Senate Bill 63

C/CAG Board of Directors
July 30, 2025

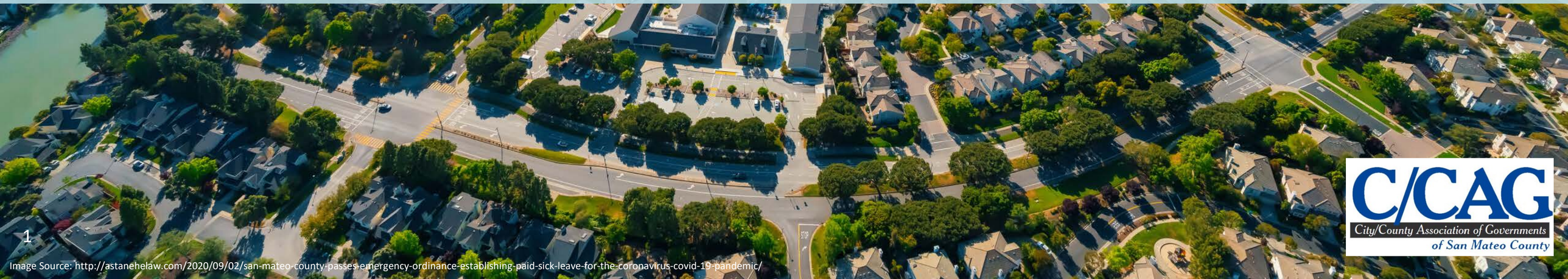

Image Source: http://astanehelaw.com/2020/09/02/san-mateo-county-passes-emergency-ordinance-establishing-paid-sick-leave-for-the-coronavirus-covid-19-pandemic/

Overview of Process

7/30-

A. Joint Meeting of C/CAG Legislative Committee and C/CAG Board; Receive presentation, ask questions, receive public comments, and discuss options for opting into SB 63.

B. C/CAG Board Meeting: C/CAG Board will provide a recommendation to the SamTrans Board of Directors on whether to opt into SB 63 and the conditions under which San Mateo County should opt in.

- August 6th- SamTrans Board will make final decision on whether or not to opt in.
- August/September- State Legislature will finalize SB 63 language and conditions.

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Transit Fiscal Cliff and Travel Behavior Change

- Working from home during the Pandemic has led to change in commute pattern:
  - 11% of fully remote workers
  - 63% employees have hybrid work arrangements
- High reported office vacancy rates of 17%-20% in Santa Clara and San Mateo Counties, and San Francisco 34% in San Francisco.
- Estimated 51% of people returning to SF offices.
- Declining ridership to SF threatens service levels
- As of May 2025, BART ridership is approximately 41% of the 2019 levels and Caltrain is at 55%.
- BART and Caltrain lost over half their fare revenue between 2019 and 2024.
- Bridge traffic volumes and Freeway VMT rebounded to 2019 levels

Source: https://www.sfchronicle.com/sf/article/office-return-work-20271119.php

What SB63 Proposes

- A ½-1 cent sales tax via regional ballot measure (2026).
- 3 core (San Francisco, Alameda, and Contra Costa) and 2 opt-in counties (San Mateo and Santa Clara).
- San Francisco is pursuing a 1 cent sales tax.
- **Requires simple majority (50% +1) to pass.**
- Revenue supports transit deficits and return to source if surplus funds.

