

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 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. 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.~~ *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 of the associated advantages and disadvantages of consolidating all of the~~ *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, as defined, among transit agencies, as defined, that are located in the 9-county San Francisco Bay area, as specified.* ~~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 ~~provide recommendations on how to consolidate those transit agencies and to include certain information in the assessment.~~ *identify specified information about each transit agency and to consider certain topics relating to consolidation.* 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.~~ *develop a report of recommendations that, among other things, identifies opportunities to consolidate 2 or more agencies and provides specific recommendations for the consolidation or elimination 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 ~~comprehensive plan~~, *report*, as specified. The bill would require the assessment and the ~~comprehensive plan~~ *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 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.

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.

- 1 (2) Local roads that are well maintained.
- 2 (3) Transit, biking, walking, and wheeling options that are safe,
- 3 convenient, and competitive alternatives to driving.

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

- 7 (1) Protecting and enhancing transit service.
- 8 (2) Making transit faster, safer, and easier to use.
- 9 (3) Enhancing mobility and access for all.

10 SEC. 2. This act shall be known, and may be cited as, the \_\_\_\_\_  
11 *Connect Bay Area Act of 2024*.

12 SEC. 3. Section 13978.9 is added to the Government Code, to  
13 read:

14 13978.9. (a) For purposes of this section, the following  
15 definitions apply:

16 (1) “Commission” means the Metropolitan Transportation  
17 Commission.

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

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

22 (B) Replacing multiple governing boards with a unified  
23 governing board representing a broader jurisdiction.

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

27 (D) Increasing coordination across two or more transit agencies  
28 to deliver one or more components of a transportation service so  
29 the agencies can increase their capacity to provide trips.  
30 Coordination may include, but is not limited, to any of the  
31 following:

32 (i) Sharing passenger trips and vehicles.

33 (ii) Colocation of facilities, programs, or services.

34 (iii) Collaborating on grant applications, state or local plans,  
35 or both, training, vehicle purchasing, or maintenance.

36 (iv) Joint hiring of a mobility manager.

37 (v) Federal fund braiding.

38 (3) “Labor institute” means the University of California,  
39 Berkeley Labor Center or the UCLA Labor Center.

40 (2)

1 (4) “San Francisco Bay area” means the region comprising the  
2 commission’s jurisdiction, as prescribed by Section 66502.

3 ~~(3)~~

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

7 ~~(4)~~

8 (6) “Transportation institute” means either the University of  
9 California Institute of Transportation Studies or the Mineta  
10 Transportation Institute at San José State University.

11 *(b) The Transportation Agency shall oversee the completion of*  
12 *the assessment required pursuant to subdivision (c) and the report*  
13 *of legislative recommendations required pursuant to subdivision*  
14 *(d) in a manner that emphasizes, across all facets of analysis and*  
15 *recommendations, benefits to riders and disabled riders, including*  
16 *those who use paratransit. The completion of the assessment and*  
17 *report shall include consultation with impacted stakeholders*  
18 *including, but not limited to, impacted transit agencies, transit*  
19 *unions, transit riders, and local governments. It is the intent of the*  
20 *Legislature that the assessment and the report help achieve all of*  
21 *the following goals with regard to the operation of public transit*  
22 *in the San Francisco Bay area:*

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

24 *(2) Improving the affordability of fares.*

25 *(3) Improving the safety and cleanliness of service.*

26 *(4) Promoting the achievement of the state’s climate goals,*  
27 *including through the incorporation and diffusion of zero-emission*  
28 *technologies.*

29 *(5) Incorporating other technological changes that improve*  
30 *rider experience and safety.*

31 *(6) Improving accessibility of, and connections to, regional and*  
32 *interregional transit service in a manner that competes with private*  
33 *automobile travel, particularly for low-income residents and those*  
34 *residing in equity priority communities, as defined by the*  
35 *commission.*

36 *(7) Improving and simplifying the accountability of the*  
37 *transportation systems to the public and riders.*

38 *(8) Reducing administrative costs and improving cost*  
39 *efficiencies within and across transit agencies.*

40 ~~(b)~~

1 (c) (1) The Transportation Agency shall select a transportation  
2 institute to conduct an assessment of the associated advantages  
3 and disadvantages of consolidating all of the transit agencies that  
4 are located within the San Francisco Bay area, and shall oversee  
5 the transportation institute in that regard. *in accordance with the*  
6 *requirements of this section. The transportation institute shall*  
7 *consult with a labor institute, if it chooses to participate, in*  
8 *conducting all aspects of the assessment with respect to impacts*  
9 *on the workforce and labor relations.* The transportation institute  
10 shall complete the assessment on or before January 1, 2026, and  
11 upon completion, shall submit the assessment to the Legislature  
12 in compliance with Section 9795, and to the commission and each  
13 of the transit agencies located in the San Francisco Bay area.

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

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

24 ~~(4) In conducting the assessment, the transportation institute~~  
25 ~~shall also study the impact that regional consolidation would have~~  
26 ~~on wages, work conditions, pension, and retirement benefits of~~  
27 ~~workers covered by collective bargaining agreements at relevant~~  
28 ~~agencies.~~

29 ~~(5) As part of the assessment, the transportation institute shall~~  
30 ~~provide recommendations on how to consolidate those transit~~  
31 ~~agencies in a manner that does all of the following:~~

32 ~~(A) Prioritizes cost savings to the public, the adoption of~~  
33 ~~advanced technology, and other efficiencies.~~

34 ~~(B) Meets and exceeds climate goals.~~

35 ~~(C) Improves the speed of transit and the seamlessness of~~  
36 ~~transfers.~~

37 ~~(D) Advances any other improvements to transit operations.~~

38 ~~(6)~~

39 (2) The transportation institute shall ~~identify,~~ *identify each*  
40 *transit agency that has authority to create policy or assess charges*

1 *with regard to transit and that is located in the San Francisco Bay*  
 2 *area and, at a minimum, all of the following information in the*  
 3 *assessment:*

4 ~~(A) Each transit agency, and each agency that has authority to~~  
 5 ~~create policy or assess charges with regard to transit, that is located~~  
 6 ~~in the San Francisco Bay area and whether the governing body of~~  
 7 ~~those agencies is appointed or elected.~~

8 ~~(B) The size of the membership, terms of service of the~~  
 9 ~~members, and whether the members are voting members, for each~~  
 10 ~~governing body of an agency described in subparagraph (A).~~

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

14 ~~(D) The county where each agency described in subparagraph~~  
 15 ~~(A) and its governing body is located.~~

