

Regional Transportation Revenue Measure Update

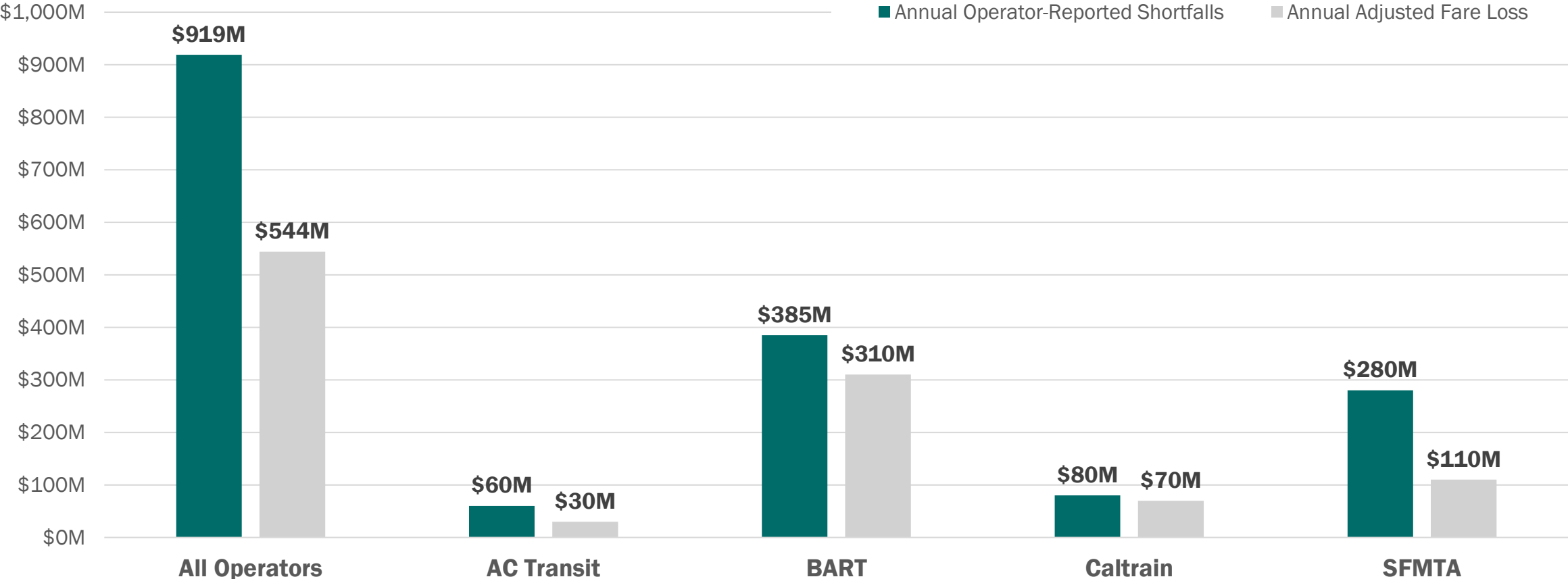


San Francisco
County Transportation
Authority

Community Advisory Committee — Agenda Item 9
January 22, 2025

Transit Operating Shortfalls Recap

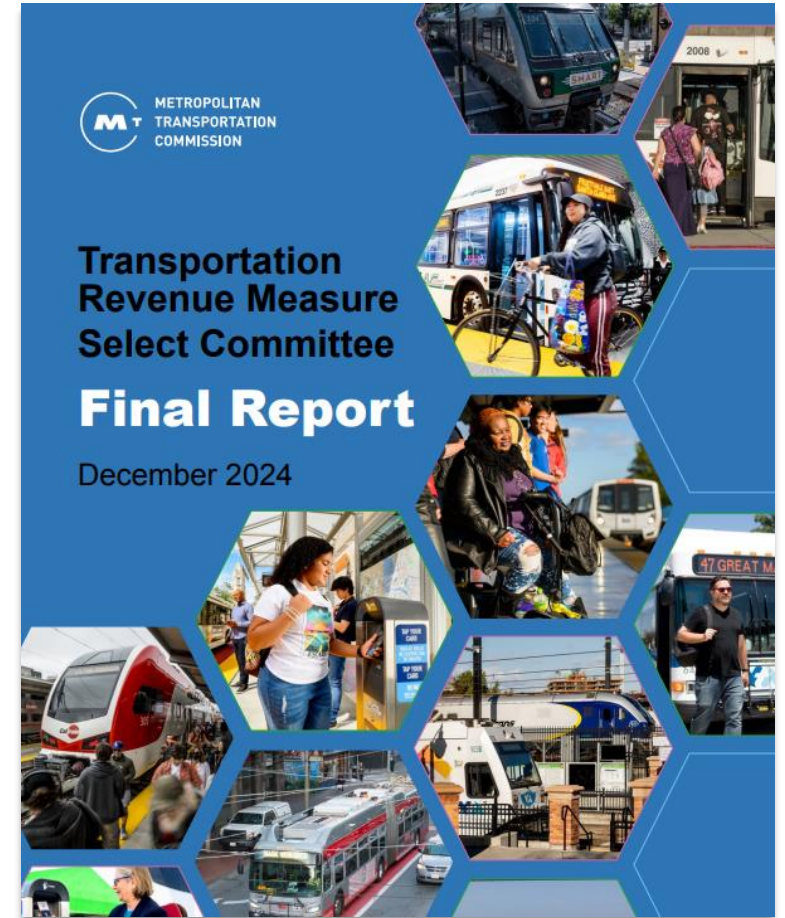
Estimated Annual Operating Shortfalls by Agency FY26-27



Regional Transportation Measure Recap

On December 9, the Metropolitan Transportation Commission (MTC) acted on Select Committee motions

- 1.** Approved policy provisions
- 2.** Endorsed two scenarios for polling, inclusive of potential language for a variable rate tax
- 3.** Return in February 2025 with polling results and considerations for enabling legislation



Select Committee Policy Provisions

- Enabling legislation should include new accountability provisions
- Operators should be required to report on and comply with policies/programs related to Transit Transformation developed through the Regional Network Management framework to be eligible for funds
- Transit consolidation should be studied outside of a measure
- Enabling legislation should authorize a citizen initiative

Select Committee on Bay Area Transportation Revenue Measure

October 21, 2024

Agenda Item 4c

I move that the Select Committee adopt the following recommendation to the Commission related to policy provisions in enabling legislation for a transportation revenue measure:

