

January 5, 2026

Chair Noack and Commissioners
Public Transit Revenue Measure District
Bay Area Metro Center
375 Beale Street, Suite 800
San Francisco, CA 94105-2066
info@bayareametro.gov

Re: Submission of Voter-Initiated Regional Measure Under SB 63

Dear Chair Noack and District Board members:

I write on behalf of Connect Bay Area Transit Committee, a primarily-formed ballot measure committee that was formed in October 2025 by stakeholders and voters throughout the District for the purpose of placing a regional funding measure for public transportation on the November 2026 ballot, as authorized under Senate Bill 63. Over the last several months, the Connect Bay Area Transit Committee has convened two roundtables and held numerous discussions with labor partners, real estate and business leaders, community organizations, small business owners, transportation advocates, and local elected officials, all for the purpose of creating broad-based coalition to support the qualification and passage of a voter-initiated measure. As a result of this initial work, the Connect Bay Area Transit Committee has now drafted a proposed measure that complies with SB 63, raised funds to support the petition-gathering effort necessary to qualify the measure, and created a strong campaign team and coalition to support the qualification and passage of the measure in November. Connect Bay Area Transit already has key support from elected leaders, including State Senator Scott Wiener (author of SB 63), State Senator Jessie Arreguín (co-author of SB 63), San Francisco Mayor Daniel Lurie, Oakland Mayor Barbara Lee, Berkeley Mayor Adena Ishii, San Mateo County Board President David Canepa, and many more.

Accordingly, the Connect Bay Area Transit Committee intends to submit to the District elections official a Notice of Intent and full text of the measure within the next week or two, publish the Notice of Intent, and then commence signature gathering. A copy of the Committee's current draft, exclusive of findings and purposes sections (which are still being revised), is attached hereto. Given its commitment to qualify and pass the regional measure, the Connect Bay Area Transit Committee respectfully requests that the District refrain from moving forward at this time with drafting and adopting its own regional measure.

Sincerely,

Laura Tolkoff
Director/ Principal Officer
Connect Bay Area Transit Committee

cc: Kimberly Ward, kward@bayareametro.gov
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CONNECT BAY AREA TRANSIT INITIATIVE

The people of the Public Transit Revenue Measure District do ordain as follows:

SECTION 1. Title.

This ordinance shall be known, and may be cited, as the “Connect Bay Area Transit Initiative.”

SEC. 2. Findings and Declarations.

[To Come]

SEC. 3. Statement of Purpose.

It is the purpose of the people of the Public Transit Revenue Measure District in enacting this ordinance to achieve all of the following:

[To Come]

SEC. 4. Definitions.

For purposes of this ordinance, the following terms have the following meanings:

- (a) “AC Transit” means the Alameda-Contra Costa Transit District.
- (b) “Alameda County small bus operators” means the Livermore Amador Valley Transit Authority and Union City Transit.
- (c) “BART” means the San Francisco Bay Area Rapid Transit District.
- (d) “Caltrain” means the Peninsula Corridor Joint Powers Board.
- (e) “Commission” means the Metropolitan Transportation Commission.
- (f) “Contra Costa County small bus operators” means the Central Contra Costa Transit Authority, the Western Contra Costa Transit Authority, and the Eastern Contra Costa Transit Authority.
- (g) “Department” means the California Department of Tax and Fee Administration.
- (h) “District” means the Public Transit Revenue Measure District established by Section 67710 of the Government Code.

- (i) “Fund” means the Public Transit Revenue Measure Fund established by Section 11.
- (j) “Golden Gate Transit” means the Golden Gate Bridge, Highway and Transportation District.
- (k) “Muni” means the San Francisco Municipal Transportation Agency.
- (l) “Public transit expenses” means public transit operations expenses, or expenses for public transit capital improvement projects that maintain or improve public transit service, including expenses for public transit-specific components of a multimodal transportation project.
- (m) “San Francisco Bay Ferry” means the San Francisco Bay Area Water Emergency Transportation Authority.

SEC. 5. Retail Transactions Tax.

- (a) For the privilege of selling tangible personal property at retail, a tax is hereby imposed upon all retailers in the incorporated and unincorporated territory of the district, levied on the gross receipts of each retailer from the sale of all tangible personal property sold at retail in the district during the period specified in subdivision (c) of Section 14, at the following rates of each retailer’s gross receipts:
 - (1) 0.5 percent in the Counties of Alameda, Contra Costa, San Mateo, and Santa Clara.
 - (2) 1 percent in the City and County of San Francisco.
- (b) For purposes of the retail transactions tax imposed by this section, all retail transactions are consummated at the place of business of the retailer, unless the tangible personal property sold is delivered by the retailer or the retailer’s agent to an out-of-state destination or to a common carrier for delivery to an out-of-state destination. The gross receipts from such sales shall include delivery charges when such charges are subject to the state sales and use tax, regardless of the place to which delivery is made. In the event a retailer has no permanent place of business in the state or has more than one place of business, the place or places at which the retail sales are consummated shall be determined under rules and regulations adopted by the department.

