

AMENDED IN SENATE MARCH 18, 2024

SENATE BILL

No. 1031

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

February 6, 2024

An act to amend ~~Section 9146 of the Government Code, relating to the Legislature. Sections 65081 and 66516 of,~~ to add Section 13978.9 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 amend Section 99270.5 of the Public Utilities 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. ~~Legislative review of state agency action.~~ *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 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, in accordance with applicable constitutional requirements. 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 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 those revenues in accordance with specified requirements and expressions of legislative intent.

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 of the associated advantages and disadvantages of consolidating all of the transit agencies, as defined, that are located in the 9-county San Francisco Bay area, as specified. 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 provide recommendations on how to consolidate those transit agencies and to include certain information in the assessment. Based on the findings of the assessment, the bill would require the Transportation Agency, on or before January 1, 2027, to recommend a comprehensive plan to consolidate all of the transit agencies located in the San Francisco Bay area, as provided. The bill would establish the Bay Area Transit Consolidation 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 comprehensive plan, as specified. The bill would require the assessment and the comprehensive plan 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 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 revenues generated by the new taxing authority authorized by the bill or to make a claim pursuant to the Transportation Development Act for an allocation of funds from a local transportation fund if the operator is not in compliance with those rules and regulations.

(5) 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) 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.

~~Existing law requires a state agency, as specified, to notify the Joint Legislative Budget Committee not less than 60 days prior to the effective date on which the state agency will establish or change a federal aid allocation formula to a local agency. If the chairman of the committee informs committee members of his intention to waive the 60-day notification period, existing law permits the chairman to grant a waiver of that notification period after receipt of the notification. Under existing law, upon the request of the chairman or any member of the committee, the committee must schedule a hearing on the proposed allocation formula to be established or changed.~~

~~This bill would make technical, nonsubstantive changes to those provisions to use gender-neutral language.~~

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~-yes. State-mandated local program: ~~no~~-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*
- 11 *all of the following:*

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

5 (2) Local roads that are well maintained.

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

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

11 (1) Protecting and enhancing transit service.

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

13 (3) Enhancing mobility and access for all.

14 SEC. 2. This act shall be known, and may be cited as, the _____
15 Act of 2024.

16 SEC. 3. Section 13978.9 is added to the Government Code, to
17 read:

18 13978.9. (a) For purposes of this section, the following
19 definitions apply:

20 (1) "Commission" means the Metropolitan Transportation
21 Commission.

22 (2) "San Francisco Bay area" means the region comprising
23 the commission's jurisdiction, as prescribed by Section 66502.

24 (3) "Transit agency" has the same meaning as "public
25 transportation operator" as defined in subdivision (b) of Section
26 99312.2 of the Public Utilities Code.

27 (4) "Transportation institute" means either the University of
28 California Institute of Transportation Studies or the Mineta
29 Transportation Institute at San José State University.

30 (b) (1) The Transportation Agency shall select a transportation
31 institute to conduct an assessment of the associated advantages
32 and disadvantages of consolidating all of the transit agencies that
33 are located within the San Francisco Bay area, and shall oversee
34 the transportation institute in that regard. The transportation
35 institute shall complete the assessment on or before January 1,
36 2026, and upon completion, shall submit the assessment to the
37 Legislature in compliance with Section 9795, and to the
38 commission and each of the transit agencies located in the San
39 Francisco Bay area.

1 (2) *In undertaking the duties set forth in paragraph (1), the*
2 *Transportation Agency shall consult with impacted stakeholders,*
3 *included, but not limited to, impacted transit agencies, transit*
4 *unions, transit riders, and local governments.*

5 (3) *If the Transportation Agency selects the University of*
6 *California Institute of Transportation Studies to complete the*
7 *assessment, the requirement to complete the assessment shall only*
8 *apply to the University of California to the extent that the Regents*
9 *of the University of California, by appropriate resolution, make*
10 *that requirement applicable.*

11 (4) *In conducting the assessment, the transportation institute*
12 *shall also study the impact that regional consolidation would have*
13 *on wages, work conditions, pension, and retirement benefits of*
14 *workers covered by collective bargaining agreements at relevant*
15 *agencies.*

16 (5) *As part of the assessment, the transportation institute shall*
17 *provide recommendations on how to consolidate those transit*
18 *agencies in a manner that does all of the following:*

19 (A) *Prioritizes cost savings to the public, the adoption of*
20 *advanced technology, and other efficiencies.*

21 (B) *Meets and exceeds climate goals.*

22 (C) *Improves the speed of transit and the seamlessness of*
23 *transfers.*

24 (D) *Advances any other improvements to transit operations.*

25 (6) *The transportation institute shall identify, at a minimum, all*
26 *of the following information in the assessment:*

27 (A) *Each transit agency, and each agency that has authority to*
28 *create policy or assess charges with regard to transit, that is*
29 *located in the San Francisco Bay area and whether the governing*
30 *body of those agencies is appointed or elected.*

31 (B) *The size of the membership, terms of service of the members,*
32 *and whether the members are voting members, for each governing*
33 *body of an agency described in subparagraph (A).*

34 (C) *Whether the governing body of an agency described in*
35 *subparagraph (A) was created pursuant to state statute, local*
36 *ordinance, city charter, federal law, or ballot measure or initiative.*

37 (D) *The county where each agency described in subparagraph*
38 *(A) and its governing body is located.*

39 (E) *Any qualifications required to serve as a member of the*
40 *governing board of an agency described in subparagraph (A).*