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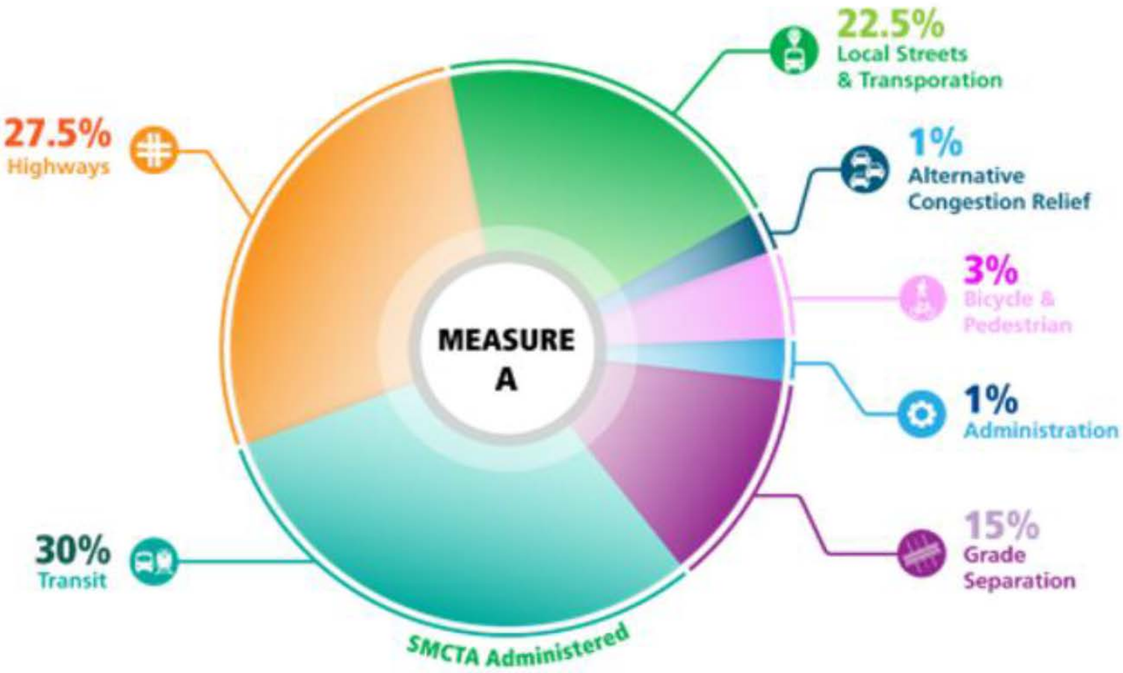
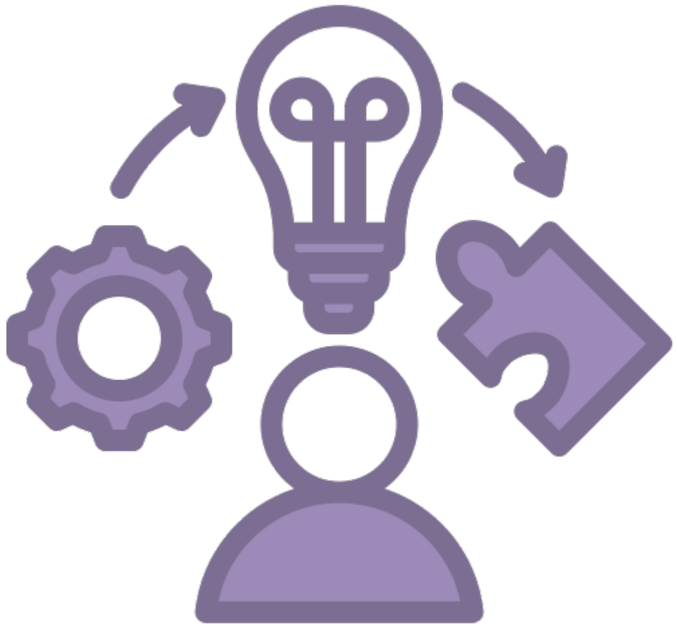
C/CAG's Stated Priorities

1. Preserve renewal of Measure A

   -expires 2033, start renewal in 2028.
2. Fund San Mateo County's proportionate share of Caltrain's deficit.
3. Address only pandemic related fare box losses.
4. Demand strong accountability and efficiency metrics.
5. Secure significant return to source funding allocation.



