

1 ~~protect and enhance public transit for San Francisco Bay area~~
2 ~~residents. For these reasons, it is necessary for this act to take effect~~
3 ~~immediately.~~

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