

AGENDA ITEM 11

AMENDED IN SENATE MAY 16, 2024

AMENDED IN SENATE MAY 13, 2024

AMENDED IN SENATE APRIL 16, 2024

AMENDED IN SENATE MARCH 18, 2024

SENATE BILL

No. 1031

Introduced by Senators Wiener and Wahab
(Principal coauthor: Assembly Member Ting)

February 6, 2024

An act to amend Sections 65081 and 66516 of, to add ~~Section~~ *Sections 13978.9 and 65080.7* to, to add the heading of Division 1 (commencing with Section 66500) to Title 7.1 of, and to add Division 2 (commencing with Section 66538) to Title 7.1 of, the Government Code, to add Section 976.9 to the Unemployment Insurance Code, and to add Section 9250.3 to the Vehicle Code, relating to transportation.

LEGISLATIVE COUNSEL'S DIGEST

SB 1031, as amended, Wiener. San Francisco Bay area: local revenue measure: transportation improvements.

(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 authorize the commission to raise and allocate new revenue and incur and issue bonds and other indebtedness, as specified. In this regard, the bill would authorize the commission, until January 1, 2041, to impose a retail transactions and use tax, a regional payroll

tax, a parcel tax, and a regional vehicle registration surcharge in all or a subset of the 9 counties of the San Francisco Bay area, *except as specified*, in accordance with applicable constitutional requirements. The bill would prohibit a tax or surcharge described above from being imposed for a period of time of more than 30 years. The bill would require the parcel tax to be collected by counties and the other 3 taxes to be collected by specified state agencies, and would require the net revenues from those taxes to be remitted to the commission, as prescribed. *The bill would require the commission, in consultation with county transportation authorities, to develop an expenditure plan for the expenditure of the revenues expected to be generated by the tax or surcharge, together with other federal, state, and local funds expected to be available for transportation improvements, as specified. The bill would require, before the election on the tax or surcharge, the expenditure plan to be approved county transportation authorities representing counties meeting certain criteria, as provided.* The bill would require the revenue generated pursuant to these provisions to be used for transportation improvements in the San Francisco Bay area, including for various transit purposes, and would require the commission to ~~distribute~~ *allocate* those revenues in accordance with specified requirements.

By adding to the duties of local officials with respect to elections procedures for revenue measures on behalf of the commission, this bill would impose a state-mandated local program.

(2) Existing law establishes the Transportation Agency, consisting of various state agencies under the supervision of an executive officer known as the Secretary of Transportation, who is required to develop and report to the Governor on legislative, budgetary, and administrative programs to accomplish comprehensive, long-range, and coordinated planning and policy formulation in the matters of public interest related to the agency.

This bill would require the Transportation Agency to select a transportation institute, as defined, to conduct an assessment that analyzes the benefits and disbenefits to riders, and the administrative, financial, legal, contractual, and governance feasibility, of various forms of consolidation and enhanced coordination, as defined, among transit agencies, as defined, that are located in the 9-county San Francisco Bay area. The bill would require that assessment to be completed on or before January 1, 2026, and would require, as part of that assessment, the transportation institute to identify specified information about each

transit agency and to consider certain topics relating to consolidation and enhanced coordination. Based on the findings of the assessment, the bill would require the Transportation Agency, on or before January 1, 2027, to develop a report of recommendations that, among other things, identifies opportunities for the consolidation or enhanced coordination, or both, of 2 or more agencies and provides specific recommendations for the consolidation or enhanced coordination of transit agencies and their governing bodies without resulting in the elimination of programs and transportation services, as specified. The bill would establish the Bay Area Transit Consolidation and Coordination Technical Assistance Fund in the State Treasury for the deposit of moneys that can be used for specified purposes, including paying for the cost of conducting the assessment and preparing the report, as specified. The bill would require the assessment and the report to be submitted to the Legislature upon completion.

(3) Existing law requires the Metropolitan Transportation Commission to adopt rules and regulations to promote the coordination of fares and schedules for all public transit systems within its jurisdiction, as specified.

This bill would revise and recast this provision by, among other things, providing that the commission is responsible for implementing a seamless transit rider experience across the San Francisco Bay area and requiring those rules and regulations to also promote the coordination of mapping and wayfinding, real-time transit information, and other customer-facing operating policies, as specified. The bill would also declare that it is the intent of the Legislature that the commission implement and sustain specified outcomes in undertaking these responsibilities. The bill would require the commission to submit an annual report to the Legislature on the status of those outcomes and the status of transit ridership in the San Francisco Bay area. By imposing additional duties on the commission, the bill would create a state-mandated local program.

(4) Under existing law, a transit operator within the jurisdiction of the commission is not eligible to receive funding allocated by the commission pursuant to the State Transit Assistance Program unless it has complied with the above-described rules and regulations adopted by the commission.

This bill would also make a transit operator ineligible to receive an allocation from the commission of ~~the~~ *specified* revenues generated by

the new taxing authority authorized by the bill if the operator is not in compliance with those rules and regulations.

(5) Existing law requires designated transportation planning agencies to prepare and adopt regional transportation plans directed at achieving a coordinated and balanced regional transportation system. Existing law requires that each regional transportation plan include a sustainable communities strategy prepared by each metropolitan planning organization in order to, among other things, achieve certain targets established by the State Air Resources Board for the reduction of greenhouse gas emissions from automobiles and light trucks in the region for 2020 and 2035, respectively. Existing law also requires a regional transportation plan to include a financial element that summarizes the cost of plan implementation constrained by a realistic projection of available revenues and that contains recommendations for allocation of funds.

This bill would require the commission, on or before April 1, 2025, to amend or update its regional transportation plan to include a specified project operated by the Sonoma-Marin Area Rail Transit District within the transportation network identified in the sustainable communities strategy and within the financial element. By imposing additional duties on a local agency, the bill would create a state-mandated local program.

~~(5)~~

(6) Existing law authorizes the commission and the Bay Area Air Quality Management District to jointly adopt a commute benefit ordinance that requires covered employers operating within the common area of the 2 agencies with a specified number of covered employees to offer those employees certain commute benefits, as specified.

This bill would also authorize one of those commute benefit options to include an employer-provided regional transit pass.

This bill would authorize the commission, as part of a measure to impose a tax described above, to propose a ballot measure that would require a covered employer that is located in proximity to transit to purchase a regional transit pass for each of its employees and to require a covered employer that is not located in proximity to transit to provide a subsidy to each of its employees corresponding in financial value to the regional transit pass, as specified. If the ballot measure is approved by the voters, the bill would require the commission and the district to update the ordinance accordingly.

~~(6)~~

(7) 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.

Vote: 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. The Legislature finds and declares all of the
2 following:

3 (a) The San Francisco Bay area needs a world-class, reliable,
4 affordable, efficient, and connected transportation network that
5 meets the needs of bay area residents, businesses, and visitors
6 while also helping combat the climate crisis.

7 (b) A world-class transportation network will enhance access
8 to opportunity, lower greenhouse gas emissions, strengthen the
9 region’s economy, and improve quality of life.

10 (c) To achieve that vision, the San Francisco Bay area needs all
11 of the following:

12 (1) A public transit network that offers safe, clean, frequent,
13 accessible, easy-to-navigate, and reliable service that gets transit
14 riders where they want and need to go safely, affordably, quickly,
15 and seamlessly.

16 (2) Local roads that are well maintained.

17 (3) Transit, biking, walking, and wheeling options that are safe,
18 convenient, and competitive alternatives to driving.

19 (d) Regional funding and reforms are necessary to create a
20 climate-friendly transportation system that is safe, accessible, and
21 convenient for all, including through doing all of the following:

22 (1) Protecting and enhancing transit service.

23 (2) Making transit faster, safer, and easier to use.

24 (3) Enhancing mobility and access for all.

25 SEC. 2. This act shall be known, and may be cited as, the
26 Connect Bay Area Act of 2024.

27 SEC. 3. Section 13978.9 is added to the Government Code, to
28 read:

1 13978.9. (a) For purposes of this section, the following
2 definitions apply:

3 (1) “Commission” means the Metropolitan Transportation
4 Commission.

5 (2) “Consolidation” means a reform to transit agencies that
6 includes one or more of the following:

7 (A) Combining staffs or back office functions of two or more
8 transit agencies while retaining separate governing boards.

9 (B) Replacing multiple governing boards with a unified
10 governing board representing a broader jurisdiction.