- 1 (F) *The funding structures, including any tax assessments, and*
2 *revenue mechanisms, including any temporary or permanent state*
3 *or federal support, or both, established for each agency described*
4 *in subparagraph (A).*
- 5 (G) *The fares or other fees imposed on riders by each transit*
6 *agency and the available routes provided by each transit agency.*
- 7 (H) *The fleet type and size of each transit agency.*
- 8 (I) *The programs and services offered to riders by each transit*
9 *agency, including any subsidies offered to riders.*
- 10 (J) *The workforce size and type of each agency described in*
11 *subparagraph (A), whether there are any applicable labor*
12 *contracts for that workforce, and the socioeconomic makeup of*
13 *that workforce.*
- 14 (K) *The socioeconomic makeup of the riders of each transit*
15 *agency.*
- 16 (L) *The continuity of travel between public transit systems*
17 *operated by different transit agencies and between different*
18 *services or programs operated by the same transit agency.*
- 19 (M) *Infrastructure gaps between routes of regional travel.*
- 20 (N) *Service gaps between routes of travel.*
- 21 (O) *Existing and planned regional network management efforts,*
22 *including efforts to modify and improve the commission's regional*
23 *network management authority, and how consolidation would*
24 *relate to, or impact, those efforts.*
- 25 (c) *Based on the findings of the assessment conducted pursuant*
26 *to subdivision (b), the Transportation Agency shall recommend a*
27 *comprehensive plan to consolidate all of the transit agencies that*
28 *are located in the San Francisco Bay area. The Transportation*
29 *Agency shall complete the plan on or before January 1, 2027, and,*
30 *upon completion, shall submit the plan to the Legislature in*
31 *compliance with Section 9795, and to the commission and each*
32 *of the transit agencies located in the San Francisco Bay area. In*
33 *the plan, the Transportation Agency shall do all of the following:*
 - 34 (1) *Design the plan in a manner that provides benefits to riders,*
35 *including paratransit riders, and that does all of the following:*
 - 36 (A) *Improves access to routes and services, including across*
37 *city and county boundaries, and improves connections to regional*
38 *and interregional transit service in a manner that competes with*
39 *private automobile travel.*

- 1 (B) Maintains affordable fares and reliable, safe, and efficient
2 service.
- 3 (C) Improves and simplifies the accountability of the
4 transportation system to the public and riders.
- 5 (D) Supports greater efficiency and cost-effectiveness, and
6 reduces administrative costs.
- 7 (E) Provides more equitable access to quality, connected transit
8 services to communities throughout the region.
- 9 (2) (A) Identify opportunities to consolidate agencies and
10 provide specific recommendations for the consolidation or
11 elimination of transit agencies and their governing bodies without
12 resulting in the elimination of programs and transportation
13 services.
- 14 (B) For the purposes of this paragraph, “consolidation” may
15 include reforms to transit agencies that include one or more of the
16 following:
 - 17 (i) Combining staffs of transit agencies.
 - 18 (ii) Replacing multiple governing boards with a unified
19 governing board representing a broader jurisdiction.
 - 20 (iii) Creating an umbrella structure under which existing transit
21 agencies are brought together but still operate as distinct divisions
22 with separate governing boards.
- 23 (3) Recommend a new governing structure and governing board
24 member qualifications, as appropriate, for a new consolidated
25 agency or agencies based on research of effective international
26 models of transit delivery excellence, and consideration of recent
27 regional and state studies of effective transit governance. In making
28 these recommendations, the Transportation Agency shall do both
29 of the following:
 - 30 (A) Identify any future legislative steps required to implement
31 the recommended governing structure.
 - 32 (B) Consider other reforms necessary to ensure that commission
33 policy is democratically accountable and serves the regional
34 welfare.
- 35 (4) Identify and describe any relationship or impacts of the
36 recommendations or elements of the plan on existing and planned
37 regional network management efforts or structures.
- 38 (5) Identify necessary local, state, or federal laws that may
39 impact efforts to implement the consolidation of the transit
40 agencies.

1 (6) Identify steps, in consultation with impacted stakeholders,
2 to maintain and transfer labor agreements and bargaining units
3 to maintain employee wages, benefits, protections, and working
4 conditions secured by those agreements.

5 (7) Identify barriers to consolidating or eliminating transit
6 agencies and alternative actions, including memorandums of
7 understanding between transit agencies, for the consolidation of
8 services.

9 (8) Describe the steps necessary for, and the feasibility of,
10 interoffice and interagency coordination of programs, services,
11 and resources for riders if consolidation is not feasible.

12 (9) Recommend opportunities for securing federal, state, and
13 local moneys that can be used to fund consolidation.

14 (10) Recommend a strategy for a public education and outreach
15 program on any proposed consolidation efforts and any proposed
16 coordination services and programs.

17 (d) (1) The Bay Area Transit Consolidation Technical
18 Assistance Fund is hereby established in the State Treasury for
19 the deposit of moneys that can be used for the following purposes:

20 (A) Paying for the cost of conducting the assessment pursuant
21 to subdivision (b) and preparing the comprehensive plan pursuant
22 to subdivision (c).

23 (B) Paying for expenses related to the implementation of the
24 consolidation of transit agencies located in the San Francisco Bay
25 area, if those consolidations occur.

26 (2) Any moneys deposited into the fund, including moneys
27 deposited into the fund pursuant to Section 66538.40, shall be
28 available to the Transportation Agency, upon appropriation by
29 the Legislature, for the purposes described in paragraph (1).