- Enabling legislation should include new accountability provisions to provide greater oversight of transit agency financial information.
- It should also provide that to be eligible for funding from measure, operators should be required to report on and comply with policies and programs related to Transit Transformation that would be developed through the Regional Network Management framework.
- The Commission should also consider that transit consolidation is worthy of further study but should be pursued separate from enabling legislation for a transportation revenue measure.
- A citizen initiative should be authorized as part of the enabling legislation.

The motion was approved unanimously.

Revenue Mechanisms Explored by MTC

	RATE FOR \$1 BILLION PER YEAR	COMMENTS
Sales Tax	½ cent	Some opposition due to equity concerns but very common source in California
Parcel Tax	\$0.186 per building sq. ft.	Some precedent in transportation but not typical in California. Common source for schools
Payroll Tax	0.36%	Could be split 50/50 employee/employer
Income Tax	0.17%	Strong opposition from businesses, wealthy households
Corporate Head Tax	\$216 per employee	Strong opposition from businesses
Vehicle Registration Surcharge	\$100 - \$600 per year	Rate varies based on vehicle value
Vehicle Miles Traveled Fee	\$0.0152 per mile	Politically challenging, not supported by public

Source: Metropolitan Transportation Commission Transportation Revenue Measure Select Committee Final Report December 2024