11 (C) Creating a more effective umbrella structure under which
12 existing transit agencies are brought together but still operate as
13 distinct agencies with separate governing boards.

14 (3) “Enhanced coordination” means increasing coordination
15 across two or more transit agencies to improve service, efficiency,
16 safety, or other benefits. Enhanced coordination may include, but
17 is not limited to, any of the following:

18 (A) Colocation of facilities, programs, or services.

19 (B) Collaborating on grant applications, state or local plans, or
20 both, training, vehicle purchasing, or maintenance.

21 (C) Federal fund braiding.

22 (D) Initiatives included in the 2021 Bay Area Transit
23 Transformation Action Plan or any successor plan adopted by the
24 commission.

25 (4) “Labor institute” means the University of California,
26 Berkeley Labor Center or the UCLA Labor Center.

27 (5) “San Francisco Bay area” means the region comprising the
28 commission’s jurisdiction, as prescribed by Section 66502.

29 (6) “Transit agency” has the same meaning as “public
30 transportation operator” as defined in subdivision (b) of Section
31 99312.2 of the Public Utilities Code.

32 (7) “Transportation institute” means either the University of
33 California Institute of Transportation Studies or the Mineta
34 Transportation Institute at San José State University.

35 (b) The Transportation Agency shall oversee the completion of
36 the assessment required pursuant to subdivision (c) and the report
37 of legislative recommendations required pursuant to subdivision
38 (d) in a manner that emphasizes, across all facets of analysis and
39 recommendations, benefits to riders and disabled riders, including
40 those who use paratransit. The completion of the assessment and

1 report shall include consultation with impacted stakeholders
2 including, but not limited to, impacted transit agencies, transit
3 unions, transit riders, and local governments. It is the intent of the
4 Legislature that the assessment and the report help achieve all of
5 the following goals with regard to the operation of public transit
6 in the San Francisco Bay area:

7 (1) Improving the speed, efficiency, and reliability of service.

8 (2) Improving the affordability of fares.

9 (3) Improving the safety and cleanliness of service.

10 (4) Promoting the achievement of the state’s climate goals,
11 including through the incorporation and diffusion of zero-emission
12 technologies.

13 (5) Incorporating other technological changes that improve rider
14 experience and safety.

15 (6) Improving accessibility of, and connections to, regional and
16 interregional transit service in a manner that competes with private
17 automobile travel, particularly for low-income residents and those
18 residing in equity priority communities, as defined by the
19 commission.

20 (7) Improving and simplifying the accountability of the
21 transportation systems to the public and riders.

22 (8) Reducing administrative costs and improving cost
23 efficiencies within and across transit agencies.

24 (c) (1) The Transportation Agency shall select a transportation
25 institute to conduct an assessment in accordance with the
26 requirements of this section. The transportation institute shall
27 consult with a labor institute, if it chooses to participate, in
28 conducting all aspects of the assessment with respect to impacts
29 on the workforce and labor relations. The transportation institute
30 shall complete the assessment on or before January 1, 2026, and
31 upon completion, shall submit the assessment to the Legislature
32 in compliance with Section 9795, and to the commission and each
33 of the transit agencies located in the San Francisco Bay area.

34 (2) The transportation institute shall identify each transit agency
35 that has authority to create policy or assess charges with regard to
36 transit and that is located in the San Francisco Bay area and, at a
37 minimum, all of the following information in the assessment:

38 (A) The county where each transit agency and its governing
39 body is located.

- 1 (B) The governance structure of each transit agency, including
- 2 all of the following information:
- 3 (i) The size of the membership, terms of service of the members,
- 4 and whether the members are voting members, and whether the
- 5 governing body of those agencies is appointed or elected.
- 6 (ii) Any qualifications required to serve as a member of the
- 7 governing board of the transit agency.
- 8 (iii) Whether the governing body of the transit agency was
- 9 created pursuant to state law, local ordinance, city charter, federal
- 10 law, or ballot measure or initiative.
- 11 (C) The funding structures, including any tax assessments, and
- 12 revenue mechanisms, including any temporary or permanent state
- 13 or federal support, or both, established for each transit agency.
- 14 (D) The fares or other fees imposed on riders by each transit
- 15 agency and the available routes provided by each transit agency.
- 16 (E) The fleet type and size of each transit agency.
- 17 (F) The programs and services offered to riders by each transit
- 18 agency, including any subsidies or discounts offered to riders.
- 19 (G) The workforce size and type of each transit agency, whether
- 20 there are any applicable labor contracts for that workforce, and
- 21 the socioeconomic makeup of that workforce.
- 22 (H) The socioeconomic makeup of the riders of each transit
- 23 agency.
- 24 (I) The number and rate of transfers between public transit
- 25 services operated by different agencies.
- 26 (J) An analysis of existing transit service gaps compared to
- 27 regional travel patterns and how it relates to transit agencies’
- 28 boundaries.
- 29 (3) The assessment shall analyze the benefits and disbenefits to
- 30 riders, and the administrative, financial, legal, contractual, and
- 31 governance feasibility, of various forms of consolidation and
- 32 enhanced coordination among transit agencies that are located
- 33 within the San Francisco Bay area.
- 34 (4) The assessment shall consider all of the following:
- 35 (A) The impacts of consolidation or enhanced coordination, or
- 36 both, on all of the following:
- 37 (i) Wages, work conditions, and pension and retirement benefits
- 38 of workers covered by collective bargaining agreements at relevant
- 39 agencies and contracted services.
- 40 (ii) Operating budgets.

- 1 (iii) Existing costs.
- 2 (iv) Costs associated with implementation.
- 3 (v) Governance.
- 4 (vi) The total number of people employed and employment
- 5 opportunities.

6 (B) Challenges associated with any form of consolidation or
7 enhanced coordination, including consolidation or enhanced
8 coordination, or both, of transit agencies with different service
9 modes, rolling stock, and technologies, and with other key
10 operational differences across agencies.

11 (C) Regulatory and legal barriers to any form of consolidation
12 or enhanced coordination.

13 (D) Existing and planned regional network management efforts,
14 including efforts to modify and improve the commission’s regional
15 network management authority, and how consolidation or enhanced
16 coordination, or both, would relate to, or impact, those efforts.

17 (5) If the Transportation Agency selects the University of
18 California Institute of Transportation Studies to conduct the
19 assessment, the requirement to conduct the assessment shall only
20 apply to the University of California to the extent that the Regents
21 of the University of California, by appropriate resolution, make
22 that requirement applicable.

23 (d) (1) Based on the findings of the assessment conducted
24 pursuant to subdivision (c), the Transportation Agency shall
25 develop a report of recommendations to the Legislature. The
26 Transportation Agency shall complete the report on or before
27 January 1, 2027, and, upon completion, shall submit the report to
28 the Legislature in compliance with Section 9795, and to the
29 commission and each of the transit agencies located in the San
30 Francisco Bay area. In the report, the Transportation Agency shall
31 do all of the following:

32 (A) Identify opportunities for the consolidation or enhanced
33 coordination, or both, of two or more agencies and provide specific
34 recommendations for the consolidation or enhanced coordination,
35 or both, of transit agencies and their governing bodies without
36 resulting in the elimination of programs and transportation services,
37 with consideration for existing and planned regional network
38 management efforts or structures.

1 (B) Identify steps to maintain and transfer labor agreements and
2 bargaining units to maintain employee wages, benefits, protections,
3 and working conditions secured by those agreements.

4 (C) Identify barriers to the consolidation or enhanced
5 coordination, or both, of transit agencies, including local, state, or
6 federal laws, and alternative actions to the consolidation or
7 enhanced coordination, or both.

8 (D) Recommend opportunities for securing federal, state, and
9 local moneys that can be used to fund consolidation or enhanced
10 coordination, or both.

11 (E) Recommend a strategy for a public education and outreach
12 program on any proposed consolidation or enhanced coordination
13 efforts, or both.

14 (2) If the Transportation Agency recommends a new governing
15 structure and governing board member qualifications, as
16 appropriate, for a new consolidated agency or agencies, the
17 Transportation Agency shall base that recommendation on research
18 of effective international models of transit delivery excellence,
19 and consideration of recent regional and state studies of effective
20 transit governance. In making a recommendation described in this
21 paragraph, the Transportation Agency shall do all of the following:

22 (A) Identify any future legislative steps required to implement
23 the recommended governing structure.