16 ~~(E) Any qualifications required to serve as a member of the~~  
 17 ~~governing board of an agency described in subparagraph (A).~~

18 *(A) The county where each transit agency and its governing*  
 19 *body is located.*

20 *(B) The governance structure of each transit agency, including*  
 21 *all of the following information:*

22 *(i) The size of the membership, terms of service of the members,*  
 23 *and whether the members are voting members, and whether the*  
 24 *governing body of those agencies is appointed or elected.*

25 *(ii) Any qualifications required to serve as a member of the*  
 26 *governing board of the transit agency.*

27 *(iii) Whether the governing body of the transit agency was*  
 28 *created pursuant to state law, local ordinance, city charter, federal*  
 29 *law, or ballot measure or initiative.*

30 ~~(F)~~

31 ~~(C) The funding structures, including any tax assessments, and~~  
 32 ~~revenue mechanisms, including any temporary or permanent state~~  
 33 ~~or federal support, or both, established for each agency described~~  
 34 ~~in subparagraph (A): transit agency.~~

35 ~~(G)~~

36 ~~(D) The fares or other fees imposed on riders by each transit~~  
 37 ~~agency and the available routes provided by each transit agency.~~

38 ~~(H)~~

39 ~~(E) The fleet type and size of each transit agency.~~

40 ~~(I)~~



- 1 (F) The programs and services offered to riders by each transit
- 2 agency, including any subsidies *or discounts* offered to riders.
- 3 ~~(J)~~
- 4 (G) The workforce size and type of each ~~agency described in~~
- 5 ~~subparagraph (A);~~ transit agency, whether there are any applicable
- 6 labor contracts for that workforce, and the socioeconomic makeup
- 7 of that workforce.
- 8 ~~(K)~~
- 9 (H) The socioeconomic makeup of the riders of each transit
- 10 agency.
- 11 ~~(L) The continuity of travel between public transit systems~~
- 12 ~~operated by different transit agencies and between different services~~
- 13 ~~or programs operated by the same transit agency.~~
- 14 ~~(M) Infrastructure gaps between routes of regional travel.~~
- 15 ~~(N) Service gaps between routes of travel.~~
- 16 ~~(O) Existing and planned regional network management efforts,~~
- 17 ~~including efforts to modify and improve the commission's regional~~
- 18 ~~network management authority, and how consolidation would~~
- 19 ~~relate to, or impact, those efforts.~~
- 20 (I) *The number and rate of transfers between public transit*
- 21 *services operated by different agencies.*
- 22 (J) *An analysis of existing transit service gaps compared to*
- 23 *regional travel patterns and how it relates to transit agencies'*
- 24 *boundaries.*
- 25 (3) *The assessment shall analyze the benefits and disbenefits to*
- 26 *riders, and the administrative, financial, legal, contractual, and*
- 27 *governance feasibility, of various forms of consolidation among*
- 28 *transit agencies that are located within the San Francisco Bay*
- 29 *area.*
- 30 (4) *The assessment shall consider all of the following:*
- 31 (A) *The impacts of consolidation on all of the following:*
- 32 (i) *Wages, work conditions, and pension and retirement benefits*
- 33 *of workers covered by collective bargaining agreements at relevant*
- 34 *agencies and contracted services.*
- 35 (ii) *Operating budgets.*
- 36 (iii) *Existing costs.*
- 37 (iv) *Costs associated with implementation.*
- 38 (v) *Governance.*
- 39 (vi) *The total number of people employed and employment*
- 40 *opportunities.*

1 (B) Challenges associated with any form of consolidation,  
2 including consolidation of transit agencies with different service  
3 modes, rolling stock, and technologies, and with other key  
4 operational differences across agencies.

5 (C) Regulatory and legal barriers to any form of consolidation.

6 (D) Existing and planned regional network management efforts,  
7 including efforts to modify and improve the commission's regional  
8 network management authority, and how consolidation would  
9 relate to, or impact, those efforts.

10 (5) If the Transportation Agency selects the University of  
11 California Institute of Transportation Studies to conduct the  
12 assessment, the requirement to conduct the assessment shall only  
13 apply to the University of California to the extent that the Regents  
14 of the University of California, by appropriate resolution, make  
15 that requirement applicable.

16 (e)

17 (d) (1) Based on the findings of the assessment conducted  
18 pursuant to subdivision ~~(b)~~, (c), the Transportation Agency shall  
19 ~~recommend a comprehensive plan to consolidate all of the transit~~  
20 ~~agencies that are located in the San Francisco Bay area. develop~~  
21 ~~a report of recommendations to the Legislature.~~ The Transportation  
22 Agency shall complete the ~~plan report~~ on or before January 1,  
23 2027, and, upon completion, shall submit the ~~plan report~~ to the  
24 Legislature in compliance with Section 9795, and to the  
25 commission and each of the transit agencies located in the San  
26 Francisco Bay area. In the ~~plan, report~~, the Transportation Agency  
27 shall do all of the following:

28 ~~(1) Design the plan in a manner that provides benefits to riders,~~  
29 ~~including paratransit riders, and that does all of the following:~~

30 ~~(A) Improves access to routes and services, including across~~  
31 ~~city and county boundaries, and improves connections to regional~~  
32 ~~and interregional transit service in a manner that competes with~~  
33 ~~private automobile travel.~~

34 ~~(B) Maintains affordable fares and reliable, safe, and efficient~~  
35 ~~service.~~

36 ~~(C) Improves and simplifies the accountability of the~~  
37 ~~transportation system to the public and riders.~~

38 ~~(D) Supports greater efficiency and cost-effectiveness, and~~  
39 ~~reduces administrative costs.~~