MTC Scenario 1a

Short-term, smaller, focused on transit fiscal emergency

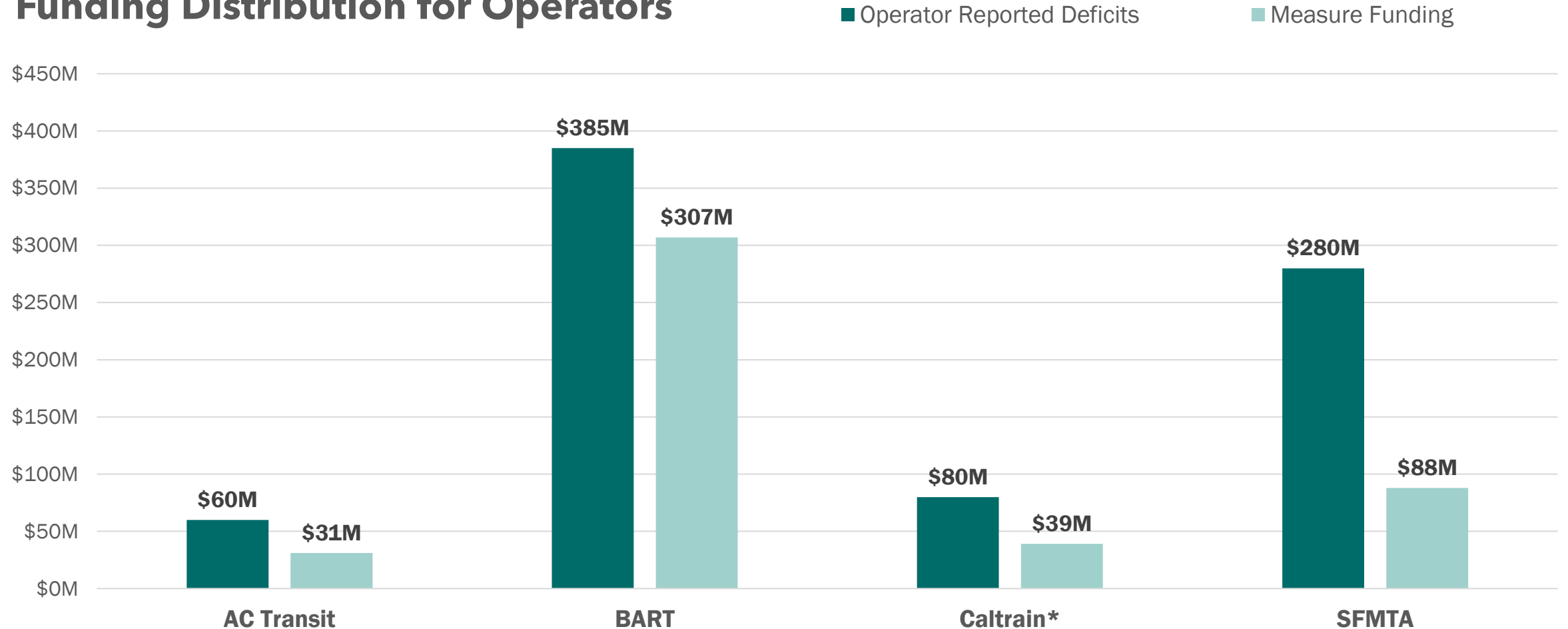
- ½ cent sales tax generating at least \$562 million annually for 10 years
- Alameda, Contra Costa, San Francisco and San Mateo must participate, Santa Clara may opt in
- 10% for transit transformation
- 90% for transit operations, covers adjusted fare loss of most operators



Source: Metropolitan Transportation Commission Transportation Revenue Measure Select Committee Final Report December 2024

MTC Scenario 1a

Funding Distribution for Operators



*Assumes Caltrain would receive partial funding towards deficit from Santa Clara County outside the regional measure if Santa Clara does not opt in.