24 (B) Consider other reforms necessary to ensure that commission
25 policy is democratically accountable and serves the regional
26 welfare.

27 (C) Assess any impact that consolidation or enhanced
28 coordination, or both, would have on wages, work conditions, and
29 pension and retirement benefits of workers covered by collective
30 bargaining agreements at the relevant transit agencies, including
31 paratransit and other contracted services.

32 (3) The Transportation Agency may contract with a consultant
33 to complete the report required pursuant to this subdivision if the
34 Transportation Agency does both of the following:

35 (A) Establishes a team to advise the consultant that, at minimum,
36 includes a transportation institute and a labor institute, if they
37 choose to participate, and that may additionally include, as needed,
38 individuals with expertise in the legal, governance, financial, and
39 operational aspects of public transportation in the state.

40 (B) Oversees the consultant consistent with subdivision (b).

1 (e) (1) The Bay Area Transit Consolidation and Coordination
2 Technical Assistance Fund is hereby established in the State
3 Treasury for the deposit of moneys that can be used for the
4 following purposes:

5 (A) Paying for the cost of conducting the assessment pursuant
6 to subdivision (c) and preparing the report pursuant to subdivision
7 (d).

8 (B) Paying for administrative expenses related to the
9 implementation of the consolidation or enhanced coordination, or
10 both, of transit agencies located in the San Francisco Bay area, if
11 those consolidations or enhanced coordinations occur.

12 (2) Any moneys deposited into the fund, including moneys
13 deposited into the fund pursuant to Section 66538.40, shall be
14 available to the Transportation Agency, upon appropriation by the
15 Legislature, for the purposes described in paragraph (1).

16 (3) The Transportation Agency may accept private donations
17 to be used for the purposes described in this section. Any donations
18 received pursuant to this paragraph shall be deposited into the fund
19 established pursuant to paragraph (1).

20 *SEC. 4. Section 65080.7 is added to the Government Code, to*
21 *read:*

22 *65080.7. On or before April 1, 2025, the Metropolitan*
23 *Transportation Commission shall update or amend its regional*
24 *transportation plan adopted pursuant to Section 65080 to include*
25 *the extension of rail transit service operated by the Sonoma-Marín*
26 *Area Rail Transit District to the City of Cloverdale in the County*
27 *of Sonoma within the transportation network identified in the*
28 *sustainable communities strategy pursuant to subparagraph (B)*
29 *of paragraph (2) of subdivision (b) of Section 65080 and within*
30 *the financial element included in the regional transportation plan*
31 *pursuant to paragraph (4) of subdivision (b) of Section 65080.*

32 ~~SEC. 4.~~

33 *SEC. 5. Section 65081 of the Government Code is amended*
34 *to read:*

35 65081. (a) It is the intent of the Legislature to encourage
36 metropolitan planning organizations and local air quality
37 management districts or air pollution control districts to work with
38 local employers to adopt policies that encourage commuting by
39 means other than driving alone. To encourage this, the Legislature

1 hereby establishes a program in that regard in the greater San
2 Francisco Bay Area.

3 (b) Notwithstanding Section 40717.9 of the Health and Safety
4 Code, the Bay Area Air Quality Management District and the
5 Metropolitan Transportation Commission with respect to the
6 common area within their respective jurisdictions may jointly adopt
7 a commute benefit ordinance that requires covered employers
8 operating within the common area of the district and commission
9 to offer all covered employees one of the following choices:

10 (1) A pretax option: a program, consistent with Section 132(f)
11 of the Internal Revenue Code, allowing covered employees to elect
12 to exclude from taxable wages employee commuting costs incurred
13 for transit passes or vanpool charges, up to the maximum amount
14 allowed by federal tax law.

15 (2) Employer-paid benefit: a program whereby the covered
16 employer offers employees a subsidy to offset the monthly cost
17 of commuting via public transit or by vanpool, or, in addition, and
18 at the employer's discretion, by bicycle. The subsidy shall be equal
19 to either the monthly cost of commuting via public transit or by
20 vanpool, or seventy-five dollars (\$75), whichever is lower. The
21 seventy-five dollar (\$75) amount shall be adjusted annually
22 consistent with the California Consumer Price Index. If the covered
23 employer chooses to offer a subsidy to offset the monthly cost of
24 commuting by bicycle, the subsidy shall be either the monthly cost
25 of commuting by bicycle or twenty dollars (\$20), whichever is
26 lower.

27 (3) Employer-provided transit: transportation furnished by the
28 covered employer at no cost, or low cost as determined by the
29 district or commission, to the covered employee in a vanpool or
30 bus, or similar multipassenger vehicle operated by or for the
31 employer.

32 (4) Employer-provided regional transit pass: a program whereby
33 the covered employer offers covered employees a subsidy in the
34 form of a universal regional transit pass to offset the monthly cost
35 of commuting via public transit.

36 (c) Nothing in this section shall prevent a covered employer
37 from offering a more generous commuter benefit that is otherwise
38 consistent with the requirements of the applicable commute benefit
39 ordinance. Nothing in this section shall require employees to
40 change their behavior.

1 (d) An employer offering, or proposing to offer, an alternative
2 commuter benefit on the employer’s own initiative, or an employer
3 otherwise required to offer an alternative commuter benefit as a
4 condition of a lease, original building permit, or other similar
5 requirement, if the alternative is not one of the options identified
6 in subdivision (b), may seek approval of the alternative from the
7 district or commission. The district or commission may approve
8 an alternative if it determines that the alternative provides at least
9 the same benefit in terms of reducing single-occupant vehicle trips
10 as any of the options in subdivision (b). An employer that offers
11 an approved alternative to covered employees in a manner
12 otherwise consistent with this section is not required to offer one
13 of the options in subdivision (b).

14 (e) The commute benefit ordinance shall provide covered
15 employers with at least six months to comply after the ordinance
16 is adopted.

17 (f) An employer that participates in or is represented by a
18 transportation management association that provides the employer’s
19 covered employees with any of the benefits in subdivision (b), or
20 an alternative benefit determined by the district or commission
21 pursuant to subdivision (d) to provide at least the same benefit in
22 terms of reducing single-occupant vehicle trips as any of the
23 options in subdivision (b), shall be deemed in compliance with the
24 regional ordinance, and the transportation management association
25 may act on behalf of those employers in that regard. The district
26 or commission shall communicate directly with the transportation
27 management association, rather than the participating employers,
28 to determine compliance with the ordinance.

29 (g) A commute benefit ordinance adopted pursuant to this
30 section shall specify all of the following:

31 (1) How the implementing agencies will inform covered
32 employers about the ordinance.

33 (2) How compliance with the ordinance will be demonstrated.

34 (3) The procedures for proposing and the criteria that will be
35 used to evaluate an alternative commuter benefit pursuant to
36 subdivision (d).

37 (4) Any consequences for noncompliance.

38 (h) Nothing in this section shall limit or restrict the statutory or
39 regulatory authority of the commission or district.

1 (i) The commission shall not use federal planning funds in the
2 implementation of the commute benefit ordinance.

3 (j) (1) Notwithstanding subdivisions (b) and (d), the commission
4 may, either directly or through a qualified voter initiative, propose
5 a ballot measure in all nine counties of the San Francisco Bay area
6 or a subset of those ~~counties~~ *counties, except as specified in*
7 *paragraph (2) of subdivision (b) of Section 66538.20*, as part of a
8 measure proposed pursuant to Division 2 (commencing with
9 Section 66538) of Title 7.1 and subject to the election procedures
10 set forth in that division to update the ordinance adopted pursuant
11 to this section to do both of the following:

12 (A) Require a covered employer that is located in proximity to
13 transit to purchase a regional transit pass for each of its employees
14 that provides universal and unlimited access to transit services
15 provided by transit agencies operating in the common area within
16 the jurisdiction of the district and the commission.

17 (B) Require a covered employer that is not located in proximity
18 to transit to provide a subsidy to each of its employees
19 corresponding in financial value to the regional transit pass
20 described in subparagraph (A) to encourage commuting to work
21 by means other than driving alone.

22 (2) Consistent with subdivision (b) of Section 66538.20, if the
23 update to the ordinance is proposed in a subset of the counties of
24 the San Francisco Bay area, the update to the ordinance authorized
25 in paragraph (1) shall apply only in those counties in which the
26 measure was submitted to the voters.