30 (3) The Transportation Agency may accept private donations
31 to be used for the purposes described in this section. Any donations
32 received pursuant to this paragraph shall be deposited into the
33 fund established pursuant to paragraph (1).

34 SEC. 4. Section 65081 of the Government Code is amended to
35 read:

36 65081. (a) It is the intent of the Legislature to encourage
37 metropolitan planning organizations and local air quality
38 management districts or air pollution control districts to work with
39 local employers to adopt policies that encourage commuting by
40 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*
33 *whereby the covered employer offers covered employees a subsidy*
34 *in the form of a universal regional transit pass to offset the monthly*
35 *cost 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: ~~(1) how~~

31 *(1) How the implementing agencies will inform covered*
32 *employers about the ordinance, (2) how ordinance.*

33 *(2) How compliance with the ordinance will be demonstrated,*
34 *(3) the demonstrated.*

35 *(3) The procedures for proposing and the criteria that will be*
36 *used to evaluate an alternative commuter benefit pursuant to*
37 *subdivision (d), and (4) any (d).*

38 *(4) Any consequences for noncompliance.*

39 (h) Nothing in this section shall limit or restrict the statutory or
40 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 propose a ballot measure as part of a measure proposed*
 5 *pursuant to Division 2 (commencing with Section 66538) of Title*
 6 *7.1 and subject to the election procedures set forth in that division*
 7 *to update the ordinance adopted pursuant to this section to do*
 8 *both of the following:*
- 9 (A) *Require a covered employer that is located in proximity to*
 10 *transit to purchase a regional transit pass for each of its employees*
 11 *that provides universal and unlimited access to transit services*
 12 *provided by transit agencies operating in the common area within*
 13 *the jurisdiction of the district and the commission.*
- 14 (B) *Require a covered employer that is not located in proximity*
 15 *to transit to provide a subsidy to each of its employees*
 16 *corresponding in financial value to the regional transit pass*
 17 *described in subparagraph (A) to encourage commuting to work*
 18 *by means other than driving alone.*
- 19 (2) *Consistent with subdivision (b) of Section 66538.20, if the*
 20 *update to the ordinance is proposed in a subset of the counties of*
 21 *the San Francisco Bay area, the update to the ordinance authorized*
 22 *in paragraph (1) shall apply only in those counties in which the*
 23 *measure was submitted to the voters.*
- 24 (3) *Notwithstanding subdivisions (b) and (d), if a ballot measure*
 25 *described in paragraph (1) is approved, the commission and the*
 26 *district shall update the ordinance adopted pursuant to this section*
 27 *to require covered employers to provide covered employees with*
 28 *the applicable commuting benefit set forth in subparagraphs (A)*
 29 *and (B) of paragraph (1) instead of requiring covered employers*
 30 *to offer the choices described in paragraphs (1) to (4), inclusive,*
 31 *of subdivision (b).*
- 32 (j)
- 33 (k) ~~As used in this section, the following terms have the~~
 34 ~~following meanings: definitions apply:~~
- 35 (1) “Covered employer” means any employer for which an
 36 average of 50 or more employees per week perform work for
 37 compensation within the area where the ordinance adopted pursuant
 38 to this section operates. In determining the number of employees
 39 performing work for an employer during a given week, only
 40 employees performing work on a full-time basis shall be counted.

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

5 (3) “District” means the Bay Area Air Quality Management
6 District.

7 (4) “Commission” means the Metropolitan Transportation
8 Commission.

9 *SEC. 5. Section 66516 of the Government Code is amended to*
10 *read:*

11 66516. (a) (1) ~~The commission, in coordination with the~~
12 ~~regional transit coordinating council established by the commission~~
13 ~~pursuant to Section 29142.4 of the Public Utilities Code,~~
14 *commission shall be responsible for implementing a seamless*
15 *transit rider experience across the region. To implement this*
16 *responsibility, the commission shall ~~adopt~~ adopt, and update as*
17 *necessary, rules and regulations to promote the coordination of*
18 *fares and schedules fares, including fare payment methods and*
19 *transit fare integration, schedules, mapping and wayfinding,*
20 *real-time transit information, and other customer-facing operating*
21 *policies that would benefit from a regional approach for all public*
22 *transit systems agencies within its jurisdiction. The*

23 (2) *It is the intent of the Legislature that the commission’s rules*
24 *and regulations adopted pursuant to paragraph (1) be based on*
25 *the central goal of increasing transit ridership by improving the*
26 *customer experience of riding public transit in the San Francisco*
27 *Bay area and creating a seamless experience across all public*
28 *transit agencies providing service in the commission’s jurisdiction.*

29 (3) *The commission shall require every system to enter into a*
30 *joint fare revenue sharing agreement with connecting systems*
31 *consistent with the commission’s rules and regulations.*

32 (b) *Notwithstanding any other law, each public transit agency*
33 *within the region shall comply with the commission’s rules and*
34 *regulations adopted pursuant to subdivision (a) as a condition of*
35 *receiving any of the following funds:*

36 (1) *Any funds allocated pursuant to Sections 99313 and 99314*
37 *of the Public Utilities Code, consistent with Section 99314.7 of*
38 *the Public Utilities Code.*

39 (2) *Any funds allocated from a local transportation fund*
40 *administered pursuant to Article 3 (commencing with Section*

1 99230) of Chapter 4 of Part 11 of Division 10 of the Public Utilities
2 Code, consistent with subdivision (b) of Section 99270.5 of the
3 Public Utilities Code.