- 1 ~~(E) Provides more equitable access to quality, connected transit~~  
2 ~~services to communities throughout the region.~~
- 3 ~~(2) (A) Identify opportunities to consolidate agencies and~~  
4 ~~provide specific recommendations for the consolidation or~~  
5 ~~elimination of transit agencies and their governing bodies without~~  
6 ~~resulting in the elimination of programs and transportation services.~~
- 7 ~~(B) For the purposes of this paragraph, “consolidation” may~~  
8 ~~include reforms to transit agencies that include one or more of the~~  
9 ~~following:~~
- 10 ~~(i) Combining staffs of transit agencies.~~  
11 ~~(ii) Replacing multiple governing boards with a unified~~  
12 ~~governing board representing a broader jurisdiction.~~
- 13 ~~(iii) Creating an umbrella structure under which existing transit~~  
14 ~~agencies are brought together but still operate as distinct divisions~~  
15 ~~with separate governing boards.~~
- 16 *(A) Identify opportunities to consolidate two or more agencies*  
17 *and provide specific recommendations for the consolidation or*  
18 *elimination of transit agencies and their governing bodies without*  
19 *resulting in the elimination of programs and transportation*  
20 *services, with consideration for existing and planned regional*  
21 *network management efforts or structures.*
- 22 *(B) Identify steps to maintain and transfer labor agreements*  
23 *and bargaining units to maintain employee wages, benefits,*  
24 *protections, and working conditions secured by those agreements.*
- 25 *(C) Identify barriers to the consolidation or elimination of*  
26 *transit agencies, including local, state, or federal laws, and*  
27 *alternative actions to the consolidation or elimination of those*  
28 *agencies.*
- 29 *(D) Recommend opportunities for securing federal, state, and*  
30 *local moneys that can be used to fund consolidation.*
- 31 *(E) Recommend a strategy for a public education and outreach*  
32 *program on any proposed consolidation efforts.*
- 33 ~~(3) Recommend~~
- 34 *(2) If the Transportation Agency recommends a new governing*  
35 *structure and governing board member qualifications, as*  
36 *appropriate, for a new consolidated agency or agencies based*  
37 *agencies, the Transportation Agency shall base that*  
38 *recommendation on research of effective international models of*  
39 *transit delivery excellence, and consideration of recent regional*  
40 *and state studies of effective transit governance. In making these*

1 ~~recommendations, a recommendation described in this paragraph,~~  
2 ~~the Transportation Agency shall do both all of the following:~~  
3 ~~(A) Identify any future legislative steps required to implement~~  
4 ~~the recommended governing structure.~~  
5 ~~(B) Consider other reforms necessary to ensure that commission~~  
6 ~~policy is democratically accountable and serves the regional~~  
7 ~~welfare.~~  
8 ~~(4) Identify and describe any relationship or impacts of the~~  
9 ~~recommendations or elements of the plan on existing and planned~~  
10 ~~regional network management efforts or structures.~~  
11 ~~(5) Identify necessary local, state, or federal laws that may~~  
12 ~~impact efforts to implement the consolidation of the transit~~  
13 ~~agencies.~~  
14 ~~(6) Identify steps, in consultation with impacted stakeholders,~~  
15 ~~to maintain and transfer labor agreements and bargaining units to~~  
16 ~~maintain employee wages, benefits, protections, and working~~  
17 ~~conditions secured by those agreements.~~  
18 ~~(7) Identify barriers to consolidating or eliminating transit~~  
19 ~~agencies and alternative actions, including memorandums of~~  
20 ~~understanding between transit agencies, for the consolidation of~~  
21 ~~services.~~  
22 ~~(8) Describe the steps necessary for, and the feasibility of,~~  
23 ~~interoffice and interagency coordination of programs, services,~~  
24 ~~and resources for riders if consolidation is not feasible.~~  
25 ~~(9) Recommend opportunities for securing federal, state, and~~  
26 ~~local moneys that can be used to fund consolidation.~~  
27 ~~(10) Recommend a strategy for a public education and outreach~~  
28 ~~program on any proposed consolidation efforts and any proposed~~  
29 ~~coordination services and programs.~~  
30 ~~(C) Assess any impact that consolidation would have on wages,~~  
31 ~~work conditions, and pension and retirement benefits of workers~~  
32 ~~covered by collective bargaining agreements at the relevant transit~~  
33 ~~agencies, including paratransit and other contracted services.~~  
34 ~~(3) The Transportation Agency may contract with a consultant~~  
35 ~~to complete the report required pursuant to this subdivision if the~~  
36 ~~Transportation Agency does both of the following:~~  
37 ~~(A) Establishes a team to advise the consultant that, at minimum,~~  
38 ~~includes a transportation institute and a labor institute, if they~~  
39 ~~choose to participate, and that may additionally include, as needed,~~

1 *individuals with expertise in the legal, governance, financial, and*  
2 *operational aspects of public transportation in the state.*

3 (B) *Oversees the consultant consistent with subdivision (b).*

4 ~~(d)~~

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

9 (A) *Paying for the cost of conducting the assessment pursuant*  
10 *to subdivision ~~(b)~~ (c) and preparing the ~~comprehensive plan~~ report*  
11 *pursuant to subdivision ~~(e)~~: (d).*

12 (B) *Paying for administrative expenses related to the*  
13 *implementation of the consolidation of transit agencies located in*  
14 *the San Francisco Bay area, if those consolidations occur.*

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

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

23 SEC. 4. *Section 65081 of the Government Code is amended*  
24 *to read:*

25 65081. (a) *It is the intent of the Legislature to encourage*  
26 *metropolitan planning organizations and local air quality*  
27 *management districts or air pollution control districts to work with*  
28 *local employers to adopt policies that encourage commuting by*  
29 *means other than driving alone. To encourage this, the Legislature*  
30 *hereby establishes a program in that regard in the greater San*  
31 *Francisco Bay Area.*

32 (b) *Notwithstanding Section 40717.9 of the Health and Safety*  
33 *Code, the Bay Area Air Quality Management District and the*  
34 *Metropolitan Transportation Commission with respect to the*  
35 *common area within their respective jurisdictions may jointly adopt*  
36 *a commute benefit ordinance that requires covered employers*  
37 *operating within the common area of the district and commission*  
38 *to offer all covered employees one of the following choices:*

39 (1) *A pretax option: a program, consistent with Section 132(f)*  
40 *of the Internal Revenue Code, allowing covered employees to elect*

1 to exclude from taxable wages employee commuting costs incurred  
2 for transit passes or vanpool charges, up to the maximum amount  
3 allowed by federal tax law.

4 (2) Employer-paid benefit: a program whereby the covered  
5 employer offers employees a subsidy to offset the monthly cost  
6 of commuting via public transit or by vanpool, or, in addition, and  
7 at the employer's discretion, by bicycle. The subsidy shall be equal  
8 to either the monthly cost of commuting via public transit or by  
9 vanpool, or seventy-five dollars (\$75), whichever is lower. The  
10 seventy-five dollar (\$75) amount shall be adjusted annually  
11 consistent with the California Consumer Price Index. If the covered  
12 employer chooses to offer a subsidy to offset the monthly cost of  
13 commuting by bicycle, the subsidy shall be either the monthly cost  
14 of commuting by bicycle or twenty dollars (\$20), whichever is  
15 lower.