27 (3) Notwithstanding subdivisions (b) and (d), if a ballot measure
28 described in paragraph (1) is approved, the commission and the
29 district shall update the ordinance adopted pursuant to this section
30 to require covered employers to provide covered employees with
31 the applicable commuting benefit set forth in subparagraphs (A)
32 and (B) of paragraph (1) instead of requiring covered employers
33 to offer the choices described in paragraphs (1) to (4), inclusive,
34 of subdivision (b).

35 (k) As used in this section, the following definitions apply:

36 (1) “Commission” means the Metropolitan Transportation
37 Commission.

38 (2) “Covered employer” means any employer for which an
39 average of 50 or more employees per week perform work for
40 compensation within the area where the ordinance adopted pursuant

1 to this section operates. In determining the number of employees
2 performing work for an employer during a given week, only
3 employees performing work on a full-time basis shall be counted.

4 (3) “Covered employee” means an employee who performed
5 at least an average of 20 hours of work per week within the
6 previous calendar month within the area where the ordinance
7 adopted pursuant to this section operates.

8 (4) “District” means the Bay Area Air Quality Management
9 District.

10 ~~SEC. 5.~~

11 *SEC. 6.* The heading of Division 1 (commencing with Section
12 66500) is added to Title 7.1 of the Government Code, to read:

13
14 DIVISION 1. METROPOLITAN TRANSPORTATION
15 COMMISSION
16

17 ~~SEC. 6.~~

18 *SEC. 7.* Section 66516 of the Government Code is amended
19 to read:

20 66516. (a) (1) The commission shall be responsible for
21 implementing a seamless transit rider experience across the region.
22 To implement this responsibility, the commission shall adopt, and
23 update as necessary, rules and regulations to promote the
24 coordination of fares, including fare payment methods and transit
25 fare integration, schedules, mapping and wayfinding, real-time
26 transit information, and other customer-facing operating policies
27 that would benefit from a regional approach for all public transit
28 agencies within its jurisdiction.

29 (2) (A) It is the intent of the Legislature that the commission’s
30 rules and regulations adopted pursuant to paragraph (1) be based
31 on the central goal of increasing transit ridership by improving the
32 customer experience of riding public transit in the San Francisco
33 Bay area and creating a seamless experience across all public
34 transit agencies providing service in the commission’s jurisdiction.

35 (B) It is the further intent of the Legislature that in the exercise
36 of the authority established pursuant to paragraph (1), the act that
37 added this subparagraph shall not expand the commission’s
38 authority to withhold funding from public transit agencies beyond
39 the funds described in subdivision (b).

1 (3) The commission shall require every system to enter into a
2 joint fare revenue sharing agreement with connecting systems
3 consistent with the commission's rules and regulations.

4 (b) Notwithstanding any other law, each public transit agency
5 within the region shall comply with the commission's rules and
6 regulations adopted pursuant to subdivision (a) as a condition of
7 receiving any of the following funds:

8 (1) Any funds allocated pursuant to Sections 99313 and 99314
9 of the Public Utilities Code, consistent with Section 99314.7 of
10 the Public Utilities Code.

11 (2) Any funds allocated pursuant to ~~Division 2 (commencing~~
12 ~~with Section 66538). paragraph (1) of subdivision (d) of Section~~
13 ~~66538.40.~~

14 (c) In designating the commission with the responsibility set
15 forth in subdivision (a), it is the intent of the Legislature that the
16 commission implement and sustain the following outcomes:

17 (1) A common fare payment system for public transit agencies
18 in the region.

19 (2) A universal regional transit pass that is valid on all public
20 transit agencies in the region.

21 (3) An integrated transit fare structure with common definitions
22 for adults, youth, seniors, persons with disabilities, and other
23 categories of riders.

24 (4) A common fare transfer policy that strives to eliminate any
25 extra fare for using more than one transit system on a single
26 journey.

27 (5) Integrated mapping, signage, and real-time schedule
28 information that makes transit in the region easy to navigate and
29 convenient for both new and existing riders.

30 (6) Transit services in the region that are equitably planned and
31 integrally managed as a unified, efficient, and reliable network,
32 including interagency transfer policies and coordinating schedules
33 at stops or station areas serving more than one public transit
34 agency.

35 (7) Transit services for older adults, people with disabilities,
36 and those with lower incomes that are coordinated efficiently
37 throughout the region.

38 (8) Resources are invested to provide for the comfort and safety
39 of transit riders.

1 (9) The transit network in the region uses its existing resources
2 more efficiently and secures new, dedicated revenue to meet its
3 capital and operating needs.

4 (d) Nothing in this section authorizes the commission to do any
5 of the following:

6 (1) Restrict a public transit agency's access to funds not
7 allocated by the commission.

8 (2) Require a public transit agency to implement policies or
9 programs that would impede or interfere with its ability to comply
10 with any legal obligations in transit labor contracts.

11 (3) Restrict the use of a public transit agency's logo outside the
12 scope of the commission's regional mapping and wayfinding
13 standards.

14 (4) Require that a public transit agency modify the schedule or
15 route of a specific local route that the transit agency and the
16 commission do not identify as primarily serving regional transit
17 service.

18 (e) (1) The commission shall not require a public transit agency
19 to be subject to a one-time or ongoing policy, or to make a one-time
20 or ongoing expenditure, pursuant to subdivision (a) if the public
21 transit agency adopts a finding that the policy or expenditure would
22 require the agency to take an action that the agency determines to
23 be unacceptable with respect to its impact on transit service,
24 staffing, maintenance, or other specified operational or state of
25 good repair considerations.

26 (2) Before adopting a finding pursuant to this subdivision, a
27 public transit agency shall conduct an assessment that takes into
28 consideration all funding anticipated to be available to the public
29 transit agency in the next fiscal year, including, but not limited to,
30 any discretionary funding that the commission identifies to help
31 offset the cost of the proposed expenditure or policy, any growth
32 in fare revenue anticipated as a result of the expenditure or policy,
33 and potential adjustments to fares or fare policies the agency could
34 make to increase revenue. The public transit agency shall develop
35 the assessment in consultation with staff from the commission and
36 shall present it to the commission at a public meeting in advance
37 of adopting a finding pursuant to this subdivision.

38 (3) At the request of the commission, a public transit agency
39 may be required to update its assessment conducted pursuant to
40 paragraph (2) and make a subsequent finding in future fiscal years.

1 (f) It is the intent of the Legislature to enact legislation that
2 would strengthen regional network management within the region,
3 including the possibility of establishing a body within the
4 commission to guide regional network management efforts.

5 (g) In implementing this section, each public transit agency in
6 the region shall fulfill all applicable requirements under Title VI
7 of the federal Civil Rights Act of 1964 (Public Law 88-352)
8 regarding service and fare changes.

9 (h) (1) The commission shall submit a report to the Legislature
10 on or before January 1, 2026, and each year thereafter, on the status
11 of the outcomes described in subdivision (c) and the status of transit
12 ridership in the region. The commission shall submit the annual
13 report to the Legislature in compliance with Section 9795.

14 (2) The commission shall also post the annual report described
15 in paragraph (1) on its internet website.

16 (i) For purposes of this section, “public transit agency” has the
17 same meaning as “STA-eligible operator,” as defined in Section
18 99312.2 of the Public Utilities Code.

19 ~~SEC. 7.~~

20 SEC. 8. Division 2 (commencing with Section 66538) is added
21 to Title 7.1 of the Government Code, to read:

22

23 DIVISION 2. TAXING AUTHORITY AND
24 TRANSPORTATION FUNDING

25

26 CHAPTER 1. DEFINITIONS

27

28 66538. For purposes of this division, the following definitions
29 apply:

30 (a) “Commission” means the Metropolitan Transportation
31 Commission created pursuant to Section 66502.

32 (b) “Public transit agency” has the same meaning as
33 “STA-eligible operator,” as defined in Section 99312.2 of the
34 Public Utilities Code.

35 (c) “San Francisco Bay area” has the same meaning as “region,”
36 as defined in Section 66502.

CHAPTER 2. SPECIAL TAXES

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66538.20. (a) The commission, either directly or through a qualified voter initiative, may raise and allocate new revenue through all of the following funding mechanisms:

- (1) A retail transactions and use tax, as provided in Section 66538.22.
- (2) A regional payroll tax, as provided in Section 66538.24.
- (3) A parcel tax, as provided in Section 66538.26.
- (4) A regional vehicle registration surcharge, as provided in Section 66538.28.