4 (3) Any funds allocated pursuant to Division 2 (commencing
5 with Section 66538).

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

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

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

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

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

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

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

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

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

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

35 (d) It is the intent of the Legislature to enact legislation that
36 would strengthen regional network management within the region,
37 including the possibility of establishing a body within the
38 commission to guide regional network management efforts.

39 (e) In implementing this section, each public transit agency in
40 the region shall fulfill all applicable requirements under Title VI

1 of the federal Civil Rights Act of 1964 (Public Law 88-352)
2 regarding service and fare changes.

3 (f) (1) The commission shall submit a report to the Legislature
4 on or before January 1, 2026, and each year thereafter, on the
5 status of the outcomes described in subdivision (c) and the status
6 of transit ridership in the region. The commission shall submit the
7 annual report to the Legislature in compliance with Section 9795.

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

10 (g) For purposes of this section, “public transit agency” has
11 the same meaning as “STA-eligible operator,” as defined in Section
12 99312.2 of the Public Utilities Code.

13 SEC. 6. The heading of Division 1 (commencing with Section
14 66500) is added to Title 7.1 of the Government Code, to read:

15
16 *DIVISION 1. METROPOLITAN TRANSPORTATION*
17 *COMMISSION*

18
19 SEC. 7. Division 2 (commencing with Section 66538) is added
20 to Title 7.1 of the Government Code, to read:

21
22 *DIVISION 2. TAXING AUTHORITY AND TRANSPORTATION*
23 *FUNDING*

24
25 *CHAPTER 1. DEFINITIONS*

26
27 66538. For purposes of this division, the following definitions
28 apply:

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

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

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

CHAPTER 2. SPECIAL TAXES

1
2
3 66538.20. (a) The commission, either directly or through a
4 qualified voter initiative, may raise and allocate new revenue
5 through all of the following funding mechanisms:
6 (1) A retail transactions and use tax, as provided in Section
7 66538.22.
8 (2) A regional payroll tax, as provided in Section 66538.24.
9 (3) A parcel tax, as provided in Section 66538.26.
10 (4) A regional vehicle registration surcharge, as provided in
11 Section 66538.28.
12 (b) Any funding mechanism or combination of funding
13 mechanisms authorized pursuant to subdivision (a) that requires
14 voter approval pursuant to the California Constitution may be
15 placed on the ballot in all or a subset of the nine counties in the
16 San Francisco Bay area. A measure placed on the ballot in a subset
17 of those nine counties shall apply only in those counties in which
18 the measure was submitted to the voters.
19 (c) In addition to the procedures set forth in Chapter 4
20 (commencing with Section 9300) of Division 9 of the Elections
21 Code, if an ordinance containing a tax authorized by this chapter
22 is proposed by an initiative petition, the initiative shall require the
23 proceeds of the tax to be expended consistent with Chapter 4
24 (commencing with Section 66538.40).
25 66538.22. (a) The commission may impose a retail transactions
26 and use tax ordinance applicable in the San Francisco Bay area
27 in accordance with this division and Part 1.6 (commencing with
28 Section 7251) of Division 2 of the Revenue and Taxation Code.
29 (b) The commission, in the ordinance, shall state the nature of
30 the tax to be imposed, shall provide the tax rate or the maximum
31 tax rate, shall specify the period during which the tax will be
32 imposed, and shall specify the purposes for which the revenue
33 derived from the tax will be used. The tax rate shall be in $\frac{1}{4}$ percent
34 increments.
35 (c) Notwithstanding Section 7251.1 of the Revenue and Taxation
36 Code, the tax rate authorized pursuant to this section shall not be
37 considered for purposes of the combined rate limit established by
38 Section 7251.1 of the Revenue and Taxation Code.
39 (d) Any transactions and use tax ordinance adopted pursuant
40 to this chapter shall be operative on the first day of the first

1 *calendar quarter commencing more than 110 days after adoption*
2 *of the ordinance.*

3 *(e) Before the operative date of the ordinance, the commission*
4 *shall contract with the California Department of Tax and Fee*
5 *Administration to perform all functions incidental to the*
6 *administration and operation of the ordinance.*

7 66538.24. *(a) The commission may, by ordinance, impose a*
8 *tax on every employer in the San Francisco Bay area, except an*
9 *employer defined by Section 676, 684, or 685 of the Unemployment*
10 *Insurance Code, at a percentage, as determined by the commission,*
11 *of wages paid to an individual.*

12 *(b) If the commission acts pursuant to the authorization in*
13 *subdivision (a), the commission shall contract with the Employment*
14 *Development Department to perform all functions incidental to*
15 *the administration and operation of the tax.*

16 *(c) The tax shall be collected in the same manner and at the*
17 *same time as any contributions required under Sections 977 and*
18 *977.5 of the Unemployment Insurance Code, except as provided*
19 *in this section.*

20 66538.26. *(a) Subject to Section 4 of Article XIII A of the*
21 *California Constitution, the commission may impose, by ordinance,*
22 *a parcel tax within the San Francisco Bay area pursuant to the*
23 *procedures established in Article 3.5 (commencing with Section*
24 *50075) of Chapter 1 of Part 1 of Division 1 of Title 5, Chapter 3*
25 *(commencing with Section 66538.30), and any other applicable*
26 *procedures provided by law.*

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

30 *(c) The commission shall provide notice of any parcel tax*
31 *imposed pursuant to this section in the manner specified in Section*
32 *54930.*

33 *(d) The parcel tax shall be collected in the same manner as*
34 *ordinary ad valorem property taxes are collected and shall be*
35 *subject to the same penalties and the same procedure, sale, and*
36 *lien priority in case of delinquency as is provided for ad valorem*
37 *taxes.*

38 *(e) A parcel tax levied pursuant to this section shall be*
39 *administered in the following manner:*

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

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

7 (3) The county may deduct incremental costs associated with
 8 administering any taxes approved pursuant to this section from
 9 the portion transferred to the commission pursuant to paragraph
 10 (2).