Policy Options for Considerations



1. **Funding priorities**: What should the measure support?
2. **Tax rate**: Should San Mateo County adopt a ¼ cent or ½ cent sales tax increase?
3. **Accountability:** What measures are necessary to ensure that funds are used effectively and responsibly and have appropriate accountability and efficiency metrics?
4. **Measure Term**: What is the appropriate duration of the tax measure (10-15 years)?
5. **Equity and Return-to-Source**: How do we ensure funding is distributed fairly and equitably, while preserving a strong return-to-source for local benefit?
6. **Overall recommendation**: Considering the answers of 1-5, should San Mateo County opt into SB63?

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Sales Tax Context

A ¼ Cent Increase:

- Generates approximately $60m each year, and $600m to $900m over 10-15 years. *
- Would increase the sales tax in 9 Cities to over 10%.

A ½ Cent Increase:

- Approximately $120m per year, and $1.2b to $1.6b over 10-15 years.*
- Would increase the sales tax in 11 Cities to over 10%.

* Actual amounts will vary due to underlying economic conditions.

City/Jurisdiction	Existing	1/4 Increase	1/2 Cent Increase
Atherton, Colma, Foster City, Hillsborough, Menlo Park, Millbrae, Portola Valley, San Carlos, San Mateo County, Woodside	9.375%	9.625%	9.875%
Burlingame & San Mateo	9.625%	9.875%	10.125%
Belmont, Brisbane, Daly City, East Palo Alto, Half Moon Bay, Pacifica, Redwood City, San Bruno, South San Francisco	9.875%	10.125%	10.375%

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Funding Categories

1. Caltrain- 2.3 annual boardings in SMC. Based on allocations being discussed by Caltrain Joint Powers Board. Estimated deficit $75m. Required to fund, JPB Member.
2. BART- 3 million annual boardings in SMC. Based on annual daily boardings by county, with approx. 10% in SMC, including boardings at SFO. Estimated deficit of $340m.
3. MTC Regional Transformation- $6m SMC share based on MTC recommendations.
4. Return to Source-SamTrans- 10 million annual boardings in SMC. $37m at ½ cent. None at ¼ cent.
5. MUNI- 2.2m annual boardings in SMC. 1.4% of all day boardings for MUNI originate in SMC. Estimated deficit $360m.
6. Admin- approximately $300k.