(b) (1) Any funding mechanism or combination of funding mechanisms authorized pursuant to subdivision (a) that requires voter approval pursuant to the California Constitution may be placed on the ballot in all or a subset of the nine counties in the San Francisco Bay area. ~~A~~

(2) *Notwithstanding paragraph (1), a measure to approve a funding mechanism described in paragraph (1) shall not be placed on the ballot in the County of Marin or Sonoma, or both, before November 2028.*

(3) A measure placed on the ballot in a subset of those nine counties shall apply only in those counties in which the measure was submitted to the voters.

(c) In addition to the procedures set forth in Chapter 4 (commencing with Section 9300) of Division 9 of the Elections Code, if an ordinance containing a tax authorized by this chapter is proposed by an initiative petition, the initiative shall require the proceeds of the tax to be expended consistent with Chapter 4 (commencing with Section 66538.40).

(d) A tax or surcharge described in subdivision (a) shall not be imposed for a period of time longer than 30 years.

(e) It is the intent of the Legislature that the intended amount of revenue raised pursuant to this division be one billion five hundred million dollars (\$1,500,000,000) annually and that the maximum aggregate retail transactions and use tax increase imposed pursuant to this division shall not exceed one-half of 1 percent.

(f) Beginning January 1, 2041, the commission shall have no authority, either directly or through a qualified voter initiative, to propose a measure to raise revenue pursuant to this division.

1 66538.22. (a) The commission may, either directly or through
2 a qualified voter initiative, impose a retail transactions and use tax
3 ordinance applicable in the San Francisco Bay area in accordance
4 with this division and Part 1.6 (commencing with Section 7251)
5 of Division 2 of the Revenue and Taxation Code.

6 (b) The commission, in the ordinance, shall state the nature of
7 the tax to be imposed, shall provide the tax rate or the maximum
8 tax rate, shall specify the period during which the tax will be
9 imposed, and shall specify the purposes for which the revenue
10 derived from the tax will be used. The tax rate shall be in
11 one-fourth of 1 percent increments. The tax rate imposed pursuant
12 to this section shall not, in aggregate, exceed a maximum tax rate
13 of one-half of 1 percent.

14 (c) Notwithstanding Section 7251.1 of the Revenue and Taxation
15 Code, the tax rate authorized pursuant to this section shall not be
16 considered for purposes of the combined rate limit established by
17 Section 7251.1 of the Revenue and Taxation Code.

18 (d) Any transactions and use tax ordinance adopted pursuant to
19 this chapter shall be operative on the first day of the first calendar
20 quarter commencing more than 110 days after adoption of the
21 ordinance.

22 (e) Before the operative date of the ordinance, the commission
23 shall contract with the California Department of Tax and Fee
24 Administration to perform all functions incidental to the
25 administration and operation of the ordinance.

26 66538.24. (a) The commission may, either directly or through
27 a qualified voter initiative, by ordinance, impose a tax on every
28 employer in the San Francisco Bay area, except an employer
29 defined by Section 676, 684, or 685 of the Unemployment
30 Insurance Code, at a percentage, as determined by the commission,
31 of wages paid to an individual.

32 (b) If the commission acts pursuant to the authorization in
33 subdivision (a), the commission shall contract with the
34 Employment Development Department to perform all functions
35 incidental to the administration and operation of the tax.

36 (c) The tax shall be collected in the same manner and at the
37 same time as any contributions required under Sections 977 and
38 977.5 of the Unemployment Insurance Code, except as provided
39 in this section.

1 66538.26. (a) Subject to Section 4 of Article XIII A of the
2 California Constitution, the commission may, either directly or
3 through a qualified voter initiative, impose, by ordinance, a parcel
4 tax within the San Francisco Bay area pursuant to the procedures
5 established in Article 3.5 (commencing with Section 50075) of
6 Chapter 1 of Part 1 of Division 1 of Title 5, Chapter 3 (commencing
7 with Section 66538.30), and any other applicable procedures
8 provided by law.

9 (b) For purposes of this section, “parcel tax” means a special
10 tax imposed upon a parcel of real property at a rate that is
11 determined without regard to that property’s value.

12 (c) The commission shall provide notice of any parcel tax
13 imposed pursuant to this section in the manner specified in Section
14 54930.

15 (d) The parcel tax shall be collected in the same manner as
16 ordinary ad valorem property taxes are collected and shall be
17 subject to the same penalties and the same procedure, sale, and
18 lien priority in case of delinquency as is provided for ad valorem
19 taxes.

20 (e) A parcel tax levied pursuant to this section shall be
21 administered in the following manner:

22 (1) Taxes collected shall be deposited into a separate fund, which
23 shall be established in the treasury of each county and used only
24 as prescribed by this division.

25 (2) The county shall transfer moneys from the fund to the
26 commission periodically as promptly as feasible. The transmittals
27 shall be made at least twice in each calendar quarter.

28 (3) The county may deduct incremental costs associated with
29 administering any taxes approved pursuant to this section from
30 the portion transferred to the commission pursuant to paragraph
31 (2).

32 66538.28. (a) The commission may, either directly or through
33 a qualified voter initiative, by ordinance, impose a regional vehicle
34 registration surcharge on each motor vehicle registered within the
35 San Francisco Bay area. The commission shall not propose a
36 measure to the electors to approve a surcharge pursuant to this
37 section before January 1, 2030.

38 (b) The commission may determine the rate of the regional
39 vehicle registration surcharge subject to all of the following
40 requirements:

1 (1) The surcharge shall be paid on an annual basis and shall be
2 collected by the Department of Motor Vehicles at the same time
3 and same manner as the vehicle registration pursuant to Section
4 9250 of the Vehicle Code.

5 (2) The amount of the surcharge shall be based on the market
6 value of the vehicle, as determined by the Department of Motor
7 Vehicles pursuant to Sections 10753, 10753.2, and 10753.5 of the
8 Revenue and Taxation Code, using the same vehicle ranges set
9 forth in the schedule established pursuant to Section 11052 of the
10 Revenue and Taxation Code.

11 (3) The surcharge amount applicable to each vehicle range in
12 the schedule described in paragraph (2) shall be set in amounts
13 that increase based on the increasing value of each vehicle range.

14 (4) Beginning one year after an ordinance imposing a surcharge
15 is approved by the voters, the amount of the surcharge in each
16 vehicle market range shall be adjusted in an amount equal to the
17 increase in the California Consumer Price Index for the prior year,
18 as calculated by the Department of Finance, with amounts equal
19 to or greater than fifty cents (\$0.50) rounded to the highest whole
20 dollar. The incremental change shall be added to the associated
21 fee rate for that year.

22 (c) If an ordinance imposing a regional vehicle registration
23 surcharge is approved by the voters pursuant to Chapter 3
24 (commencing with Section 66538.30), the surcharge shall apply
25 to the original vehicle registration occurring on or after six months
26 following the adoption of the ordinance by the voters and to a
27 renewal of registration with an expiration date on or after that
28 six-month period.

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CHAPTER 3. ELECTION PROCEDURES

32 66538.30. (a) If the commission, either directly or through
33 qualified voter initiative, proposes a measure pursuant to Chapter
34 2 (commencing with Section 66538.20) that requires voter approval
35 pursuant to the California Constitution, the board of supervisors
36 of the county or counties in which the commission has determined
37 to place the measure on the ballot shall call a special election on
38 the measure. The special election shall be held no sooner than
39 November 2026 and shall be consolidated with the next regularly
40 scheduled statewide election. The measure shall be submitted to

1 the voters in the appropriate counties, consistent with the
2 requirements of Articles XIII A, XIII C, and XIII, or Article XVI,
3 of the California Constitution, as applicable.