SEC. 6. Use Tax.

- (a) An excise tax is hereby imposed on the storage, use, or other consumption in the district of tangible personal property purchased from any retailer during the period specified in subdivision (c) of Section 14 for storage, use, or other consumption in the district, at the following rates of the sales price of the property:
 - (1) 0.5 percent in the Counties of Alameda, Contra Costa, San Mateo, and Santa Clara.
 - (2) 1 percent in the City and County of San Francisco.

(b) For purposes of the use tax imposed by this section, the sales price shall include delivery charges when such charges are subject to state sales or use tax, regardless of the place to which delivery is made.

SEC. 7. Adoption of Provisions of State Law.

(a) Except as otherwise provided in this ordinance, all of the provisions of Part 1 (commencing with Section 6001) of Division 2 of the Revenue and Taxation Code, insofar as they relate to sales and use taxes and are not inconsistent with the provisions of Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code, are hereby adopted and made a part of this ordinance as though fully set forth herein.

(b) Wherever the State of California is named or referred to as the taxing agency in the provisions of Part 1 (commencing with Section 6001) of Division 2 of the Revenue and Taxation Code, the name of the district shall be substituted therefor, except as follows:

(1) The substitution shall not be made in the terms "State Controller," "State Treasurer," "State Treasury," and "Constitution of the State of California."

(2) The substitution shall not be made if it would require action to be taken by or against the district or any agency, officer, or employee thereof rather than by or against the department in performing the functions incident to the administration or operation of this ordinance.

(3) The substitution shall not be made if the substitution would do either of the following:

(A) Provide a tax exemption with respect to certain sales, storage, use, or other consumption of tangible personal property that would not otherwise be exempt while such sales, storage, use, or other consumption remains subject to tax by the state under the provisions of Part 1 (commencing with Section 6001) of Division 2 of the Revenue and Taxation Code.

(B) Impose a tax with respect to certain sales, storage, use, or other consumption of tangible personal property that would not be subject to tax by the state under the provisions of Part 1 (commencing with Section 6001) of Division 2 of the Revenue and Taxation Code.

(4) The substitution shall not be made in Sections 6701, 6702 (except in the last sentence thereof), 6711, 6715, 6737, 6797, or 6828 of the Revenue and Taxation Code.

(c) (1) The name of the district shall be substituted for the word "state" in the phrase "retailer engaged in business in this state," and in the definition of that phrase, in Section 6203 of the Revenue and Taxation Code.

(2) "A retailer engaged in business in the district" shall also include any retailer that, in the preceding calendar year or the current calendar year, has total combined sales of tangible personal property in this state or for delivery in the state by the retailer and all persons related to

the retailer that exceed five hundred thousand dollars (\$500,000). For purposes of this section, a person is related to another person if both persons are related to each other pursuant to Section 267(b) of the Internal Revenue Code and the regulations adopted thereunder.

(d) If a seller's permit has been issued to a retailer under Section 6067 of the Revenue and Taxation Code, an additional transactor's permit shall not be required by this ordinance.

(e) All amendments to Part 1 (commencing with Section 6001) of Division 2 of the Revenue and Taxation Code that are enacted subsequent to the effective date of this ordinance and that are not inconsistent with Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code, and all amendments to Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code that are enacted subsequent to the effective date of this ordinance, shall automatically become part of this ordinance, provided that no such amendment shall operate so as to affect the rate of tax imposed by this ordinance.

SEC. 8. Exemptions and Exclusions.

(a) The retail transactions tax imposed by Section 5 shall be subject to the following exemptions and exclusions:

(1) The amount subject to the retail transactions tax shall not include the amount of any sales or use tax imposed by the State of California or by any city, county, or city and county pursuant to the Bradley-Burns Uniform Local Sales and Use Tax Law (Part 1.5 (commencing with Section 7200) of Division 2 of the Revenue and Taxation Code) or the amount of any state-administered transactions or use tax.

(2) The sales of tangible personal property, other than fuel or petroleum products, to operators of aircraft to be used or consumed principally outside the county in which the sale is made and directly and exclusively in the use of the aircraft as common carriers of persons or property under the authority of the laws of this state, the United States, or any foreign government shall be exempt from the retail transactions tax.