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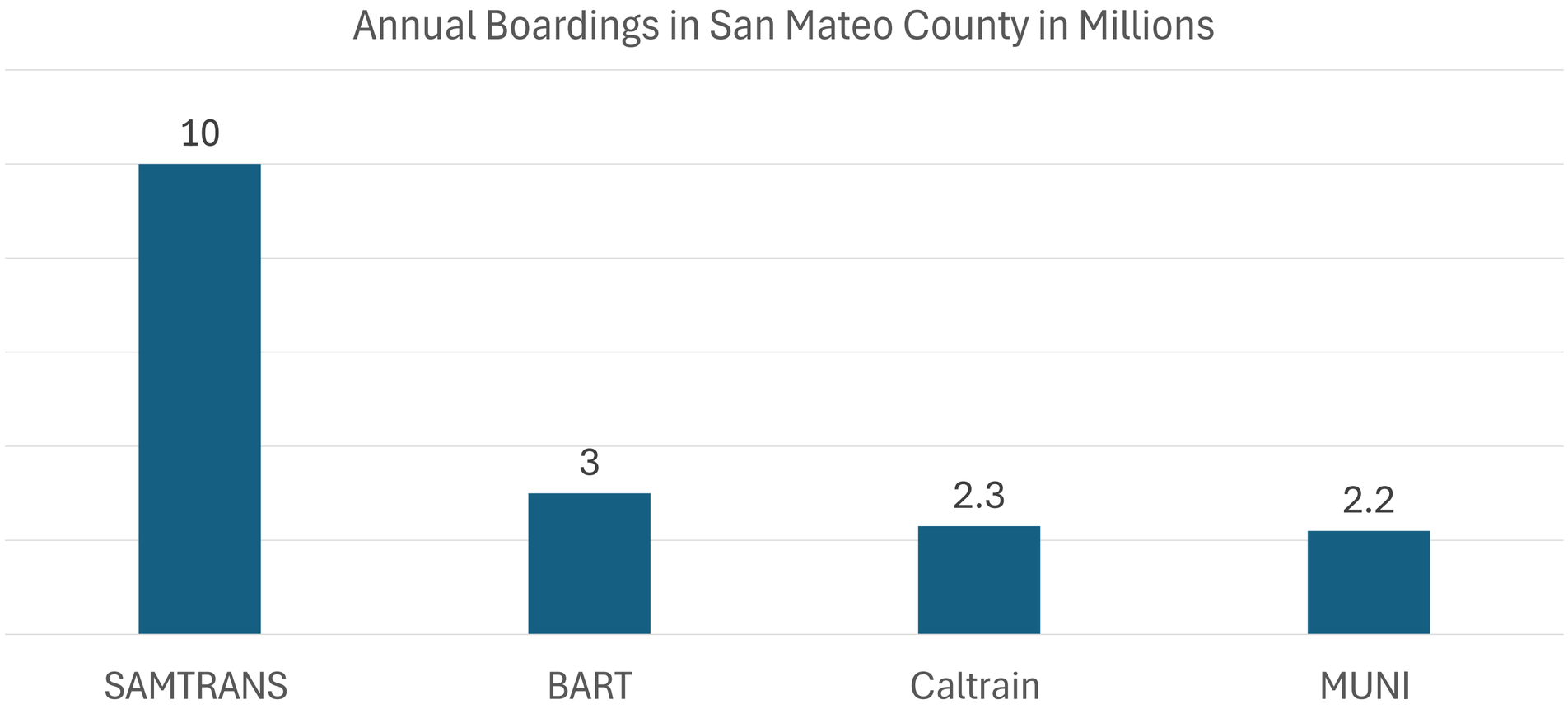
Annual Boardings in San Mateo County



Muni Routes Serving San Mateo County

Muni service in San Mateo County:

- Muni provides nine routes to/from Daly City

SamTrans service in San Francisco:

- SamTrans provides two routes to Transbay Center with limited local stops and two routes to Mission and 1st in downtown San Franciso with one being late night service
- One route to Stonestown Galleria

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Samtrans Update

SamTrans needs additional funding

- Operating costs are growing faster than revenues; increasing annual Operating Budget deficit projections: $16M in FY 2030, $35M by FY 2035
- Significant upcoming capital needs: Zero Emission Bus transition; sea level rise mitigation; bus stop improvements; potential Dumbarton right-of-way redevelopment, etc.

SamTrans serves a high-need, transit-dependent customer base

- SamTrans riders has lowest average household income amongst the large transit agencies in Bay Area
- 94% of SamTrans riders are Low-Income; 68% are Extremely-Low-Income
- 79% of SamTrans riders do not drive or have access to a car; in contrast, San Mateo County residents average two cars per household

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Options

Option 1	Do Not Opt In – No tax increase, but no funding or support.
Option 2	¼ Cent – Limits tax, no return-to-source, fully funds Caltrain.
Option 3	Opt In at ½ Cent – Full funding, includes return-to-source, but higher tax rate

Options *

	#1. Do Not Opt In	#2. 1/4 Cent	
		YRLY $$$	%
Caltrain	$0 (a)	$29	24%
BART	$0	$25	21%
MUNI	$0	$0	0%
MTC	$0	$6	5%
Return To Source	$0	$0	0%
Total	$0	$60	50%

*In millions. Actual amounts and revenue generation will vary.

(a) San Mateo County will need to fund its proportionate share of Caltrain's deficit.