16 (3) Employer-provided transit: transportation furnished by the  
17 covered employer at no cost, or low cost as determined by the  
18 district or commission, to the covered employee in a vanpool or  
19 bus, or similar multipassenger vehicle operated by or for the  
20 employer.

21 (4) Employer-provided regional transit pass: a program whereby  
22 the covered employer offers covered employees a subsidy in the  
23 form of a universal regional transit pass to offset the monthly cost  
24 of commuting via public transit.

25 (c) Nothing in this section shall prevent a covered employer  
26 from offering a more generous commuter benefit that is otherwise  
27 consistent with the requirements of the applicable commute benefit  
28 ordinance. Nothing in this section shall require employees to  
29 change their behavior.

30 (d) An employer offering, or proposing to offer, an alternative  
31 commuter benefit on the employer's own initiative, or an employer  
32 otherwise required to offer an alternative commuter benefit as a  
33 condition of a lease, original building permit, or other similar  
34 requirement, if the alternative is not one of the options identified  
35 in subdivision (b), may seek approval of the alternative from the  
36 district or commission. The district or commission may approve  
37 an alternative if it determines that the alternative provides at least  
38 the same benefit in terms of reducing single-occupant vehicle trips  
39 as any of the options in subdivision (b). An employer that offers  
40 an approved alternative to covered employees in a manner

1 otherwise consistent with this section is not required to offer one  
2 of the options in subdivision (b).

3 (e) The commute benefit ordinance shall provide covered  
4 employers with at least six months to comply after the ordinance  
5 is adopted.

6 (f) An employer that participates in or is represented by a  
7 transportation management association that provides the employer's  
8 covered employees with any of the benefits in subdivision (b), or  
9 an alternative benefit determined by the district or commission  
10 pursuant to subdivision (d) to provide at least the same benefit in  
11 terms of reducing single-occupant vehicle trips as any of the  
12 options in subdivision (b), shall be deemed in compliance with the  
13 regional ordinance, and the transportation management association  
14 may act on behalf of those employers in that regard. The district  
15 or commission shall communicate directly with the transportation  
16 management association, rather than the participating employers,  
17 to determine compliance with the ordinance.

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

20 (1) How the implementing agencies will inform covered  
21 employers about the ordinance.

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

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

26 (4) Any consequences for noncompliance.

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

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

31 (j) (1) Notwithstanding subdivisions (b) and (d), the commission  
32 ~~may~~ *may, either directly or through a qualified voter initiative,*  
33 *propose a ballot measure in all nine counties of the San Francisco*  
34 *Bay area or a subset of those counties* as part of a measure  
35 proposed pursuant to Division 2 (commencing with Section 66538)  
36 of Title 7.1 and subject to the election procedures set forth in that  
37 division to update the ordinance adopted pursuant to this section  
38 to do both of the following:

39 (A) Require a covered employer that is located in proximity to  
40 transit to purchase a regional transit pass for each of its employees

1 that provides universal and unlimited access to transit services  
2 provided by transit agencies operating in the common area within  
3 the jurisdiction of the district and the commission.

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

9 (2) Consistent with subdivision (b) of Section 66538.20, if the  
10 update to the ordinance is proposed in a subset of the counties of  
11 the San Francisco Bay area, the update to the ordinance authorized  
12 in paragraph (1) shall apply only in those counties in which the  
13 measure was submitted to the voters.

14 (3) Notwithstanding subdivisions (b) and (d), if a ballot measure  
15 described in paragraph (1) is approved, the commission and the  
16 district shall update the ordinance adopted pursuant to this section  
17 to require covered employers to provide covered employees with  
18 the applicable commuting benefit set forth in subparagraphs (A)  
19 and (B) of paragraph (1) instead of requiring covered employers  
20 to offer the choices described in paragraphs (1) to (4), inclusive,  
21 of subdivision (b).

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

23 (1) “Covered employer” means any employer for which an  
24 average of 50 or more employees per week perform work for  
25 compensation within the area where the ordinance adopted pursuant  
26 to this section operates. In determining the number of employees  
27 performing work for an employer during a given week, only  
28 employees performing work on a full-time basis shall be counted.

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

33 (3) “District” means the Bay Area Air Quality Management  
34 District.

35 (4) “Commission” means the Metropolitan Transportation  
36 Commission.

37 *SEC. 5. The heading of Division 1 (commencing with Section*  
38 *66500) is added to Title 7.1 of the Government Code, to read:*



1  
2 *DIVISION 1. METROPOLITAN TRANSPORTATION*  
3 *COMMISSION*

4  
5 ~~SEC. 5.~~

6 *SEC. 6.* Section 66516 of the Government Code is amended  
7 to read:

8 66516. (a) (1) The commission shall be responsible for  
9 implementing a seamless transit rider experience across the region.  
10 To implement this responsibility, the commission shall adopt, and  
11 update as necessary, rules and regulations to promote the  
12 coordination of fares, including fare payment methods and transit  
13 fare integration, schedules, mapping and wayfinding, real-time  
14 transit information, and other customer-facing operating policies  
15 that would benefit from a regional approach for all public transit  
16 agencies within its jurisdiction.

17 (2) It is the intent of the Legislature that the commission's rules  
18 and regulations adopted pursuant to paragraph (1) be based on the  
19 central goal of increasing transit ridership by improving the  
20 customer experience of riding public transit in the San Francisco  
21 Bay area and creating a seamless experience across all public  
22 transit agencies providing service in the commission's jurisdiction.

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

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

30 (1) Any funds allocated pursuant to Sections 99313 and 99314  
31 of the Public Utilities Code, consistent with Section 99314.7 of  
32 the Public Utilities Code.

33 (2) Any funds allocated from a local transportation fund  
34 administered pursuant to Article 3 (commencing with Section  
35 99230) of Chapter 4 of Part 11 of Division 10 of the Public Utilities  
36 Code, consistent with subdivision (b) of Section 99270.5 of the  
37 Public Utilities Code.

38 (3) Any funds allocated pursuant to Division 2 (commencing  
39 with Section 66538).

