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AB-761 Monterey-Salinas Transit District: sales and special taxes. (2025-2026)

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Assembly Bill No. 761

CHAPTER 706

An act to amend Section 106060 of the Public Utilities Code, and to add and repeal Chapter 3.95 (commencing with Section 7300.5) of Part 1.7 of Division 2 of the Revenue and Taxation Code, relating to transportation.

[Approved by Governor October 13, 2025. Filed with Secretary of State October 13, 2025.]

LEGISLATIVE COUNSEL'S DIGEST

AB 761, Addis. Monterey-Salinas Transit District: sales and special taxes.

Existing law creates the Monterey-Salinas Transit District to include all of the County of Monterey, with specified powers and duties related to public transit service. Existing law prohibits the district from imposing sales or special taxes, but authorizes the district, with the concurrence of a majority of the member jurisdictions represented on the board of directors, to submit a ballot measure for the imposition of those taxes to voters of the district.

This bill would prohibit the submission of a measure for the imposition of a sales or special tax to the voters of the district under this authority on or after January 1, 2026.

Existing law authorizes various local governmental entities, subject to certain limitations and approval requirements, to levy a transactions and use tax, in accordance with the procedures and requirements set forth in the Transactions and Use Tax Law, including a requirement that the combined rate of all taxes that may be imposed in accordance with that law in the county not exceed 2%.

This bill would authorize the Monterey-Salinas Transit District, upon the affirmative vote of at least $\frac{2}{3}$ of the board of directors, to submit to the voters of the district a measure proposing a retail transactions and use tax ordinance in accordance with the Transactions and Use Tax Law.

The bill would also separately authorize the district to impose a transactions and use tax for the support of its transportation services at a rate of no more than 0.25% that would, in combination with other transactions and use taxes, exceed the above-described combined rate limit of 2%, if the ordinance proposing the tax is approved by the voters before January 1, 2035, subject to applicable voter approval requirements, as specified. The bill would prohibit a transactions and use tax rate imposed pursuant to this authority from being considered for purposes of that combined rate limit described above.

Vote: majority Appropriation: no Fiscal Committee: no Local Program: no

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 106060 of the Public Utilities Code is amended to read:

106060. (a) The district has no authority to impose sales or special taxes, but may, with the concurrence of a majority of the member jurisdictions represented on the board of directors, cause to be submitted to voters of the district a ballot measure for the imposition of those taxes. A ballot measure shall not be submitted to the voters of the district pursuant to this subdivision on or after January 1, 2026.

(b) The district, upon the affirmative vote of at least two-thirds of the board of directors, may submit to the voters of the district a measure proposing a retail transactions and use tax ordinance in accordance with the Transactions and Use Tax Law (Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code).

(c) Notwithstanding any other law, the district may impose a transactions and use tax pursuant to Chapter 3.95 (commencing with Section 7300.5) of Part 1.7 of Division 2 of the Revenue and Taxation Code.

(d) If approved as required by law, the district may impose and administer fees and other funding sources secured for transportation system operation, maintenance, and improvement.

(e) The board of directors may set fares for public transit service by resolution or minute order.

SEC. 2. Chapter 3.95 (commencing with Section 7300.5) is added to Part 1.7 of Division 2 of the Revenue and Taxation Code, to read:

CHAPTER 3.95. Monterey-Salinas Transit District Transactions and Use Tax

7300.5. (a) Notwithstanding any other law, the Monterey-Salinas Transit District, created pursuant to Part 17 (commencing with Section 106000) of Division 10 of the Public Utilities Code, may impose a transactions and use tax for the support of its transportation services in accordance with Section 106060 of the Public Utilities Code at a rate of no more than 0.25 percent that would, in combination with all taxes imposed in accordance with Part 1.6 (commencing with Section 7251), exceed the limit established in Section 7251.1, if all of the following requirements are met:

(1) The district adopts an ordinance proposing the transactions and use tax by an affirmative vote of at least two-thirds of the board of directors.

(2) The ordinance proposing the transactions and use tax is submitted to the electorate and is approved by the voters voting on the ordinance pursuant to Article XIII C of the California Constitution.

(3) The transactions and use tax conforms to the Transactions and Use Tax Law (Part 1.6 (commencing with Section 7251)) other than Section 7251.1.

(b) Notwithstanding Section 7251.1, the tax rate authorized pursuant to subdivision (a) shall not be considered for purposes of the combined rate limit established by Section 7251.1.

7300.6. If, as of January 1, 2035, an ordinance proposing a transactions and use tax is not approved pursuant to Section 7300.5, this chapter shall be repealed as of that same date.