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½ Cent Options *

	Senator Weiner Draft Expenditure Plan 7/23		SMCTD Alternative		Difference
	#3a. 1/2 Cent		#3b. 1/2 Cent		
	YRLY $$$	%	YRLY $$$	%	
Caltrain	$29	24%	$29	24%	$0
BART	$32	27%	$32	27%	$0
MUNI	$9	7%	$6	5%	($3)
MTC	$6	5%	$6	5%	$0
Return To Source	$44	37%	$47	39%	$2
Total	**$120**	**100%**	**$120**	**100%**	($0)

*SMCTD Alternative, 7/30. In millions. Actual amounts and revenue generation will vary.

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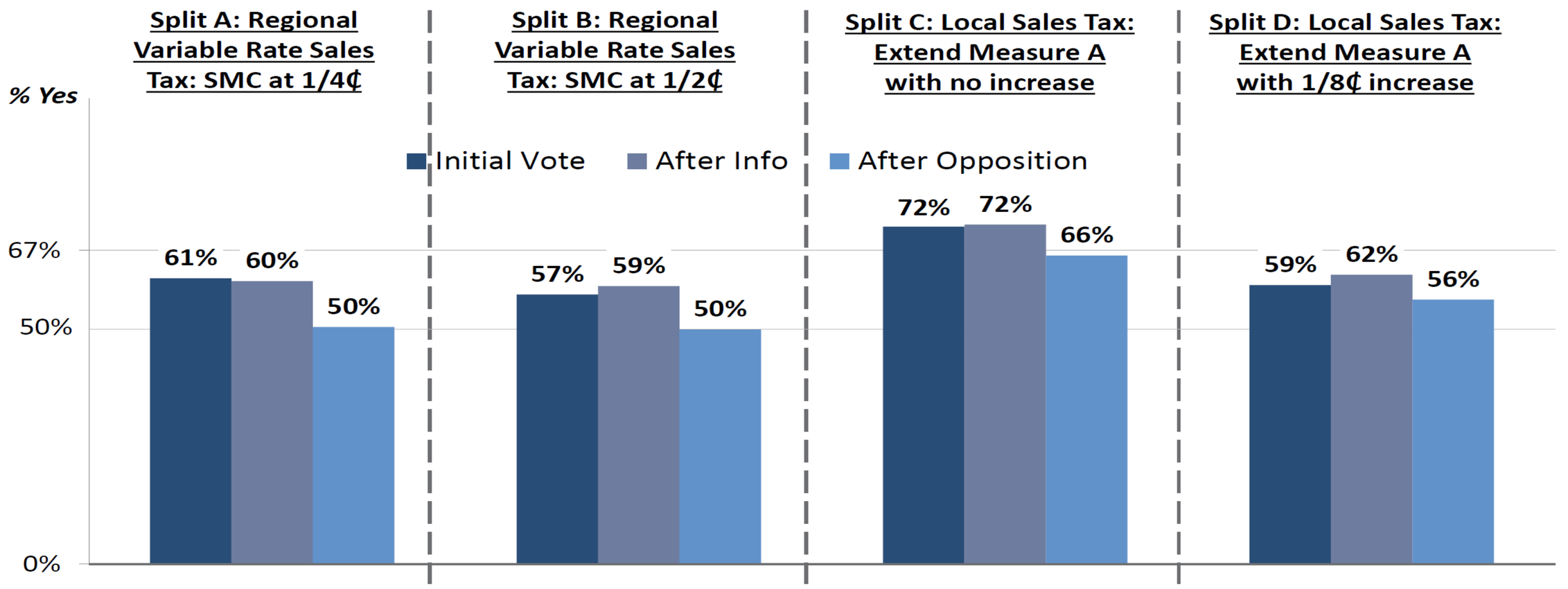
Polling Results

