



**SFMTA**

# **State Budget & Regional Revenue Measure (Senate Bill 63) Update**

**SFMTA Board of Directors**

**June 3, 2025**

# State Budget: Governor's May Revise

- \$2B gap funding request for operations not included
- Reduces planned formula-based Transit and Intercity Rail Capital Program (TIRCP) for FY 25-26 from \$1B to \$812M
- Eliminates planned \$690M in Zero-Emission Transit Capital Program (ZETCP) in FY 26-27 and FY 27-28
- Eliminates \$200M in planned TIRCP Cycle 6 investments, impacting existing grant awards

# Governor's Cap & Invest Proposal

Launched in 2013, reduces emissions by setting a limit on pollution and a market to buy and sell credits

- 15-year extension to 2045
- \$1B annually for high-speed rail and \$1.5B annually to CalFire beginning FY 25-26
- Puts at risk continuous appropriations to the Low Carbon Transit Operations Program (LCTOP)
- Puts at risk continuous appropriations to TIRCP, impacting existing grant awards under Cycle 5 and 7, and all future grant cycles

# SFMTA Funding at Risk

- \$245M for capital projects - Muni Forward and Train Control Upgrade (TIRCP cycles 5 & 7)
- \$17M annual LCTOP funds used to support Muni discount fare programs
- FY 25-26 State operating relief funding
  - \$209M programmed by MTC

# Next Steps

- Budget discussion now moves into the legislature where negotiations continue
- June 15: Deadline for the main budget bill
- Budget junior and trailer policy bills will carry into late summer/early fall
- We are working with the Mayor, other elected leaders and advocates to voice:
  - The importance of public transit to meeting the state's climate and air quality goals
  - Support for maintaining the state's existing commitments to TIRCP, LCTOP and SB 125 through 2030
  - Support for maintaining and growing funding to support transit capital and operations beyond 2030

# Senate Bill 63 – Connect Bay Area Act

*Authored by State Senators Scott Wiener and Jesse Arreguín*

- Creates new district governed by MTC with Alameda, Contra Costa, and San Francisco with option for San Mateo and Santa Clara to join
- A half-cent tax for 10 to 15 years - allows SF to go between .5 cent and 1 cent
- Separately, allows SF and San Mateo flexibility up to 1 cent in 1/8 cent increments for their own sales tax measures put on the ballot by Supervisors for a 2/3 vote
- To avoid major service cuts on BART, Caltrain, AC Transit and Muni plus funding for feeder bus in participating counties

# SB 63 – Additional Provisions

- Up to 10% per year for transit transformation to grow ridership and 1% to MTC for administration
- Development of detailed expenditure plan delegated to county transportation agencies, currently underway
- Requires recipient agencies to have third party review, maintain effort, and only use funds for operations unless granted an exception
- Allows MTC to withhold operations funding from agencies deemed non-compliant with Regional Network Management policies and goals

# Fair Share Scenario Discussions

- Conversations are underway between operators, county transportation authorities and bill authors regarding methods to attribute major operator costs by county
- Seeking up to \$170M for Muni in one-cent scenario
- August 11 deadline



# SB 63 Timeline & Next Steps

**June 6:** Bill must pass Senate

**July 18:** Assembly Policy Committee deadline

**July 18 - August 18:** Summer Legislative Recess

**August 11:** Deadline to decide which counties are in, sales tax rate, and detailed expenditure plan

**August 29:** Assembly Appropriations Committee deadline

**September 5:** Last day to amend on floor

**September 12:** Bill must pass Legislature

**October 12:** Deadline for bill to be signed by Governor

Thank you