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

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

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

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

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

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

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

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

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

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

30 (d) *Nothing in this section authorizes the commission to do any*  
31 *of the following:*

32 (1) *Restrict a public transit agency's access to funds not*  
33 *allocated by the commission.*

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

37 (3) *Restrict the use of a public transit agency's logo outside the*  
38 *scope of the commission's regional mapping and wayfinding*  
39 *standards.*

1 (4) *Require that a public transit agency modify the schedule or*  
2 *route of a specific local route that the transit agency and the*  
3 *commission do not identify as primarily serving regional transit*  
4 *service.*

5 (e) (1) *The commission shall not require a public transit agency*  
6 *to be subject to a one-time or ongoing policy, or to make a one-time*  
7 *or ongoing expenditure, pursuant to subdivision (a) if the public*  
8 *transit agency adopts a finding that the policy or expenditure would*  
9 *require the agency to take an action that the agency determines*  
10 *to be unacceptable with respect to its impact on transit service,*  
11 *staffing, maintenance, or other specified operational or state of*  
12 *good repair considerations.*

13 (2) *Before adopting a finding pursuant to this subdivision, a*  
14 *public transit agency shall conduct an assessment that takes into*  
15 *consideration all funding anticipated to be available to the public*  
16 *transit agency in the next fiscal year, including, but not limited to,*  
17 *any discretionary funding that the commission identifies to help*  
18 *offset the cost of the proposed expenditure or policy, any growth*  
19 *in fare revenue anticipated as a result of the expenditure or policy,*  
20 *and potential adjustments to fares or fare policies the agency could*  
21 *make to increase revenue. The public transit agency shall develop*  
22 *the assessment in consultation with staff from the commission and*  
23 *shall present it to the commission at a public meeting in advance*  
24 *of adopting a finding pursuant to this subdivision.*

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

28 ~~(d)~~

29 (f) *It is the intent of the Legislature to enact legislation that*  
30 *would strengthen regional network management within the region,*  
31 *including the possibility of establishing a body within the*  
32 *commission to guide regional network management efforts.*

33 ~~(e)~~

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

38 ~~(f)~~

39 (h) (1) *The commission shall submit a report to the Legislature*  
40 *on or before January 1, 2026, and each year thereafter, on the status*

1 of the outcomes described in subdivision (c) and the status of transit  
2 ridership in the region. The commission shall submit the annual  
3 report to the Legislature in compliance with Section 9795.

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

6 ~~(g)~~

7 (i) For purposes of this section, “public transit agency” has the  
8 same meaning as “STA-eligible operator,” as defined in Section  
9 99312.2 of the Public Utilities Code.

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

12  
13 **DIVISION 1. METROPOLITAN TRANSPORTATION**  
14 **COMMISSION**

15  
16 SEC. 7. Division 2 (commencing with Section 66538) is added  
17 to Title 7.1 of the Government Code, to read:

18  
19 **DIVISION 2. TAXING AUTHORITY AND**  
20 **TRANSPORTATION FUNDING**

21  
22 **CHAPTER 1. DEFINITIONS**

23  
24 66538. For purposes of this division, the following definitions  
25 apply:

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

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

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

33  
34 **CHAPTER 2. SPECIAL TAXES**

35  
36 66538.20. (a) The commission, either directly or through a  
37 qualified voter initiative, may raise and allocate new revenue  
38 through all of the following funding mechanisms:

39 (1) A retail transactions and use tax, as provided in Section  
40 66538.22.

1 (2) A regional payroll tax, as provided in Section 66538.24.

2 (3) A parcel tax, as provided in Section 66538.26.

3 (4) A regional vehicle registration surcharge, as provided in  
4 Section 66538.28.

5 (b) Any funding mechanism or combination of funding  
6 mechanisms authorized pursuant to subdivision (a) that requires  
7 voter approval pursuant to the California Constitution may be  
8 placed on the ballot in all or a subset of the nine counties in the  
9 San Francisco Bay area. A measure placed on the ballot in a subset  
10 of those nine counties shall apply only in those counties in which  
11 the measure was submitted to the voters.

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

18 66538.22. (a) The commission ~~may~~ *may, either directly or*  
19 *through a qualified voter initiative*, impose a retail transactions  
20 and use tax ordinance applicable in the San Francisco Bay area in  
21 accordance with this division and Part 1.6 (commencing with  
22 Section 7251) of Division 2 of the Revenue and Taxation Code.

23 (b) The commission, in the ordinance, shall state the nature of  
24 the tax to be imposed, shall provide the tax rate or the maximum  
25 tax rate, shall specify the period during which the tax will be  
26 imposed, and shall specify the purposes for which the revenue  
27 derived from the tax will be used. The tax rate shall be in  $\frac{1}{4}$  percent  
28 increments.

29 (c) Notwithstanding Section 7251.1 of the Revenue and Taxation  
30 Code, the tax rate authorized pursuant to this section shall not be  
31 considered for purposes of the combined rate limit established by  
32 Section 7251.1 of the Revenue and Taxation Code.

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

37 (e) Before the operative date of the ordinance, the commission  
38 shall contract with the California Department of Tax and Fee  
39 Administration to perform all functions incidental to the  
40 administration and operation of the ordinance.

1 66538.24. (a) The commission may, *either directly or through*  
2 *a qualified voter initiative*, by ordinance, impose a tax on every  
3 employer in the San Francisco Bay area, except an employer  
4 defined by Section 676, 684, or 685 of the Unemployment  
5 Insurance Code, at a percentage, as determined by the commission,  
6 of wages paid to an individual.

7 (b) If the commission acts pursuant to the authorization in  
8 subdivision (a), the commission shall contract with the  
9 Employment Development Department to perform all functions  
10 incidental to the administration and operation of the tax.

11 (c) The tax shall be collected in the same manner and at the  
12 same time as any contributions required under Sections 977 and  
13 977.5 of the Unemployment Insurance Code, except as provided  
14 in this section.

15 66538.26. (a) Subject to Section 4 of Article XIII A of the  
16 California Constitution, the commission ~~may~~ *may, either directly*  
17 *or through a qualified voter initiative*, impose, by ordinance, a  
18 parcel tax within the San Francisco Bay area pursuant to the  
19 procedures established in Article 3.5 (commencing with Section  
20 50075) of Chapter 1 of Part 1 of Division 1 of Title 5, Chapter 3  
21 (commencing with Section 66538.30), and any other applicable  
22 procedures provided by law.

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

26 (c) The commission shall provide notice of any parcel tax  
27 imposed pursuant to this section in the manner specified in Section  
28 54930.

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

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

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

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

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

8 66538.28. (a) The commission may, *either directly or through*  
9 *a qualified voter initiative*, by ordinance, impose a regional vehicle  
10 registration surcharge on each motor vehicle registered within the  
11 San Francisco Bay area. The commission shall not propose a  
12 measure to the electors to approve a surcharge pursuant to this  
13 section before January 1, 2030.