4 *(b) (1) The commission, in consultation with the county*
5 *transportation authorities located in the counties in which the*
6 *commission has determined to place the measure on the ballot,*
7 *shall develop an expenditure plan consistent with Chapter 4*
8 *(commencing with Section 66538.40) for the expenditure of the*
9 *revenues expected to be generated by a measure placed on the*
10 *ballot pursuant to this chapter, together with other federal, state,*
11 *and local funds expected to be available for transportation*
12 *improvements, for the period during which the tax or surcharge*
13 *is to be imposed.*

14 *(2) Before the call of the election pursuant to subdivision (a),*
15 *the expenditure plan developed pursuant to paragraph (1) shall*
16 *be approved by the county transportation authorities representing*
17 *both a majority of the counties in which the commission has*
18 *determined to place the measure on the ballot and a majority of*
19 *the total population in all of the counties in which the commission*
20 *has determined to place the measure on the ballot.*

21 *(3) For purposes of this subdivision, “county transportation*
22 *authority” means a county transportation authority established*
23 *pursuant to Division 12.5 (commencing with Section 131000) of*
24 *the Public Utilities Code, or if a county transportation authority*
25 *has not been established in a county, the congestion management*
26 *agency for that county.*

27 ~~(b)~~

28 *(c) For the purpose of placement of a measure on the ballot, the*
29 *commission is a district, as defined in Section 317 of the Elections*
30 *Code. Except as otherwise provided in this section, a measure*
31 *proposed by the commission that requires voter approval shall be*
32 *submitted to the voters of the counties, as determined by the*
33 *commission, in accordance with the provisions of the Elections*
34 *Code applicable to districts, including Chapter 4 (commencing*
35 *with Section 9300) of Division 9 of the Elections Code.*

36 ~~(e)~~

37 *(d) Notwithstanding any provision of the Elections Code, the*
38 *legal counsel for the commission shall prepare an impartial analysis*
39 *of the measure. Each county included in the measure shall use the*
40 *election materials provided by the commission, including the exact*

1 ballot question, impartial analysis, and full text of the ballot
2 measure for inclusion in the county voter information guide.

3 ~~(d)~~

4 (e) If two or more counties included in the measure are required
5 to prepare a translation of ballot materials into the same language
6 other than English, the county that contains the largest population,
7 as determined by the most recent federal decennial census, among
8 those counties that are required to prepare a translation of ballot
9 materials into the same language other than English shall prepare
10 the translation, or authorize the commission to prepare the
11 translation, and that translation shall be used by the other county
12 or counties, as applicable.

13 ~~(e)~~

14 (f) Notwithstanding Section 13116 of the Elections Code, the
15 elections officials of the counties where the measure will appear
16 on the ballot shall mutually agree to use the same letter designation
17 for the measure.

18 ~~(f)~~

19 (g) The county clerk of each county shall report the results of
20 the special election to the commission. If the approval threshold
21 required by the California Constitution at the time of the election
22 is achieved, the measure shall take effect in the counties in which
23 the measure appeared on the ballot within the timeframe specified
24 in the measure.

25 ~~(g)~~

26 (h) (1) Notwithstanding Section 10520 of the Elections Code,
27 for any election at which the commission, either directly or through
28 qualified voter initiative, proposes a measure pursuant to
29 subdivision (a) of Section 66538.20 that would generate revenues,
30 the commission shall reimburse each county in which that measure
31 appears on the ballot only for the incremental costs incurred by
32 the county elections official related to submitting the measure to
33 the voters with proceeds from the measure, or if the measure fails,
34 with any eligible funds provided by the commission or other public
35 or private entity.

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

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

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

- 5 (i) The printing and mailing of ballot materials.
- 6 (ii) The canvass of the vote regarding the measure pursuant to
7 Division 15 (commencing with Section 15000) of the Elections
8 Code.

9 ~~(h)~~

10 (i) If the voters approve new revenues pursuant to this section,
11 the commission shall establish an independent oversight committee
12 within six months of the effective date of the tax increase to ensure
13 that any revenues generated pursuant to this section are expended
14 consistent with the applicable requirements set forth in Chapter 4
15 (commencing with Section 66538.40). The committee may be
16 consolidated with the oversight committee established pursuant
17 to subdivision (h) of Section 30923 of the Streets and Highways
18 Code. Each representative shall be appointed by the applicable
19 county board of supervisors. The oversight committee may request
20 any documents from the commission to assist the committee in
21 performing its functions.

22
23 CHAPTER 4. EXPENDITURES
24

25 66538.40. (a) Revenues generated pursuant to Chapter 2
26 (commencing with Section 66538.20) shall only be used to fund
27 transportation improvements in the San Francisco Bay area,
28 consistent with ~~subdivision (e):~~ *this chapter*.

29 (b) (1) (A) Revenue measure expenditures shall reflect an
30 equitable allocation of revenues throughout the counties that
31 participated in the election approving the tax measure with not
32 less than 70 percent of the revenues generated in each county being
33 invested in projects and programs that benefit that county, including
34 transit operations funding for transit agencies that serves riders of
35 that county, ~~over each~~ *for the first* five-year period that the tax is
36 operative.

37 (B) *After the end of the first five-year period that the tax is*
38 *operative, the minimum county benefit threshold described in*
39 *subparagraph (A) shall increase to 90 percent for each succeeding*
40 *five-year period that the tax is operative.*

1 (C) *The funds described in this paragraph shall not supplant*
 2 *any local, regional, state, or federal funding.*

3 (2) *The commission shall prepare and adopt a calculation at*
 4 *least once every two years to ensure the allocation of funds*
 5 *pursuant to this chapter complies with paragraph (1).*

6 (c) (1) *If the Counties of Marin and Sonoma participate in the*
 7 *election approving a tax measure, the commission shall, before*
 8 *allocating any revenues pursuant to subdivision (d), annually*
 9 *allocate, at minimum, revenues equivalent to the sales tax amount*
 10 *from the revenues generated by that tax measure pursuant to*
 11 *Chapter 2 (commencing with Section 66538.20) to the*
 12 *Sonoma-Marin Area Rail Transit District to support the*
 13 *continuation of commuter rail operations and capital needs in the*
 14 *two counties. Any revenues allocated pursuant to this subdivision*
 15 *shall count towards the minimum county benefit threshold*
 16 *described in paragraph (1) of subdivision (b).*

17 (2) *Paragraph (1) shall become inoperative if a retail*
 18 *transactions and use tax ordinance authorized pursuant to Part*
 19 *16 (commencing with Section 105000) of Division 10 of the Public*
 20 *Utilities Code is in effect on or after January 1, 2028.*

21 (3) *This subdivision shall only apply to the revenues generated*
 22 *from the first tax measure approved pursuant to this division that*
 23 *includes the Counties of Marin and Sonoma in the election to*
 24 *approve the measure.*

25 (4) *For purposes of this subdivision, “sales tax amount” means*
 26 *the amount of revenue that would be collected in the Counties of*
 27 *Marin and Sonoma if a retail transactions and use tax at the rate*
 28 *of one-quarter of one percent was imposed in those counties*
 29 *pursuant to Part 1.6 (commencing with Section 7251) of Division*
 30 *2 of the Revenue and Taxation Code.*

31 ~~(e)~~

32 (d) *The commission shall annually allocate revenues generated*
 33 *pursuant to Chapter 2 (commencing with Section 66538.20) in a*
 34 *manner that achieves the following shares and that is consistent*
 35 *with the following requirements:*

36 (1) *Forty-five percent for investments that support transit*
 37 *transformation, as follows:*

38 (A) *For purposes of this chapter, transit transformation*
 39 *investments shall include all of the following:*

- 1 (i) Sustaining, expanding, and improving transit service for
2 current and future transit riders.
- 3 (ii) Accelerating customer-focused initiatives outlined in the
4 2021 Bay Area Transit Transformation Action Plan or any
5 successor plan adopted by the commission.
- 6 (iii) Developing and implementing customer-focused
7 improvements, including, but not limited to, safety and cleanliness
8 enhancements.
- 9 (iv) Zero-emission transit vehicles and infrastructure.
- 10 (B) The commission shall prioritize the following in allocating
11 funds that support transit transformation:
 - 12 (i) For the first five-year period of the tax, assisting transit
13 operators in preventing service cuts.
 - 14 (ii) After the end of the period described in clause (i), sustaining,
15 expanding, and improving transit service for current and future
16 transit riders, including through implementing the 2021 Bay Area
17 Transit Transformation Action Plan and any successor plan adopted
18 by the commission.
- 19 (C) The commission shall allocate no less than 40 percent of
20 the total revenues required to be allocated pursuant to this
21 paragraph to public transit agencies for investments that support
22 transit transformation in accordance with the following:
 - 23 (i) The commission shall allocate the revenues made available
24 pursuant to this subparagraph by county based on the share of the
25 revenue generated in each county.
 - 26 (ii) A public transit agency shall be eligible to request an
27 apportionment from the allocation for each county pursuant to
28 clause (i) in which it provides service.
 - 29 (iii) The commission shall determine the amount to be
30 apportioned to each public transit agency that requests an
31 apportionment consistent with subparagraph (E) and shall update
32 that apportionment at least once every two years.
- 33 (D) After allocating funds pursuant to subparagraph (C), the
34 commission shall use any remaining funds available under this
35 paragraph for investments that support transit transformation.
- 36 (E) In allocating funds pursuant to subparagraphs (C) and (D),
37 the commission shall ensure that all of the following conditions
38 are met:

1 (i) Not less than twenty-five million dollars (\$25,000,000)
2 annually shall be apportioned to each public transit agency that
3 meets either of the following ridership thresholds:

4 (I) The public transit agency provides more than 5,000,000
5 unlinked passenger trips per year.