Any tax measure is vulnerable to opposition messaging



[1]Sample size for each split = 600n, MoE=±4.0 % points

Options Pros and Cons

Option	Sales Tax	Funding	Return-to-Source	Key Pros	Key Cons
1. Do Not Opt In	None	No funding to agencies	None	Maintains current tax rate	No new revenue for Caltrain obligation, need to divert existing local funds needed for Caltrain share; no funds for BART, or MUNI, transit service cuts
2. Opt In at ¼ Cent	¼ Cent	$60M/year	None	Funds Caltrain/BART; limits tax burden	No return-to-source; minimal MUNI/regional support
3. Opt In at ½ Cent	½ Cent	$120M/year	~$37M/year	Fully funds Caltrain; significant local funds for SamTrans; supports BART and regional transformative investments.	Raises tax above 10% in 11 cities.

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Staff Recommendation

Opt in at ½ Cent with conditions that address Board Member concerns about accountability and use of funds.

C/CAG Priorities	Meet Priorities?
Does not conflict with timing of Renewal of Measure A	**YES**- Timing does not conflict.
Fund SMC's proportionate Share of Caltrain's deficit	**YES**-
Address pandemic related fare box losses.	**YES**- BART portion based on proportionate farebox losses
Demand strong accountability and efficiency metrics.	**In progress**. See recommended language.
Secure significant return to source funding allocation	**YES**- Estimated at $47m in year 1.

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Accountability & Governance Proposals

Updated (7/30) Accountability Provisions

1. Creation of a 5-member Regional Measure Oversight Committee (ROC).
2. One Member each: SamTrans Board, SMCTA Board, C/CAG Board, County Board of Supervisors, San Mateo County Controller.
3. Regional Sales Tax for BART or MUNI shall be subject to performance based release contingent on compliance with oversight terms established by the ROC and identified in binding Interagency Agreements with BART and MUNI.
4. If performance obligations are not met, the ROC can withhold any or all funds.

Accountability & Governance Proposals

Key Criteria:

a) No disproportionate service cuts in San Mateo County by funded agencies, no additional surcharges or fees on San Mateo County riders.

b) Enforceable stations operations standards related to cleanliness, lighting, and public safety.

c) Work with local governments to facilitate commercial development and shared use at transit stations.

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SB63 Legislative Schedule

- **8/20 or 8/27:** Assembly Appropriations Committee hearing
- **8/29:** Suspense File hearing
- **Week of 9/1:** Assembly Transportation Committee hearing #2
- **9/5:** Bill must be in final form by 9/5 (9/9 with rule waivers)
- **By 9/12:** Assembly and Senate final floor votes.

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Questions?

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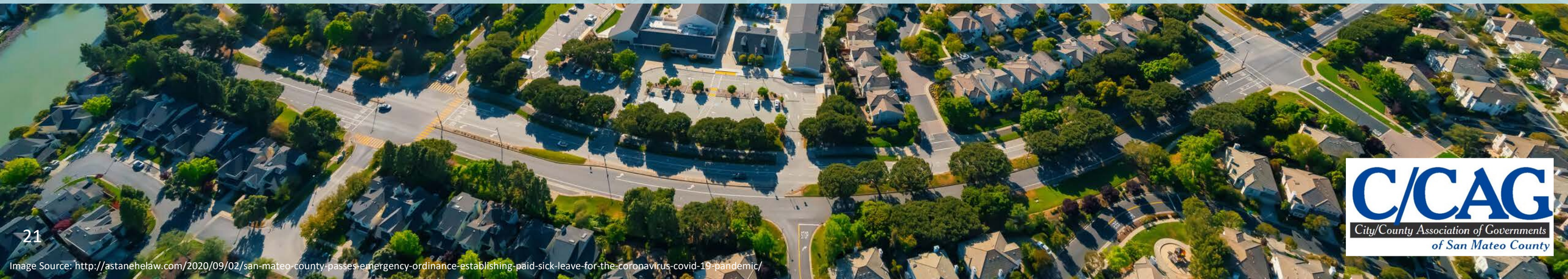

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