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

17 (1) The surcharge shall be paid on an annual basis and shall be  
18 collected by the Department of Motor Vehicles at the same time  
19 and same manner as the vehicle registration pursuant to Section  
20 ~~9250.3~~ 9250 of the Vehicle Code.

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

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

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

38 (c) If an ordinance imposing a regional vehicle registration  
39 surcharge is approved by the voters pursuant to Chapter 3  
40 (commencing with Section 66538.30), the surcharge shall apply

1 to the original vehicle registration occurring on or after six months  
2 following the adoption of the ordinance by the voters and to a  
3 renewal of registration with an expiration date on or after that  
4 six-month period.

5

6

CHAPTER 3. ELECTION PROCEDURES

7

8 66538.30. (a) If the commission, either directly or through  
9 qualified voter initiative, proposes a measure pursuant to Chapter  
10 2 (commencing with Section 66538.20) that requires voter approval  
11 pursuant to the California Constitution, the board of supervisors  
12 of the county or counties in which the commission has determined  
13 to place the measure on the ballot shall call a special election on  
14 the measure. The special election shall be held no sooner than  
15 November 2026 and shall be consolidated with the next regularly  
16 scheduled statewide election. The measure shall be submitted to  
17 the voters in the appropriate counties, consistent with the  
18 requirements of Articles XIII A, XIII C, and XIII, or Article XVI,  
19 of the California Constitution, as applicable.

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

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

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



1 translation, and that translation shall be used by the other county  
2 or counties, as applicable.

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

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

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

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

25 (A) The cost to prepare a translation of ballot materials into a  
26 language other than English by any county, as described in  
27 subdivision (d).

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

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

33 (ii) The canvass of the vote regarding the measure pursuant to  
34 Division 15 (commencing with Section 15000) of the Elections  
35 Code.

36 (h) If the voters approve new revenues pursuant to this section,  
37 the commission shall establish an independent oversight committee  
38 within six months of the effective date of the tax increase to ensure  
39 that any revenues generated pursuant to this section are expended  
40 consistent with the applicable requirements set forth in Chapter 4

1 (commencing with Section 66538.40). The committee may be  
 2 consolidated with the oversight committee established pursuant  
 3 to subdivision (h) of ~~section~~ *Section* 30923 of the Streets and  
 4 Highways Code. Each representative shall be appointed by the  
 5 applicable county board of supervisors. The oversight committee  
 6 may request any documents from the commission to assist the  
 7 committee in performing its functions.

8  
 9 CHAPTER 4. EXPENDITURES

10  
 11 ~~66538.40.~~ (a) ~~Except as provided in subdivision (c), revenues~~  
 12 ~~generated pursuant to Chapter 2 (commencing with Section~~  
 13 ~~66538.20) shall only be used to fund any of the following~~  
 14 ~~transportation improvements in the San Francisco Bay area:~~

15 (1) ~~Investments that support transit transformation, including~~  
 16 ~~all of the following:~~

17 (A) ~~Sustaining, expanding, and improving transit service for~~  
 18 ~~current and future transit riders.~~

19 (B) ~~Accelerating customer-focused initiatives outlined in the~~  
 20 ~~2020 Bay Area Transit Transformation Action Plan or successor~~  
 21 ~~plan adopted by the commission.~~

22 (C) ~~Transit service improvements that San Francisco Bay area~~  
 23 ~~transit riders or residents identify as high-priority, including safety,~~  
 24 ~~cleanliness, and first-mile and last-mile connectivity.~~

25 (D) ~~Zero-emission transit vehicles and infrastructure.~~

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

31 (3) ~~Investments that support connectivity, including mobility~~  
 32 ~~improvements that close gaps and relieve bottlenecks in the~~  
 33 ~~transportation network in a climate-neutral manner.~~

34 (4) ~~Investments that support climate resilience, including~~  
 35 ~~planning, design, and construction activities that protect~~  
 36 ~~transportation infrastructure and nearby communities from rising~~  
 37 ~~sea levels, flooding, wildfires, and extreme heat.~~

38 (b) (1) ~~The commission shall annually allocate a minimum of~~  
 39 ~~seven hundred fifty million dollars (\$750,000,000) of the revenues~~  
 40 ~~generated pursuant to Chapter 2 (commencing with Section~~

1 ~~66538.20) to fund investments consistent with the purposes set~~  
2 ~~forth in subparagraphs (A) to (C), inclusive, of paragraph (1) of~~  
3 ~~subdivision (a), including, without limitation, for payment of all~~  
4 ~~indebtedness incurred and bonds issued pursuant to Chapter 5~~  
5 ~~(commencing with Section 66538.50), and the related costs set~~  
6 ~~forth in that chapter.~~

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

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

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

23 ~~(e) It is the intent of the Legislature that the commission~~  
24 ~~prioritize the following focus areas when distributing revenues~~  
25 ~~generated pursuant to Chapter 2 (commencing with Section~~  
26 ~~66538.20):~~

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

32 ~~(A) Maintaining transit service for riders who rely on transit as~~  
33 ~~their primary mode of transportation.~~

34 ~~(B) Prioritizing sustaining services used by the greatest number~~  
35 ~~of transit riders.~~

36 ~~(2) Enhance frequency of transit service and areas served where~~  
37 ~~needed and financially sustainable.~~

38 ~~(3) Create a seamless and convenient San Francisco Bay area~~  
39 ~~transit system that attracts far more riders than the number of riders~~  
40 ~~that used that system before January 1, 2025, by improving public~~

1 safety on transit and implementing the 2020 Bay Area Transit  
2 Transformation Action Plan.

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

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

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

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

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

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

33 66538.40. (a) Revenues generated pursuant to Chapter 2  
34 (commencing with Section 66538.20) shall only be used to fund  
35 transportation improvements in the San Francisco Bay area,  
36 consistent with subdivision (c).