6 (II) The public transit agency carries riders more than
7 25,000,000 passenger miles per year.

8 (ii) Not less than ten million dollars (\$10,000,000) annually
9 shall be apportioned to small public transit agencies in counties
10 where those small public transit agencies provide a combined
11 3,000,000 or greater unlinked passenger trips per year.

12 (iii) Not less than five million dollars (\$5,000,000) annually
13 shall be apportioned to small public transit agencies in each county
14 with small public transit agencies providing less than 3,000,000
15 unlinked passenger trips per year.

16 (iv) The amounts specified in clauses (i) to (iii), inclusive, shall
17 be adjusted at least once every five years in proportion to the rate
18 of increase in revenues during the years preceding the adjustment.

19 (v) For the purposes of this subparagraph, “small public transit
20 agency” means a public transit agency that does not meet the
21 service threshold described in clause (i).

22 (2) Not less than 25 percent for investments that support safe
23 streets, as follows:

24 (A) Eligible investments shall include projects to transform
25 local streets and roads to support safety, social equity, and climate
26 goals, including, but not limited to, any of the following projects:

27 (i) Enhancements to *safe routes to schools programs and*
28 *pedestrian safety on sidewalks, crosswalks, and midblock segments*
29 *with an emphasis on improvements near community facilities such*
30 *as schools, business districts, and shopping areas.*

31 (ii) Modifications to intersections, including adjustments to
32 signal timing, designed to slow vehicle speeds and reduce conflicts
33 between vehicles and vulnerable road users.

34 (iii) Safety and accessibility improvements to transit stops,
35 including the cost of relocating them.

36 (iv) Street surface repair and raised roadway treatments to reduce
37 vehicle speeds.

38 (v) Improvements to drainage and stormwater infrastructure.

39 (B) Of the funds described in this paragraph, the commission
40 shall allocate all of the revenues generated in each county to the

1 applicable county transportation authority established pursuant to
2 Division 12.5 (commencing with Section 131000) of the Public
3 Utilities Code for expenditure consistent with subparagraph (A).
4 If a county transportation authority has not been established in a
5 county, the commission shall instead allocate the revenues to the
6 congestion management agency for that county.

7 (3) Not less than 15 percent for investments that support
8 connectivity, as follows:

9 (A) Eligible investments shall include highway, transit, and rail
10 mobility projects that close gaps and relieve bottlenecks in the
11 existing transportation network in a climate-neutral manner,
12 resilience improvements that protect transportation infrastructure
13 from climate-fueled natural hazards, *active transportation projects*,
14 and transportation safety improvements, including, but not limited
15 to, grade separations.

16 ~~(B) The commission shall ensure revenues generated in each~~
17 ~~county shall be invested over a _____ year period in projects and~~
18 ~~programs that benefit that county.~~

19 *(B) Of the funds described in this paragraph, the commission*
20 *shall allocate all of the revenues generated in each county to the*
21 *applicable county transportation authority established pursuant*
22 *to Division 12.5 (commencing with Section 131000) of the Public*
23 *Utilities Code for expenditure consistent with subparagraph (A).*
24 *If a county transportation authority has not been established in a*
25 *county, the commission shall instead allocate the revenues to the*
26 *congestion management agency for that county.*

27 (C) A capital project funded pursuant to this paragraph shall be
28 included in, or ~~determined by the commission to be~~ consistent
29 with, a sustainable communities strategy adopted pursuant to
30 Section 65080.

31 (4) Up to 15 percent for investments eligible under paragraph
32 (1), (2), or (3). These funds shall be used to do any of the
33 following:

34 (A) Ensure the minimum county benefit threshold described in
35 subdivision (b) is met or exceeded.

36 (B) Assist public transit agencies in preventing service cuts and
37 increasing transit ridership, including, but not limited to, by funding
38 implementation of the 2021 Bay Area Transit Transformation
39 Action Plan and any successor plan adopted by the commission.

40 (C) Invest in other regional priorities.

1 ~~(d)~~

2 ~~(e)~~ Notwithstanding ~~subdivision (e)~~, *subdivisions (c) and (d)*,
 3 the commission may retain, for its cost in administering this
 4 chapter, an amount not to exceed 1 percent of the revenues
 5 available after paying the administrative costs associated with the
 6 collection of the revenues incurred by state agencies or local
 7 jurisdictions.

8 ~~(e)~~

9 ~~(f)~~ (1) (A) In order to be eligible for funding pursuant to this
 10 section, a public transit agency shall verify to the commission that
 11 it will maintain its expected level of funding for operations and
 12 shall not supplant any sources of operating revenue under its
 13 control or fund sources allocated by the commission that were
 14 used for transit operations in the preceding three fiscal years.

15 (B) The expected level of funding for purposes of this
 16 subparagraph, which shall be referred to as the maintenance of
 17 effort, shall be calculated using the public transit agency's average
 18 discretionary operating expenditures for the preceding three fiscal
 19 years, two years in arrears as reported to the Controller in its annual
 20 report submitted pursuant to Section 99243 of the Public Utilities
 21 Code.

22 (2) Notwithstanding paragraph (1), a transit agency may reduce
 23 the amount of funding contributed towards its operating budget in
 24 proportion to any reduction in operating costs or reduction in
 25 operating revenue based on factors outside the control of the transit
 26 agency, including, but not limited to, the expiration of a
 27 voter-approved revenue source or the determination based on a
 28 statistically valid poll that an expiring ballot measure lacks
 29 sufficient support to warrant placement on the ballot.

30 (3) A transit agency may request that the commission grant an
 31 exception to the requirements of this subdivision for the purpose
 32 of transferring operating funds to state of good repair needs for
 33 assets owned and operated by the transit agency or to cover the
 34 cost of compliance with a state or federal law or regulation.

35 ~~(f)~~

36 ~~(g)~~ In addition to the requirement set forth in subdivision ~~(e)~~,
 37 ~~(f)~~, in order to be eligible for an allocation of funds ~~approved by~~
 38 ~~the voters pursuant to Chapter 3 (commencing with Section~~
 39 ~~66538.30)~~, *pursuant to paragraph (1) of subdivision (d)*, a public

1 transit agency shall be in compliance with the commission’s rules
2 and regulations adopted pursuant to Section 66516.

3
4 CHAPTER 5. BONDS
5

6 66538.50. The commission may incur indebtedness and issue
7 bonds and other securities as follows:

8 (a) (1) The commission may incur indebtedness and issue
9 securities of any kind or class, and may renew the same, if that
10 indebtedness, howsoever evidenced, is payable solely from
11 revenues ~~raised~~ *generated* pursuant to Chapter 2 (commencing
12 with Section 66538.20) and that are retained by the commission
13 for the purposes described in Chapter 4 (commencing with Section
14 66538.40), as specified in the indenture, trust agreement, note,
15 bond, lease, loan agreement, or other agreement or evidence of
16 indebtedness relating to those securities.

17 (2) The proceeds of any bonds or other securities issued pursuant
18 to this chapter shall only be used to fund capital investments
19 consistent with Chapter 4 (commencing with Section 66538.40).

20 (b) (1) The commission may from time to time issue its
21 negotiable bonds, notes, warrants, debentures, or other securities,
22 hereinafter collectively called “bonds” for purposes of this section,
23 for any purpose specified in this division.