11 66538.28. (a) The commission may, by ordinance, impose a
 12 regional vehicle registration surcharge on each motor vehicle
 13 registered within the San Francisco Bay area. The commission
 14 shall not propose a measure to the electors to approve a surcharge
 15 pursuant to this section before January 1, 2030.

16 (b) The commission may determine the rate of the regional
 17 vehicle registration surcharge subject to all of the following
 18 requirements:

19 (1) The surcharge shall be paid on an annual basis and shall
 20 be collected by the Department of Motor Vehicles at the same time
 21 and same manner as the vehicle registration pursuant to Section
 22 9250.3 of the Vehicle Code.

23 (2) The amount of the surcharge shall be based on the market
 24 value of the vehicle, as determined by the Department of Motor
 25 Vehicles pursuant to Sections 10753, 10753.2, and 10753.5 of the
 26 Revenue and Taxation Code, using the same vehicle ranges set
 27 forth in the schedule established pursuant to Section 11052 of the
 28 Revenue and Taxation Code.

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

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

1 (c) If an ordinance imposing a regional vehicle registration
2 surcharge is approved by the voters pursuant to Chapter 3
3 (commencing with Section 66538.30), the surcharge shall apply
4 to the original vehicle registration occurring on or after six months
5 following the adoption of the ordinance by the voters and to a
6 renewal of registration with an expiration date on or after that
7 six-month period.

8
9 CHAPTER 3. ELECTION PROCEDURES

10
11 66538.30. (a) If the commission, either directly or through
12 qualified voter initiative, proposes a measure pursuant to Chapter
13 2 (commencing with Section 66538.20) that requires voter approval
14 pursuant to the California Constitution, the board of supervisors
15 of the county or counties in which the commission has determined
16 to place the measure on the ballot shall call a special election on
17 the measure. The special election shall be held no sooner than
18 November 2026 and shall be consolidated with the next regularly
19 scheduled statewide election. The measure shall be submitted to
20 the voters in the appropriate counties, consistent with the
21 requirements of Articles XIII A, XIII C, and XIII, or Article XVI,
22 of the California Constitution, as applicable.

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

31 (c) Notwithstanding any provision of the Elections Code, the
32 legal counsel for the commission shall prepare an impartial
33 analysis of the measure. Each county included in the measure shall
34 use the election materials provided by the commission, including
35 the exact ballot question, impartial analysis, and full text of the
36 ballot measure for inclusion in the county voter information guide.

37 (d) If two or more counties included in the measure are required
38 to prepare a translation of ballot materials into the same language
39 other than English, the county that contains the largest population,
40 as determined by the most recent federal decennial census, among

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

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

10 *(f) The county clerk of each county shall report the results of*
11 *the special election to the commission. If the approval threshold*
12 *required by the California Constitution at the time the election is*
13 *achieved, the measure shall take effect in the counties in which*
14 *the measure appeared on the ballot within the timeframe specified*
15 *in the measure.*

16 *(g) (1) Notwithstanding Section 10520 of the Elections Code,*
17 *for any election at which the commission, either directly or through*
18 *qualified voter initiative, proposes a measure pursuant to*
19 *subdivision (a) of Section 66538.20 that would generate revenues,*
20 *the commission shall reimburse each county in which that measure*
21 *appears on the ballot only for the incremental costs incurred by*
22 *the county elections official related to submitting the measure to*
23 *the voters with proceeds from the measure, or if the measure fails,*
24 *with any eligible funds provided by the commission or other public*
25 *or private entity.*

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

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

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

35 *(i) The printing and mailing of ballot materials.*

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

39 *(h) If the voters approve new revenues pursuant to this section,*
40 *the commission shall establish an independent oversight committee*

1 *within six months of the effective date of the tax increase to ensure*
2 *that any revenues generated pursuant to this section are expended*
3 *consistent with the applicable requirements set forth in Chapter*
4 *4 (commencing with Section 66538.40). The committee may be*
5 *consolidated with the oversight committee established pursuant*
6 *to subdivision (h) of section 30923 of the Streets and Highways*
7 *Code. Each representative shall be appointed by the applicable*
8 *county board of supervisors. The oversight committee may request*
9 *any documents from the commission to assist the committee in*
10 *performing its functions.*

11
12 *CHAPTER 4. EXPENDITURES*
13

14 *66538.40. (a) Except as provided in subdivision (c), revenues*
15 *generated pursuant to Chapter 2 (commencing with Section*
16 *66538.20) shall only be used to fund any of the following*
17 *transportation improvements in the San Francisco Bay area:*

18 *(1) Investments that support transit transformation, including*
19 *all of the following:*

20 *(A) Sustaining, expanding, and improving transit service for*
21 *current and future transit riders.*

22 *(B) Accelerating customer-focused initiatives outlined in the*
23 *2020 Bay Area Transit Transformation Action Plan or successor*
24 *plan adopted by the commission.*