37 (b) (1) Revenue measure expenditures shall reflect an equitable  
38 allocation of revenues throughout the counties that participated  
39 in the election approving the tax measure with not less than 70  
40 percent of the revenues generated in each county being invested

1 *in projects and programs that benefit that county, including transit*  
2 *operations funding for transit agencies that serves riders of that*  
3 *county, over each five-year period that the tax is operative.*

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

7 *(c) The commission shall annually allocate revenues generated*  
8 *pursuant to Chapter 2 (commencing with Section 66538.20) in a*  
9 *manner that achieves the following shares and that is consistent*  
10 *with the following requirements:*

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

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

15 *(i) Sustaining, expanding, and improving transit service for*  
16 *current and future transit riders.*

17 *(ii) Accelerating customer-focused initiatives outlined in the*  
18 *2021 Bay Area Transit Transformation Action Plan or any*  
19 *successor plan adopted by the commission.*

20 *(iii) Developing and implementing customer-focused*  
21 *improvements, including, but not limited to, safety and cleanliness*  
22 *enhancements.*

23 *(iv) Zero-emission transit vehicles and infrastructure.*

24 *(B) The commission shall prioritize the following in allocating*  
25 *funds that support transit transformation:*

26 *(i) For the first five-year period of the tax, assisting transit*  
27 *operators in preventing service cuts.*

28 *(ii) After the end of the period described in clause (i), sustaining,*  
29 *expanding, and improving transit service for current and future*  
30 *transit riders, including through implementing the 2021 Bay Area*  
31 *Transit Transformation Action Plan and any successor plan*  
32 *adopted by the commission.*

33 *(C) The commission shall allocate no less than 40 percent of*  
34 *the total revenues required to be allocated pursuant to this*  
35 *paragraph to public transit agencies for investments that support*  
36 *transit transformation in accordance with the following:*

37 *(i) The commission shall allocate the revenues made available*  
38 *pursuant to this subparagraph by county based on the share of the*  
39 *revenue generated in each county.*

1 (ii) A public transit agency shall be eligible to request an  
2 apportionment from the allocation for each county pursuant to  
3 clause (i) in which it provides service.

4 (iii) The commission shall determine the amount to be  
5 apportioned to each public transit agency that requests an  
6 apportionment consistent with subparagraph (E) and shall update  
7 that apportionment at least once every two years.

8 (D) After allocating funds pursuant to subparagraph (C), the  
9 commission shall use any remaining funds available under this  
10 paragraph for investments that support transit transformation.

11 (E) In allocating funds pursuant to subparagraphs (C) and (D),  
12 the commission shall ensure that all of the following conditions  
13 are met:

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

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

19 (II) The public transit agency carries riders more than  
20 25,000,000 passenger miles per year.

21 (ii) Not less than ten million dollars (\$10,000,000) annually  
22 shall be apportioned to small public transit agencies in counties  
23 where those small public transit agencies provide a combined  
24 3,000,000 or greater unlinked passenger trips per year.

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

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

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

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

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

- 1     (i) *Enhancements to pedestrian safety on sidewalks, crosswalks,*  
2 *and midblock segments with an emphasis on improvements near*  
3 *community facilities such as schools, business districts, and*  
4 *shopping areas.*  
5     (ii) *Modifications to intersections, including adjustments to*  
6 *signal timing, designed to slow vehicle speeds and reduce conflicts*  
7 *between vehicles and vulnerable road users.*  
8     (iii) *Safety and accessibility improvements to transit stops,*  
9 *including the cost of relocating them.*  
10    (iv) *Street surface repair and raised roadway treatments to*  
11 *reduce vehicle speeds.*  
12    (v) *Improvements to drainage and stormwater infrastructure.*  
13    (B) *Of the funds described in this paragraph, the commission*  
14 *shall allocate all of the revenues generated in each county to the*  
15 *applicable county transportation authority established pursuant*  
16 *to Division 12.5 (commencing with Section 131000) of the Public*  
17 *Utilities Code for expenditure consistent with subparagraph (A).*  
18 *If a county transportation authority has not been established in a*  
19 *county, the commission shall instead allocate the revenues to the*  
20 *congestion management agency for that county.*  
21    (3) *Not less than 15 percent for investments that support*  
22 *connectivity, as follows:*  
23     (A) *Eligible investments shall include highway, transit, and rail*  
24 *mobility projects that close gaps and relieve bottlenecks in the*  
25 *existing transportation network in a climate-neutral manner,*  
26 *resilience improvements that protect transportation infrastructure*  
27 *from climate-fueled natural hazards, and transportation safety*  
28 *improvements, including, but not limited to, grade separations.*  
29     (B) *The commission shall ensure revenues generated in each*  
30 *county shall be invested over a \_\_\_\_ year period in projects and*  
31 *programs that benefit that county.*  
32     (C) *A capital project funded pursuant to this paragraph shall*  
33 *be included in, or determined by the commission to be consistent*  
34 *with, a sustainable communities strategy adopted pursuant to*  
35 *Section 65080.*  
36    (4) *Up to 15 percent for investments eligible under paragraph*  
37 *(1), (2), or (3). These funds shall be used to do any of the following:*  
38     (A) *Ensure the minimum county benefit threshold described in*  
39 *subdivision (b) is met or exceeded.*

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

6 (C) Invest in other regional priorities.

7 (d) Notwithstanding subdivision (c), the commission may retain,  
8 for its cost in administering this chapter, an amount not to exceed  
9 1 percent of the revenues available after paying the administrative  
10 costs associated with the collection of the revenues incurred by  
11 state agencies or local jurisdictions.

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

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

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

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

38 (f) In addition to the requirement set forth in subdivision (e), in  
39 order to be eligible for an allocation of funds approved by the  
40 voters pursuant to Chapter 3 (commencing with Section 66538.30),



1 *a public transit agency shall be in compliance with the*  
2 *commission's rules and regulations adopted pursuant to Section*  
3 *66516.*

4  
5 CHAPTER 5. BONDS  
6

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

9 (a) The commission may incur indebtedness and issue securities  
10 of any kind or class, and may renew the same, if that indebtedness,  
11 howsoever evidenced, is payable solely from revenues of the  
12 commission as specified in the indenture, trust agreement, note,  
13 bond, lease, loan agreement, or other agreement or evidence of  
14 indebtedness relating to those securities.

15 (b) (1) The commission may from time to time issue its  
16 negotiable bonds, notes, warrants, debentures, or other securities,  
17 hereinafter collectively called "bonds" for purposes of this section,  
18 for any purpose specified in this division.

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

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

36 (1) The purposes for which the bonds or bond anticipation notes  
37 are to be issued, which may include all costs and estimated costs  
38 incidental to, or connected with, the accomplishment of those  
39 purposes, including, without limitation, engineering, inspection,  
40 legal, fiscal agents, financial consultant and other fees, bond and

1 other reserve funds, credit or liquidity enhancement costs, working  
2 capital, bond interest estimated to accrue during any construction  
3 period and for a period not to exceed the lesser of 10 years  
4 thereafter or the maturity date of the bonds or bond anticipation  
5 notes, and expenses of all proceedings for the authorization,  
6 issuance, and sale of the bonds or bond anticipation notes.