(3) The sales of property which is to be used outside the district and which is shipped to a point outside the district, pursuant to the contract of sale, by delivery to that point by the retailer or the retailer's agent, or by delivery by the retailer to a carrier for shipment to a consignee at such point, are exempt from the retail transactions tax. For purposes of this paragraph, delivery to a point outside the district shall be satisfied as follows:

(A) With respect to vehicles (other than commercial vehicles) subject to registration pursuant to Chapter 1 (commencing with Section 4000) of Division 3 of the Vehicle Code, aircraft licensed in compliance with Section 21411 of the Public Utilities Code, and undocumented vessels registered under Division 3.5 (commencing with Section 9840) of the Vehicle Code, by registration to an out-of-district address and by a declaration under penalty of perjury, signed by the buyer, stating that the address is, in fact, the buyer's principal place of residence.

(B) With respect to commercial vehicles, by registration to a place of business out-of-district and a declaration under penalty of perjury, signed by the buyer, that the vehicle will be operated from that address.

(4) (A) The sale of tangible personal property shall be exempt from the retail transactions tax if the seller is obligated to furnish the property for a fixed price pursuant to a contract entered into prior to the operative date of this ordinance.

(B) The lease of tangible personal property which is a continuing sale of that property shall be exempt from the retail transactions tax for any period of time for which the lessor is obligated to lease the property for an amount fixed by the lease prior to the operative date of this ordinance.

(C) For purposes of this paragraph (4), the sale or lease of tangible personal property shall be deemed not to be obligated pursuant to a contract or lease for any period of time for which any party to the contract or lease has the unconditional right to terminate the contract or lease upon notice, whether or not that right is exercised.

(b) The use tax imposed by Section 6 shall be subject to the following exemptions and exclusions:

(1) The amount subject to the use tax shall not include the amount of any sales or use tax imposed by the State of California or by any city, county, or city and county pursuant to the Bradley-Burns Uniform Local Sales and Use Tax Law (Part 1.5 (commencing with Section 7200) of Division 2 of the Revenue and Taxation Code) or the amount of any state-administered transactions or use tax.

(2) In addition to the exemptions provided in Sections 6366 and 6366.1 of the Revenue and Taxation Code, the storage, use, or other consumption of tangible personal property, other than fuel or petroleum products, purchased by operators of aircraft and used or consumed by the operators directly and exclusively in the use of the aircraft as common carriers of persons or property for hire or compensation under a certificate of public convenience and necessity issued pursuant to the laws of this state, the United States, or any foreign government shall be exempt from the use tax.

(3) (A) The storage, use, or other consumption in the district of tangible personal property shall be exempt from the use tax if the purchaser is obligated to purchase the property for a fixed price pursuant to a contract entered into prior to the operative date of this ordinance.

(B) The possession of, or the exercise of any right or power over, tangible personal property under a lease which is a continuing purchase of the property shall be exempt from the use tax for any period of time for which the lessee is obligated to lease the property for an amount fixed by a lease entered into prior to the operative date of this ordinance.

(C) For purposes of this paragraph (3), the storage, use, or other consumption of, or possession of, or exercise of any right or power over, tangible personal property shall be deemed not to be obligated pursuant to a contract or lease for any period of time for which any party to the contract or lease has the unconditional right to terminate the contract or lease upon notice, whether or not the right is exercised.

(4) (A) Except as provided in subparagraph (B), a retailer engaged in business in the district shall not be required to collect the use tax from the purchaser of tangible personal property unless the retailer ships or delivers the property into the district or participates within the district in making the sale of the property, including, but not limited to, soliciting or receiving the order, either directly or indirectly, at a place of business of the retailer in the district or through any representative, agent, canvasser, solicitor, subsidiary, or person in the district under the authority of the retailer.

(B) "A retailer engaged in business in the district" shall also include any retailer of a vehicle subject to registration pursuant to Chapter 1 (commencing with Section 4000) of Division 3 of the Vehicle Code, an aircraft licensed in compliance with Section 21411 of the Public Utilities Code, or an undocumented vessel registered under Division 3.5 (commencing with Section 9840) of the Vehicle Code. The retailer shall be required to collect the use tax from any purchaser who registers or licenses the vehicle, aircraft, or vessel at an address in the district.

(c) Any person subject to the use tax imposed by Section 6 shall be entitled to credit against that tax any transactions tax, or to reimbursement for a transactions tax, paid to a district imposing, or a retailer liable for, a transactions tax pursuant to Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code with respect to the sale to the person of the property the storage, use, or other consumption of which is subject to the use tax.