24 (2) In anticipation of the sale of the bonds as authorized by this
25 chapter, the commission may issue negotiable bond anticipation
26 notes and may renew the same from time to time. These bond
27 anticipation notes may be paid from the proceeds of sale of the
28 bonds of the commission in anticipation of which they were issued.
29 Bonds, notes, and other agreements relating to those bonds or
30 notes, hereinafter collectively called “bond anticipation notes” for
31 purposes of this section, and the resolution or resolutions
32 authorizing the same may contain any provisions, conditions, or
33 limitations that a bond, agreement relating to that bond, or bond
34 resolution of the commission may contain, except that the bond
35 anticipation note shall mature at a time not exceeding three years
36 from the date of issue or any renewal.

37 (c) At any time that the commission desires to issue bonds or
38 bond anticipation notes, it shall adopt a resolution by two-thirds
39 vote of all members of the commission specifying all of the
40 following:

1 (1) The purposes for which the bonds or bond anticipation notes
2 are to be issued, which may include all costs and estimated costs
3 incidental to, or connected with, the accomplishment of those
4 purposes, including, without limitation, engineering, inspection,
5 legal, fiscal agents, financial consultant and other fees, bond and
6 other reserve funds, credit or liquidity enhancement costs, working
7 capital, bond interest estimated to accrue during any construction
8 period and for a period not to exceed the lesser of 10 years
9 thereafter or the maturity date of the bonds or bond anticipation
10 notes, and expenses of all proceedings for the authorization,
11 issuance, and sale of the bonds or bond anticipation notes.

12 (2) The maximum principal amount of the bonds or bond
13 anticipation notes.

14 (3) The maximum term for the bonds or bond anticipation notes.

15 (4) The maximum rate of interest to be payable upon the bonds
16 or bond anticipation notes. That interest rate shall not exceed the
17 maximum rate specified in Section 53531. The rate may be either
18 fixed or variable and shall be payable at the times and in the
19 manner specified in the resolution.

20 (d) The pledge of any taxes authorized under this division to
21 the bonds or bond anticipation notes authorized under this chapter
22 shall have priority over the use of any of those taxes for all other
23 purposes, except to the extent that priority is expressly restricted
24 in the resolution authorizing the issuance of the bonds or bond
25 anticipation notes.

26 (e) The bonds or bond anticipation notes may be sold as the
27 commission determines by resolution, and the bonds or bond
28 anticipation notes may be sold at a price above or below par,
29 whether by negotiated or public sale.

30 (f) (1) Refunding bonds or bond anticipation notes may be
31 issued in a principal amount sufficient to pay all, or any part, of
32 any of the following:

33 (A) The principal of the outstanding bonds or bond anticipation
34 notes.

35 (B) The premiums, if any, due upon call and redemption of
36 those bonds or bond anticipation notes before maturity.

37 (C) All expenses of the refunding, including any costs related
38 to credit or liquidity support, reserves, swaps, or similar
39 agreements.

1 (D) Interest on the refunding bonds or bond anticipation notes
2 from the date of sale of the refunding bonds or bond anticipation
3 notes to the date of payment of the bonds or bond anticipation
4 notes to be refunded out of the proceeds of the sale of the refunding
5 bonds or bond anticipation notes or to the date upon which the
6 bonds or bond anticipation notes to be refunded will be paid
7 pursuant to call or agreement with the holders of the bonds or bond
8 anticipation notes.

9 (E) The interest upon the bonds or bond anticipation notes to
10 be refunded from the date of sale of the refunding bonds or bond
11 anticipation notes to the date of payment of the bonds or bond
12 anticipation notes to be refunded or to the date upon which the
13 bonds or bond anticipation notes to be refunded will be paid
14 pursuant to call or agreement with the holder of the bonds or bond
15 anticipation notes, and all other costs incident to that refunding.

16 (2) The provisions of this chapter for the issuance and sale of
17 bonds or bond anticipation notes apply to the issuance and sale of
18 refunding bonds or refunding bond anticipation notes.

19 (g) (1) Any bonds or bond anticipation notes issued pursuant
20 to this chapter are a legal investment for all of the following:

21 (A) All trust funds.

22 (B) The funds of insurance companies, commercial and savings
23 banks, and trust companies.

24 (C) State school funds.

25 (2) Whenever any money or funds may, by any law in existence
26 as of January 1, 2025, or later enacted, be invested in bonds of
27 cities, counties, school districts, or other districts within the state,
28 those funds may be invested in the bonds issued pursuant to this
29 chapter, and whenever bonds of cities, counties, school districts,
30 or other districts within this state may, by any law in existence as
31 of January 1, 2025, or later enacted, be used as security for the
32 performance of any act or the deposit of any public money, the
33 bonds issued pursuant to this chapter may be so used.

34 (3) The provisions of this division are in addition to all other
35 laws relating to legal investments and shall be controlling as the
36 latest expression of the Legislature with respect to laws relating
37 to legal investments.

CHAPTER 6. MISCELLANEOUS

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2
3 66538.60. Any action or proceeding to contest, question, or
4 deny the validity of a tax provided for in this division, the financing
5 of the programs and projects contemplated by this division, the
6 issuance of any bonds secured by those taxes, or any of the related
7 proceedings, shall be commenced within 60 days from the date of
8 the election at which the tax is approved. After that date, the
9 financing of the program, the issuance of the bonds, and all related
10 proceedings, including the collection of the taxes, shall be held
11 valid and incontestable in every respect.

12 66538.62. The commission may in its own name do all acts
13 necessary or convenient for the exercise of its powers under this
14 division and the financing of the programs, projects and purposes
15 identified in this division, including, but not limited to, all of the
16 following:

- 17 (a) To make and enter into contracts.
18 (b) To employ agents or employees.
19 (c) To acquire, construct, manage, maintain, lease, or operate
20 any public facility or improvements.
21 (d) To sue and be sued in its own name.
22 (e) To apply for, accept, receive, and disburse grants, loans, and
23 other assistance from any agency of the United States of America
24 or of the State of California.
25 (f) To invest any money not required for the immediate
26 necessities of the commission, as the commission determines is
27 advisable.
28 (g) To prepare and include any necessary or helpful bond
29 authorizations in connection with a ballot measure or other
30 proceeding authorized under this division.
31 (h) To apply for letters of credit or other forms of financial
32 guarantees in order to secure the repayment of bonds and to enter
33 into agreements in connection with those letters of credit or
34 financial guarantees.

35 ~~SEC. 8.~~

36 *SEC. 9.* Section 976.9 is added to the Unemployment Insurance
37 Code, to read:

38 976.9. (a) (1) The department, if contracted with the
39 commission, shall administer and collect the tax imposed pursuant
40 to Section 66538.24 of the Government Code.

1 (2) The department shall administer and collect the tax in the
2 manner set forth in Section 66538.24 of the Government Code.

3 (b) The department may use proceeds from the tax collected
4 pursuant to Section 66538.24 of the Government Code to offset
5 the costs of all functions incidental to the administration and
6 operation of the contributions.

7 (c) After deducting all costs described in subdivision (b), the
8 department shall distribute the net revenues to the commission for
9 expenditure pursuant to Chapter 4 (commencing with Section
10 66538.40) of Division 2 of Title 7.1 of the Government Code.

11 (d) For purposes of this section, “commission” means the
12 Metropolitan Transportation Commission created pursuant to
13 Section 66502 of the Government Code.

14 ~~SEC. 9.~~

15 *SEC. 10.* Section 9250.3 is added to the Vehicle Code, to read:

16 9250.3. (a) The department, if contracted with the commission,
17 shall collect the regional vehicle registration surcharge imposed
18 pursuant to Section 66538.28 of the Government Code upon the
19 registration or renewal of registration of a motor vehicle registered
20 in the county, except those vehicles that are expressly exempted
21 under this code from the payment of registration fees.

22 (b) After deducting all costs incurred pursuant to this section,
23 the department shall distribute the net revenues to the commission
24 for expenditure pursuant to Chapter 4 (commencing with Section
25 66538.40) of Division 2 of Title 7.1 of the Government Code.

26 (c) The department shall collaborate with the commission to
27 ensure the administration of the surcharge described in subdivision
28 (a) can be facilitated after the modernization of the department’s
29 technology systems.

30 (d) For purposes of this section, “commission” means the
31 Metropolitan Transportation Commission created pursuant to
32 Section 66502 of the Government Code.

33 ~~SEC. 10.~~

34 *SEC. 11.* If the Commission on State Mandates determines that
35 this act contains costs mandated by the state, reimbursement to
36 local agencies and school districts for those costs shall be made
37 pursuant to Part 7 (commencing with Section 17500) of Division
38 4 of Title 2 of the Government Code.

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