7 (2) The maximum principal amount of the bonds or bond  
8 anticipation notes.

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

10 (4) The maximum rate of interest to be payable upon the bonds  
11 or bond anticipation notes. That interest rate shall not exceed the  
12 maximum rate specified in Section 53531. The rate may be either  
13 fixed or variable and shall be payable at the times and in the  
14 manner specified in the resolution.

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

21 (e) The bonds or bond anticipation notes may be sold as the  
22 commission determines by resolution, and the bonds or bond  
23 anticipation notes may be sold at a price above or below par,  
24 whether by negotiated or public sale.

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

28 (A) The principal of the outstanding bonds or bond anticipation  
29 notes.

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

32 (C) All expenses of the refunding, including any costs related  
33 to credit or liquidity support, reserves, swaps, or similar  
34 agreements.

35 (D) Interest on the refunding bonds or bond anticipation notes  
36 from the date of sale of the refunding bonds or bond anticipation  
37 notes to the date of payment of the bonds or bond anticipation  
38 notes to be refunded out of the proceeds of the sale of the refunding  
39 bonds or bond anticipation notes or to the date upon which the  
40 bonds or bond anticipation notes to be refunded will be paid

1 pursuant to call or agreement with the holders of the bonds or bond  
2 anticipation notes.

3 (E) The interest upon the bonds or bond anticipation notes to  
4 be refunded from the date of sale of the refunding bonds or bond  
5 anticipation notes to the date of payment of the bonds or bond  
6 anticipation notes to be refunded or to the date upon which the  
7 bonds or bond anticipation notes to be refunded will be paid  
8 pursuant to call or agreement with the holder of the bonds or bond  
9 anticipation notes, and all other costs incident to that refunding.

10 (2) The provisions of this chapter for the issuance and sale of  
11 bonds or bond anticipation notes apply to the issuance and sale of  
12 refunding bonds or refunding bond anticipation notes.

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

15 (A) All trust funds.

16 (B) The funds of insurance companies, commercial and savings  
17 banks, and trust companies.

18 (C) State school funds.

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

28 (3) The provisions of this division are in addition to all other  
29 laws relating to legal investments and shall be controlling as the  
30 latest expression of the Legislature with respect to laws relating  
31 to legal investments.

32

33

#### CHAPTER 6. MISCELLANEOUS

34

35 66538.60. Any action or proceeding to contest, question, or  
36 deny the validity of a tax provided for in this division, the financing  
37 of the programs and projects contemplated by this division, the  
38 issuance of any bonds secured by those taxes, or any of the related  
39 proceedings, shall be commenced within 60 days from the date of  
40 the election at which the tax is approved. After that date, the

1 financing of the program, the issuance of the bonds, and all related  
2 proceedings, including the collection of the taxes, shall be held  
3 valid and incontestable in every respect.

4 66538.62. The commission may in its own name ~~to~~ do all acts  
5 necessary or convenient for the exercise of its powers under this  
6 division and the financing of the programs, projects and purposes  
7 identified in this division, including, but not limited to, all of the  
8 following:

9 (a) To make and enter into contracts.

10 (b) To employ agents or employees.

11 (c) To acquire, construct, manage, maintain, lease, or operate  
12 any public facility or improvements.

13 (d) To sue and be sued in its own name.

14 (e) To apply for, accept, receive, and disburse grants, loans, and  
15 other assistance from any agency of the United States of America  
16 or of the State of California.

17 (f) To invest any money not required for the immediate  
18 necessities of the commission, as the commission determines is  
19 advisable.

20 (g) To prepare and include any necessary or helpful bond  
21 authorizations in connection with a ballot measure or other  
22 proceeding authorized under this division.

23 (h) To apply for letters of credit or other forms of financial  
24 guarantees in order to secure the repayment of bonds and to enter  
25 into agreements in connection with those letters of credit or  
26 financial guarantees.

27 SEC. 8. Section 99270.5 of the Public Utilities Code is  
28 amended to read:

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

38 (b) Commencing with claims for the 2025–26 fiscal year, an  
39 operator providing service within the area under the jurisdiction  
40 of the Metropolitan Transportation Commission shall not be

1 eligible to make a claim pursuant to Section 99260 unless the  
2 operator is in compliance with the commission's rules and  
3 regulations adopted pursuant to Section 66516 of the Government  
4 Code.

5 SEC. 9. Section 976.9 is added to the Unemployment Insurance  
6 Code, to read:

7 976.9. (a) (1) The department, if contracted with the  
8 commission, shall administer and collect the tax imposed pursuant  
9 to Section 66538.24 of the Government Code.

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

12 (b) The department may use proceeds from the tax collected  
13 pursuant to Section 66538.24 of the Government Code to offset  
14 the costs of all functions incidental to the administration and  
15 operation of the contributions.

16 (c) After deducting all costs described in subdivision (b), the  
17 department shall distribute the net revenues to the commission for  
18 expenditure pursuant to Chapter 4 (commencing with Section  
19 66538.40) of Division 2 of Title 7.1 of the Government Code.

20 (d) For purposes of this section, "commission" means the  
21 Metropolitan Transportation Commission created pursuant to  
22 Section 66502 of the Government Code.

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

24 9250.3. (a) The department, if contracted with the commission,  
25 shall collect the regional vehicle registration surcharge imposed  
26 pursuant to Section 66538.28 of the Government Code upon the  
27 registration or renewal of registration of a motor vehicle registered  
28 in the county, except those vehicles that are expressly exempted  
29 under this code from the payment of registration fees.

30 (b) After deducting all costs incurred pursuant to this section,  
31 the department shall distribute the net revenues to the commission  
32 for expenditure pursuant to Chapter 4 (commencing with Section  
33 66538.40) of Division 2 of Title 7.1 of the Government Code.

34 (c) The department shall collaborate with the commission to  
35 ensure the administration of the surcharge described in subdivision  
36 (a) can be facilitated after the modernization of the department's  
37 technology systems.

38 (d) For purposes of this section, "commission" means the  
39 Metropolitan Transportation Commission created pursuant to  
40 Section 66502 of the Government Code.

1     SEC. 11. If the Commission on State Mandates determines  
2 that this act contains costs mandated by the state, reimbursement  
3 to local agencies and school districts for those costs shall be made  
4 pursuant to Part 7 (commencing with Section 17500) of Division  
5 4 of Title 2 of the Government Code.

O