SEC. 9. Contract with the State.

(a) Prior to the operative date of this ordinance, the district shall contract with the department to perform all functions incident to the administration and operation of this ordinance.

(b) In the event the district does not contract with the department prior to the operative date of this ordinance, the district shall nevertheless so contract and, in that case, the operative date of this ordinance shall be the first day of the first calendar quarter following the execution of the contract.

SEC. 10. Prohibition on Enjoining Collection.

No injunction or writ of mandate or other legal or equitable process shall issue in any suit, action, or proceeding in any court against the state or the district, or against any officer of the state or the district, to prevent or enjoin the collection under this ordinance, or Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code, of any tax or any amount of tax required to be collected.

SEC. 11. Public Transit Revenue Measure Fund.

- (a) There is hereby established in the treasury of the district the Public Transit Revenue Measure Fund.
- (b) The proceeds of the retail transactions and use taxes imposed by this ordinance shall be deposited into the fund and shall be expended in accordance with Section 12.

SEC. 12. Expenditure of Tax Proceeds.

Revenues in the fund shall be expended as follows:

- (a) The district shall pay the administrative costs associated with the collection of the revenues incurred by the department, and the amounts necessary for the costs incurred by the district or commission to perform the duties required under this ordinance, including, but not limited to, election cost reimbursements specified in Section 67740 of the Government Code, costs incurred for the financial efficiency review described in Section 67762 of the Government Code, costs incurred for any required legal defense, and other one-time costs associated with administering this ordinance.
- (b) After the amounts paid in subdivision (a), the district shall transfer the remaining revenues, with no discretion to withhold, reduce, delay, modify, specify the use of, or condition those revenues, as follows:
 - (1) (A) The revenues described in subparagraph (B) to the commission for the ongoing costs associated with administering this ordinance. If the amount transferred pursuant to this paragraph exceeds that which is necessary for administrative costs in a given year, the commission may use those excess funds for the purposes identified in paragraphs (10) to (12), inclusive.
 - (B) All of the following revenues shall be transferred to the commission pursuant to this paragraph:
 - (i) 0.25 percent of all revenues generated within the territory of the County of Alameda.
 - (ii) 0.25 percent of all revenues generated within the territory of the County of Contra Costa.
 - (iii) 0.13 percent of all revenues generated within the territory of the City and County of San Francisco.
 - (iv) 0.25 percent of all revenues generated within the territory of the County of San Mateo.

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

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

- (A) 64.70 percent of all revenues generated within the territory of the County of Alameda.
- (B) 58.59 percent of all revenues generated within the territory of the County of Contra Costa.
- (C) 29.14 percent of all revenues generated within the territory of the City and County of San Francisco.
- (D) 26.64 percent of all revenues generated within the territory of the County of San Mateo.

(3) The following revenues to the commission for allocation to Muni for transit operations expenses:

- (A) 1.09 percent of all revenues generated within the territory of the County of Contra Costa.
- (B) 62.87 percent of all revenues generated within the territory of the City and County of San Francisco.
- (C) 7.40 percent of all revenues generated within the territory of the County of San Mateo.

(4) The following revenues to the commission for allocation to Caltrain for transit operations expenses:

- (A) 3.97 percent of all revenues generated within the territory of the City and County of San Francisco.
- (B) 24.07 percent of all revenues generated within the territory of the County of San Mateo.
- (C) 10.38 percent of all revenues generated within the territory of the County of Santa Clara.

(5) The following revenues to the commission for allocation to AC Transit for transit operations expenses:

- (A) 21.25 percent of all revenues generated within the territory of the County of Alameda.
- (B) 3.70 percent of all revenues generated within the territory of the County of Contra Costa.

(6) 2.43 percent of all revenues generated within the territory of the County of Alameda to the commission for allocation to the Alameda County small bus operators, apportioned among each operator in amounts determined by the Alameda County Transportation Commission, for transit operations expenses.

(7) 11.41 percent of all revenues generated within the territory of the County of Contra Costa to the commission for allocation to the Contra Costa County small bus operators, apportioned among each operator in amounts determined by the Contra Costa Transportation Authority, for transit operations expenses.

(8) The following revenues to the commission for allocation to San Francisco Bay Ferry for transit operations expenses:

- (A) 1.62 percent of all revenues generated within the territory of the County of Alameda.
- (B) 0.76 percent of all revenues generated within the territory of the County of Contra Costa.
- (C) 0.97 percent of all revenues generated within the territory of the City and County of San Francisco.

(9) 0.40 percent of all revenues generated within the territory of the City and County of San Francisco to the commission for allocation to Golden Gate Transit for transit operations expenses.