25 *(C) Transit service improvements that San Francisco Bay area*
26 *transit riders or residents identify as high-priority, including safety,*
27 *cleanliness, and first-mile and last-mile connectivity.*

28 *(D) Zero-emission transit vehicles and infrastructure.*

29 *(2) Investments that support safe streets, including investments*
30 *to transform local roads to support safety, equity, and climate*
31 *goals, including through bicycle and pedestrian infrastructure*
32 *investments, safe routes to transit, other safety enhancements, and*
33 *pothole repair.*

34 *(3) Investments that support connectivity, including mobility*
35 *improvements that close gaps and relieve bottlenecks in the*
36 *transportation network in a climate-neutral manner.*

37 *(4) Investments that support climate resilience, including*
38 *planning, design, and construction activities that protect*
39 *transportation infrastructure and nearby communities from rising*
40 *sea levels, flooding, wildfires, and extreme heat.*

1 **(b) (1)** *The commission shall annually allocate a minimum of*
 2 *seven hundred fifty million dollars (\$750,000,000) of the revenues*
 3 *generated pursuant to Chapter 2 (commencing with Section*
 4 *66538.20) to fund investments consistent with the purposes set*
 5 *forth in subparagraphs (A) to (C), inclusive, of paragraph (1) of*
 6 *subdivision (a), including, without limitation, for payment of all*
 7 *indebtedness incurred and bonds issued pursuant to Chapter 5*
 8 *(commencing with Section 66538.50), and the related costs set*
 9 *forth in that chapter.*

10 **(2)** *Notwithstanding any other law, the allocation made pursuant*
 11 *to paragraph (1) shall not impair, limit, or otherwise affect*
 12 *payment of any indebtedness incurred or bonds issued pursuant*
 13 *to Chapter 5 (commencing with Section 66538.50), and the related*
 14 *costs set forth in that chapter.*

15 **(c)** *Notwithstanding subdivision (a), the commission may*
 16 *allocate revenues generated pursuant to Chapter 2 (commencing*
 17 *with Section 66538.20) to the Transportation Agency for deposit*
 18 *into the Bay Area Transit Consolidation Technical Assistance*
 19 *Fund. The revenues allocated pursuant to this subdivision shall*
 20 *be used for the purposes specified in subdivision (d) of Section*
 21 *13978.9.*

22 **(d)** *It is the intent of the Legislature to enact legislation that*
 23 *would clarify roadway eligibility criteria for revenues generated*
 24 *pursuant to Chapter 2 (commencing with Section 66538.20),*
 25 *including potential criteria around roadway capacity increases.*

26 **(e)** *It is the intent of the Legislature that the commission*
 27 *prioritize the following focus areas when distributing revenues*
 28 *generated pursuant to Chapter 2 (commencing with Section*
 29 *66538.20):*

30 **(1)** *Fund the operations of public transit agencies, including*
 31 *through providing resources to address operating shortfalls and*
 32 *ensuring existing resources are maintained and used effectively.*
 33 *In implementing this paragraph, the commission should prioritize*
 34 *the following:*

35 **(A)** *Maintaining transit service for riders who rely on transit*
 36 *as their primary mode of transportation.*

37 **(B)** *Prioritizing sustaining services used by the greatest number*
 38 *of transit riders.*

39 **(2)** *Enhance frequency of transit service and areas served where*
 40 *needed and financially sustainable.*

1 (3) Create a seamless and convenient San Francisco Bay area
2 transit system that attracts far more riders than the number of
3 riders that used that system before January 1, 2025, by improving
4 public safety on transit and implementing the 2020 Bay Area
5 Transit Transformation Action Plan.

6 (4) Make it safer and easier for people of all ages and abilities
7 to get to where they need to go by preserving and enhancing access
8 for all transportation system road users, including people walking,
9 biking, and wheeling.

10 (f) (1) A public transit agency shall maintain its existing
11 commitment of local funds to transit operations in order to be
12 eligible for an allocation of funds approved by the voters pursuant
13 to Chapter 3 (commencing with Section 66538.30). In order to be
14 eligible for funding pursuant to this section, a public transit agency
15 shall verify to the commission that it shall not supplant any sources
16 of its operating revenue used for transit operations as reported to
17 the Controller in the most recent fiscal year pursuant to Section
18 99243 of the Public Utilities Code before the election approving
19 the revenues imposed pursuant to Chapter 2 (commencing with
20 Section 66538.20).

21 (2) Notwithstanding paragraph (1), a transit agency may reduce
22 the amount of funding contributed towards their operating budget
23 in proportion to any reduction in operating costs.

24 (g) In addition to the requirement set forth in subdivision (f),
25 in order to be eligible for an allocation of funds approved by the
26 voters pursuant to Chapter 3 (commencing with Section 66538.30),
27 a public transit agency shall be in compliance with the
28 commission's rules and regulations adopted pursuant to Section
29 66516.

30 (h) The commission may retain, for its cost in administering
31 this chapter, an amount not to exceed 1 percent of the revenues
32 allocated by the commission.

33 (i) It is the intent of the Legislature to enact legislation that
34 would require the commission to consider need and geographic
35 balance in distributing regional transportation revenues.

