

## Bay Area Partnership Board

May 12, 2025

Agenda Item 4c

### Senate Bill 63 (Wiener/Arreguin) Regional Transportation Measure Enabling Legislation Update

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**Subject:**

Overview of the legislation, upcoming legislative milestones and key outstanding issues.

**Background:**

Senate Bill (SB) 63 is the enabling legislation for a future Bay Area transportation measure to provide new dedicated funding to avert major transit cuts on AC Transit, BART, Caltrain and San Francisco Muni, which collectively carry about 80 percent of the region's transit trips and face a combined annual operating deficit of approximately \$800 million. Specifically, SB 63 creates the Transportation Revenue Measure District (District), which includes the counties of Alameda and Contra Costa and San Francisco City and County and expresses the intent of the Legislature that San Mateo and Santa Clara counties may opt into the District. (The bill states the preference of the Legislature for San Mateo to opt in). The bill authorizes the District to propose a new sales tax, to be administered by the Metropolitan Transportation Commission (MTC), for a duration of 10-15 years, and to be placed on the November 2026 ballot to offset the transit operating deficits faced by AC Transit, BART, Caltrain and San Francisco Muni. The bill specifies that small bus operators in Alameda and Contra Costa counties, who provide feeder bus service to BART, would also be eligible for funding.

The bill authorizes a half-cent sales tax in the counties of Alameda and Contra Costa and up to a 1-cent sales tax in the City and County of San Francisco. It further authorizes a ½-cent sales tax in the counties of San Mateo and Santa Clara. In line with MTC's principle of advancing transit transformation, the bill requires transit operators receiving funds from the revenue measure to comply with regional network policies and programs aimed at enhancing transit coordination while also including clear guardrails to ensure policies don't undermine transit service or state of good repair. The bill requires a financial efficiency review of operators, consistent with the goal of including meaningful accountability provisions.

The bill does not yet specify funding levels for the four operators facing major budget deficits. An earlier version of the bill provided intent language that counties served by any of the four operators mentioned above develop a Transit Operations Financial Responsibility and Implementation Plan (T-FRIP) in consultation with transit operators and other regional stakeholders. The intent of the T-FRIP was to help determine how much funding each of the operators would receive for transit operations. This language was removed in the April 29 version of the bill in response to concerns expressed by MTC and others. Specifically, MTC adopted a “support if amended” position in March, finding that the bill generally aligned with MTC’s advocacy principles for the enabling legislation (see attached) but requesting that the bill be amended to clarify that there would be no financial commitments in the bill assigned to counties that are not part of the measure. Based on the latest amendments, which removed all references to the T-FRIP, MTC is now in support of the bill.

***Authors Seeking Local Input on Expenditure Plan***

Importantly, the bill authors are still looking to the five counties, transit operators and other stakeholders to convene and develop a consensus proposal that can be incorporated into the legislation by July 31, 2025. To provide transparency, consistent financial information and reporting of operating deficits across the operators, MTC hired an independent third-party, MGO, to conduct a review of transit agency revenues, expenses, and cost-saving measures as well as current local contributions to BART and Caltrain and information on potential fair-share allocation methodologies. This Third-Party Financial Review work is meant as a resource to help inform the development of an expenditure plan for Senate Bill 63. This work is currently being finalized and is expected to be made public by mid to late May.

**Issues:**

***Transit Transformation Funding Details***

As noted, several key details of SB 63 have yet to be finalized and will be the subject of discussion and negotiation in the coming months. In addition to the levels of funding to be provided to operators, the bill provides that up to 10 percent of the funds may be used to fund initiatives included in the 2021 Bay Area Transit Transformation Action Plan or any successor plan. This plan identifies over two dozen strategies to enhance the transit rider experience and

improve transit coordination.<sup>1</sup> The exact level of funding (whether percentage or dollar amount) to be provided along with the type of investments to be made in this category is expected to be determined in tandem with the broader expenditure plan discussion. At your meeting, MTC staff will present an initial proposal for how much funding should be allocated to this category, including details about how the funds would be used and distributed.

### ***Which Counties Will Be in the Measure?***

The bill currently includes intent language that the geography of the measure be determined by July 31. Transportation agencies within the counties of San Mateo and Santa Clara have been discussing the pros and cons of opting in over the last month. Over the last six months, polling has been conducted to test support for local agency-led measures (including parcel taxes and sales taxes) by AC Transit, BART, Caltrain and Santa Clara Valley Transportation Authority.<sup>2</sup> Polling is currently underway in San Mateo County. In general, these polls have shown similar levels of support in the mid-50s for local or regional measures, similar to what MTC found in the January 2025 poll testing support for a measure in Alameda, Contra Costa, San Francisco and San Mateo counties.<sup>3</sup> It is important to note that SB 63 authorizes registered voters within the District to place the measure on the ballot directly via a citizen initiative, subject to a simple majority vote.

### **Next Steps:**

Having passed the first two policy committees in the Senate, the bill must next clear the Senate Appropriations Committee by May 23. It is expected to be placed “on suspense,” a category for bills of significance which are then voted on as a group. This committee evaluates legislation

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<sup>1</sup> [https://mtc.ca.gov/sites/default/files/documents/2021-09/Transit\\_Action\\_Plan\\_1.pdf](https://mtc.ca.gov/sites/default/files/documents/2021-09/Transit_Action_Plan_1.pdf)

<sup>2</sup> AC Transit: <https://actransit.legistar.com/View.ashx?M=F&ID=14147148&GUID=B4472E3C-BBA6-43AC-8A5C-28B0D5F72B8E>  
BART: <https://www.bart.gov/sites/default/files/2024-12/220-7372%202024%20Bay%20Area%20Transit%20Measure%20Survey%20Analysis%20-%20Final%20Board%20Presentation.pdf>  
Caltrain: <https://www.caltrain.com/media/34965/download>;  
Santa Clara VTA: <https://santaclaravta.iqm2.com/Citizens/FileOpen.aspx?Type=1&ID=4180&Inline=True> (See Agenda Item 7.3X)

<sup>3</sup> [https://mtc.ca.gov/sites/default/files/meetings/attachments/6220/3aii\\_25\\_0184\\_Handout\\_Transportation\\_Regional\\_Measure\\_Survey\\_Report\\_3.pdf](https://mtc.ca.gov/sites/default/files/meetings/attachments/6220/3aii_25_0184_Handout_Transportation_Regional_Measure_Survey_Report_3.pdf)

based on its fiscal impact on the state. Given the bill provides that any net costs associated with collecting the new tax would be offset by the new tax revenues, there should be no net state fiscal impact.

Subsequent legislative deadlines are listed below:

- June 6 – deadline for bill to pass the Senate floor
- July 18 – deadline for any Assembly policy committee to hear the bill
- September 2-12 – floor session only
- September 5 – last day to amend bill on the Floor
- September 12 – last day for each house to pass bills
- October 12 - last day for Governor Newsom to sign bills

**Bill Positions:**

**Support**

As of April 23, SB 63 is supported by the following organizations:

- Caltrain (Peninsula Corridors Joint Powers Authority)
- Climate Action California
- Livermore Amador Valley Transit Authority (support if amended)
- Metropolitan Transportation Commission
- San Francisco Bay Area Planning & Urban Research Association (SPUR)
- San Francisco Bay Area Rapid Transit District (BART)
- San Francisco County Transportation Authority
- SEIU California (support in concept)

**Oppose**

- California Taxpayer's Association
- Livable California (oppose unless amended)

**Attachment:**

- MTC Advocacy Principles on SB 63



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