(10) The following revenues to the commission for fare programs, including free and reduced-cost transfers and expanding the Clipper START program:

- (A) 2.78 percent of all revenues generated within the territory of the County of Alameda.
- (B) 2.78 percent of all revenues generated within the territory of the County of Contra Costa.
- (C) 1.40 percent of all revenues generated within the territory of the City and County of San Francisco.
- (D) 2.78 percent of all revenues generated within the territory of the County of San Mateo.
- (E) 2.78 percent of all revenues generated within the territory of the County of Santa Clara.

(11) The following revenues to the commission for accessibility programs and projects:

- (A) 1.11 percent of all revenues generated within the territory of the County of Alameda.
- (B) 1.11 percent of all revenues generated within the territory of the County of Contra Costa.
- (C) 0.56 percent of all revenues generated within the territory of the City and County of San Francisco.
- (D) 1.11 percent of all revenues generated within the territory of the County of San Mateo.
- (E) 1.11 percent of all revenues generated within the territory of the County of Santa Clara.

(12) The following revenues to the commission for mapping and wayfinding and transit priority projects and programs:

- (A) 1.11 percent of all revenues generated within the territory of the County of Alameda.
- (B) 1.11 percent of all revenues generated within the territory of the County of Contra Costa.
- (C) 0.56 percent of all revenues generated within the territory of the City and County of San Francisco.
- (D) 1.11 percent of all revenues generated within the territory of the County of San Mateo.
- (E) 1.11 percent of all revenues generated within the territory of the County of Santa Clara.

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

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

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

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

(c) The allocation of revenues by the commission pursuant to subdivision (b) shall be subject to Sections 67766, 67770, 67786, and 67788 of the Government Code, or any subsequent amendments of those provisions.

SEC. 13. Independent Oversight Committee.

As required by Section 67754 of the Government Code, within six months of the effective date of this ordinance the district shall establish an independent oversight committee to ensure that any revenues generated pursuant to this ordinance are distributed and transferred by the district consistent with the applicable requirements of this ordinance. The committee may be consolidated with the oversight committee established pursuant to subdivision (h) of Section 30923 of the Streets and Highways Code. The committee shall consist of either one or two representatives from each county included within the jurisdiction of the district, appointed by the

applicable county board of supervisors. The oversight committee may request any documents from the district to assist the committee in performing its functions.

SEC. 14. Annual Appropriations Limit.

Pursuant to Article XIII B of the California Constitution and other applicable laws, the appropriations limit for the district shall be adjusted periodically by the aggregate sum of taxes collected under this ordinance.

SEC. 15. Effective and Operative Dates.

- (a) This ordinance shall be considered adopted on the date the vote is declared by the district's governing board and shall go into effect 10 days after that date.
- (b) Except as provided in subdivision (b) of Section 9, this ordinance shall become operative on the first day of the calendar quarter commencing more than 110 days after the election at which this ordinance appeared on the ballot.
- (c) The retail transactions and use taxes enacted by this ordinance shall be imposed beginning on the operative date of this ordinance for a period of 14 years from that date.

SEC. 16. Severability.

It is the intent of the people that the provisions of this ordinance are severable and that if any provision of this ordinance, or the application thereof to any person or circumstance, is held invalid, such invalidity shall not affect any other provision or application of this ordinance that can be given effect without the invalid provision or application.

SEC. 17. Amendment.

Except for amendments that would increase the amount of the taxes enacted by this ordinance or extend the period during which those taxes may be imposed, the district's governing board may amend this ordinance without submitting the amendment to the voters for approval, provided that the amendment furthers the purposes of this ordinance as enacted by the voters.

SEC. 18. Conflicting Measures.

- (a) This ordinance is intended to be comprehensive. In the event that this ordinance appears on the same ballot as another measure relating to retail transactions and use taxes for the benefit of the Public Transit Revenue Measure District, the provisions of the other measure shall be deemed to be in conflict with this ordinance. If this ordinance receives a greater number of affirmative votes than a measure deemed to be in conflict with it, the provisions of this ordinance shall prevail in their entirety, and the provisions of the other measure shall be null and void.
- (b) If this ordinance is approved by the voters but is superseded by another conflicting measure approved by the voters at the same election, and the conflicting measure is later held invalid, this ordinance shall be self-executing and given full force and effect.

SEC. 19. Liberal Construction.

This ordinance is an exercise of the initiative power of the people of the Public Transit Revenue Measure District to impose special taxes for the purposes set forth in this ordinance, and it shall be liberally construed to effectuate those purposes.