36

37

CHAPTER 5. BONDS

38

39 66538.50. The commission may incur indebtedness and issue
40 bonds and other securities as follows:

1 (a) *The commission may incur indebtedness and issue securities*
2 *of any kind or class, and may renew the same, if that indebtedness,*
3 *howsoever evidenced, is payable solely from revenues of the*
4 *commission as specified in the indenture, trust agreement, note,*
5 *bond, lease, loan agreement, or other agreement or evidence of*
6 *indebtedness relating to those securities.*

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

11 (2) *In anticipation of the sale of the bonds as authorized by this*
12 *chapter, the commission may issue negotiable bond anticipation*
13 *notes and may renew the same from time to time. These bond*
14 *anticipation notes may be paid from the proceeds of sale of the*
15 *bonds of the commission in anticipation of which they were issued.*
16 *Bonds, notes, and other agreements relating to those bonds or*
17 *notes, hereinafter collectively called “bond anticipation notes”*
18 *for purposes of this section, and the resolution or resolutions*
19 *authorizing the same may contain any provisions, conditions, or*
20 *limitations that a bond, agreement relating to that bond, or bond*
21 *resolution of the commission may contain, except that the bond*
22 *anticipation note shall mature at a time not exceeding three years*
23 *from the date of issue or any renewal.*

24 (c) *At any time that the commission desires to issue bonds or*
25 *bond anticipation notes, it shall adopt a resolution by two-thirds*
26 *vote of all members of the commission specifying all of the*
27 *following:*

28 (1) *The purposes for which the bonds or bond anticipation notes*
29 *are to be issued, which may include all costs and estimated costs*
30 *incidental to, or connected with, the accomplishment of those*
31 *purposes, including, without limitation, engineering, inspection,*
32 *legal, fiscal agents, financial consultant and other fees, bond and*
33 *other reserve funds, credit or liquidity enhancement costs, working*
34 *capital, bond interest estimated to accrue during any construction*
35 *period and for a period not to exceed the lesser of 10 years*
36 *thereafter or the maturity date of the bonds or bond anticipation*
37 *notes, and expenses of all proceedings for the authorization,*
38 *issuance, and sale of the bonds or bond anticipation notes.*

39 (2) *The maximum principal amount of the bonds or bond*
40 *anticipation notes.*

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

2 (4) *The maximum rate of interest to be payable upon the bonds*
3 *or bond anticipation notes. That interest rate shall not exceed the*
4 *maximum rate specified in Section 53531. The rate may be either*
5 *fixed or variable and shall be payable at the times and in the*
6 *manner specified in the resolution.*

7 (d) *The pledge of any taxes authorized under this division to*
8 *the bonds or bond anticipation notes authorized under this chapter*
9 *shall have priority over the use of any of those taxes for all other*
10 *purposes, except to the extent that priority is expressly restricted*
11 *in the resolution authorizing the issuance of the bonds or bond*
12 *anticipation notes.*

13 (e) *The bonds or bond anticipation notes may be sold as the*
14 *commission determines by resolution, and the bonds or bond*
15 *anticipation notes may be sold at a price above or below par,*
16 *whether by negotiated or public sale.*

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

20 (A) *The principal of the outstanding bonds or bond anticipation*
21 *notes.*

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

24 (C) *All expenses of the refunding, including any costs related*
25 *to credit or liquidity support, reserves, swaps, or similar*
26 *agreements.*

27 (D) *Interest on the refunding bonds or bond anticipation notes*
28 *from the date of sale of the refunding bonds or bond anticipation*
29 *notes to the date of payment of the bonds or bond anticipation*
30 *notes to be refunded out of the proceeds of the sale of the refunding*
31 *bonds or bond anticipation notes or to the date upon which the*
32 *bonds or bond anticipation notes to be refunded will be paid*
33 *pursuant to call or agreement with the holders of the bonds or*
34 *bond anticipation notes.*

35 (E) *The interest upon the bonds or bond anticipation notes to*
36 *be refunded from the date of sale of the refunding bonds or bond*
37 *anticipation notes to the date of payment of the bonds or bond*
38 *anticipation notes to be refunded or to the date upon which the*
39 *bonds or bond anticipation notes to be refunded will be paid*

1 pursuant to call or agreement with the holder of the bonds or bond
2 anticipation notes, and all other costs incident to that refunding.

3 (2) The provisions of this chapter for the issuance and sale of
4 bonds or bond anticipation notes apply to the issuance and sale
5 of refunding bonds or refunding bond anticipation notes.

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

8 (A) All trust funds.

9 (B) The funds of insurance companies, commercial and savings
10 banks, and trust companies.

11 (C) State school funds.

12 (2) Whenever any money or funds may, by any law in existence
13 as of January 1, 2025, or later enacted, be invested in bonds of
14 cities, counties, school districts, or other districts within the state,
15 those funds may be invested in the bonds issued pursuant to this
16 chapter, and whenever bonds of cities, counties, school districts,
17 or other districts within this state may, by any law in existence as
18 of January 1, 2025, or later enacted, be used as security for the
19 performance of any act or the deposit of any public money, the
20 bonds issued pursuant to this chapter may be so used.

21 (3) The provisions of this division are in addition to all other
22 laws relating to legal investments and shall be controlling as the
23 latest expression of the Legislature with respect to laws relating
24 to legal investments.

25

26 CHAPTER 6. MISCELLANEOUS

27

28 66538.60. Any action or proceeding to contest, question, or
29 deny the validity of a tax provided for in this division, the financing
30 of the programs and projects contemplated by this division, the
31 issuance of any bonds secured by those taxes, or any of the related
32 proceedings, shall be commenced within 60 days from the date of
33 the election at which the tax is approved. After that date, the
34 financing of the program, the issuance of the bonds, and all related
35 proceedings, including the collection of the taxes, shall be held
36 valid and incontestable in every respect.

37 66538.62. The commission may in its own name to do all acts
38 necessary or convenient for the exercise of its powers under this
39 division and the financing of the programs, projects and purposes

1 *identified in this division, including, but not limited to, all of the*
2 *following:*

- 3 (a) *To make and enter into contracts.*
- 4 (b) *To employ agents or employees.*
- 5 (c) *To acquire, construct, manage, maintain, lease, or operate*
6 *any public facility or improvements.*
- 7 (d) *To sue and be sued in its own name.*
- 8 (e) *To apply for, accept, receive, and disburse grants, loans,*
9 *and other assistance from any agency of the United States of*
10 *America or of the State of California.*
- 11 (f) *To invest any money not required for the immediate*
12 *necessities of the commission, as the commission determines is*
13 *advisable.*
- 14 (g) *To prepare and include any necessary or helpful bond*
15 *authorizations in connection with a ballot measure or other*
16 *proceeding authorized under this division.*
- 17 (h) *To apply for letters of credit or other forms of financial*
18 *guarantees in order to secure the repayment of bonds and to enter*
19 *into agreements in connection with those letters of credit or*
20 *financial guarantees.*

21 *SEC. 8. Section 99270.5 of the Public Utilities Code is amended*
22 *to read:*

23 99270.5. (a) *In determining whether there is compliance with*
24 *Section 99268.1, 99268.2, 99268.3, 99268.4, 99268.5, or 99268.9,*
25 *as the case may be, by operators serving the area of the San*
26 *Francisco Bay Area Rapid Transit District, excluding the City and*
27 *County of San Francisco, the Metropolitan Transportation*
28 *Commission may make that determination for all or some of the*
29 *operators as a group, if the Metropolitan Transportation*
30 *Commission finds that the public transportation services of the*
31 *operators grouped are coordinated.*

32 (b) *Commencing with claims for the 2025–26 fiscal year, an*
33 *operator providing service within the area under the jurisdiction*
34 *of the Metropolitan Transportation Commission shall not be*
35 *eligible to make a claim pursuant Section 99260 unless the*
36 *operator is in compliance with the commission’s rules and*
37 *regulations adopted pursuant to Section 66516 of the Government*
38 *Code.*

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

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

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

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

10 (c) *After deducting all costs described in subdivision (b), the*
11 *department shall distribute the net revenues to the commission for*
12 *expenditure pursuant to Chapter 4 (commencing with Section*
13 *66538.40) of Division 2 of Title 7.1 of the Government Code.*

14 (d) *For purposes of this section, “commission” means the*
15 *Metropolitan Transportation Commission created pursuant to*
16 *Section 66502 of the Government Code.*

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

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

24 (b) *After deducting all costs incurred pursuant to this section,*
25 *the department shall distribute the net revenues to the commission*
26 *for expenditure pursuant to Chapter 4 (commencing with Section*
27 *66538.40) of Division 2 of Title 7.1 of the Government Code.*

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

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

35 SEC. 11. *If the Commission on State Mandates determines that*
36 *this act contains costs mandated by the state, reimbursement to*
37 *local agencies and school districts for those costs shall be made*
38 *pursuant to Part 7 (commencing with Section 17500) of Division*
39 *4 of Title 2 of the Government Code.*

1 SECTION 1.— Section 9146 of the Government Code is amended
2 to read:

3 9146.— Any state agency which is required or permitted by
4 federal law or regulation to establish or alter a federal aid allocation
5 formula to a local agency shall notify the Joint Legislative Budget
6 Committee not less than 60 days prior to the effective date of the
7 establishment or change in the federal aid allocation formula. The
8 chairperson of the Joint Legislative Budget Committee may grant
9 a waiver of the 60-day notification period after receipt of the
10 notification.

11 The chairperson shall inform members of the Joint Legislative
12 Budget Committee of the chairperson's intention to waive the
13 60-day notification period after such notification. If no objection
14 is received within 10 days, the chairperson shall proceed to grant
15 the waiver of the 60-day notification period.

16 The notification shall contain the federal law or regulation
17 necessitating or authorizing the establishment or change, a
18 description of the proposed allocation formula to be established
19 or changed, as the case may be, and an estimate of the resulting
20 increase or decrease in federal aid allocated to the affected local
21 agency.

22 When requested by the chairperson or by any member of the
23 committee, or when the Legislature is in session, when requested
24 by the chairperson of the committee, the Joint Legislative Budget
25 Committee shall schedule a hearing on the proposed allocation
26 formula to be established or changed, as the case may be.

27 "Local agency" as used in this section, means any city, county,
28 city and county, special district, school district, community college
29 district, and county office of education.

30 The establishment or changes in federal aid allocation formulas
31 affecting less than one hundred thousand dollars (\$100,000) in
32 federal aid in any fiscal year shall be exempt from the provisions
33 of this section.

34 The provisions of this section shall not apply to any reallocation
35 of funds by a state agency from or to a local agency if the state
36 agency finds that either of the following conditions, or both, exist:

37 (a) The local agency cannot spend its entire allocation within
38 the period established by the federal government.

- 1 ~~(b) The failure to spend the funds could lead to their recapture~~
- 2 ~~by the federal government or to a reduced allocation of federal~~
- 3 ~~funds in subsequent years.~~

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