Source: Metropolitan Transportation Commission Transportation Revenue Measure Select Committee Final Report December 2024

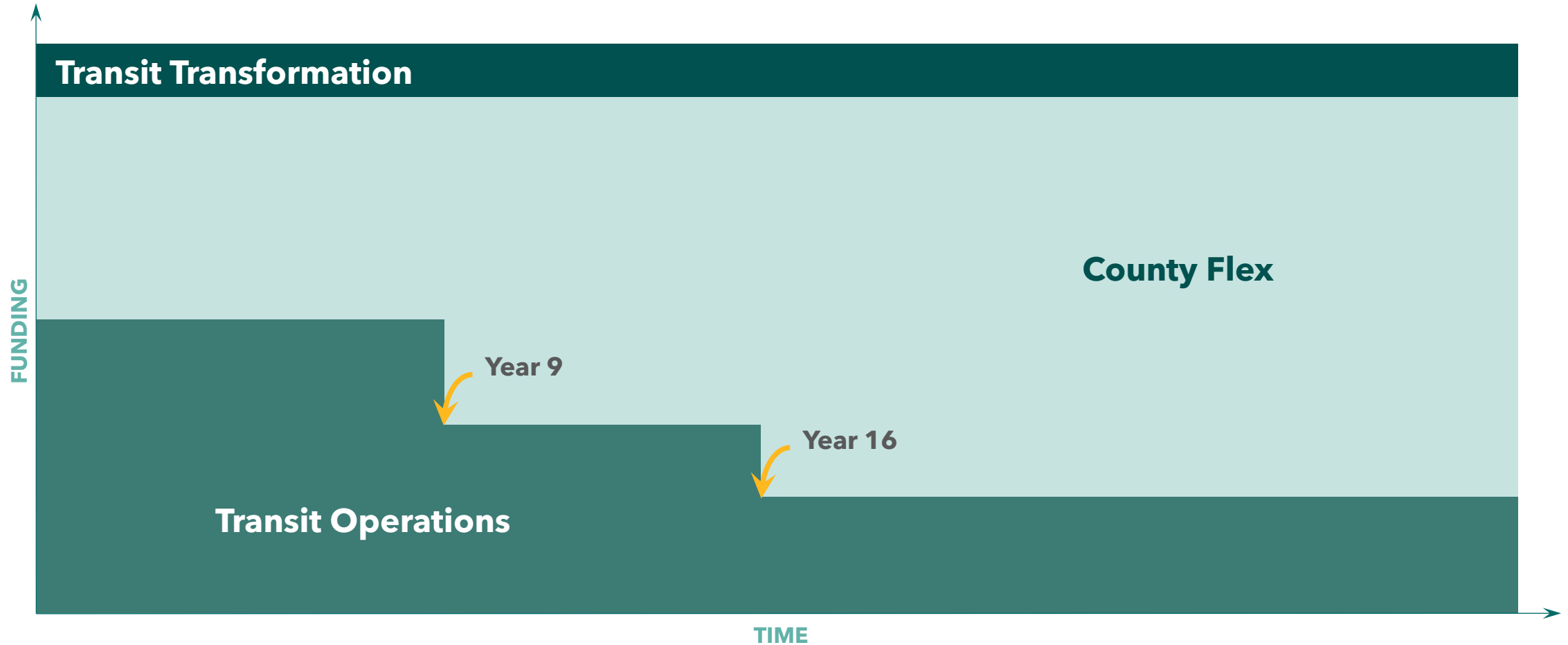
MTC Hybrid Scenario

Long-term, larger, includes multimodal expenditure plan

- ½ cent sales tax and \$0.09 parcel tax generating at least \$1.3 billion annually for 30 years
- Alameda, Contra Costa, San Francisco and San Mateo must participate, others may opt in. This scenario would only advance if Santa Clara opts in
- 10% for transit transformation
- ~50% for transit operations initially (first 8 years) if all counties participate, provides more robust funding for operators; however, guaranteed support for transit deficits significantly declines over time
- County flex pot provides discretionary funding and grows over time

Source: Metropolitan Transportation Commission Transportation Revenue Measure Select Committee Final Report December 2024

MTC Hybrid Scenario

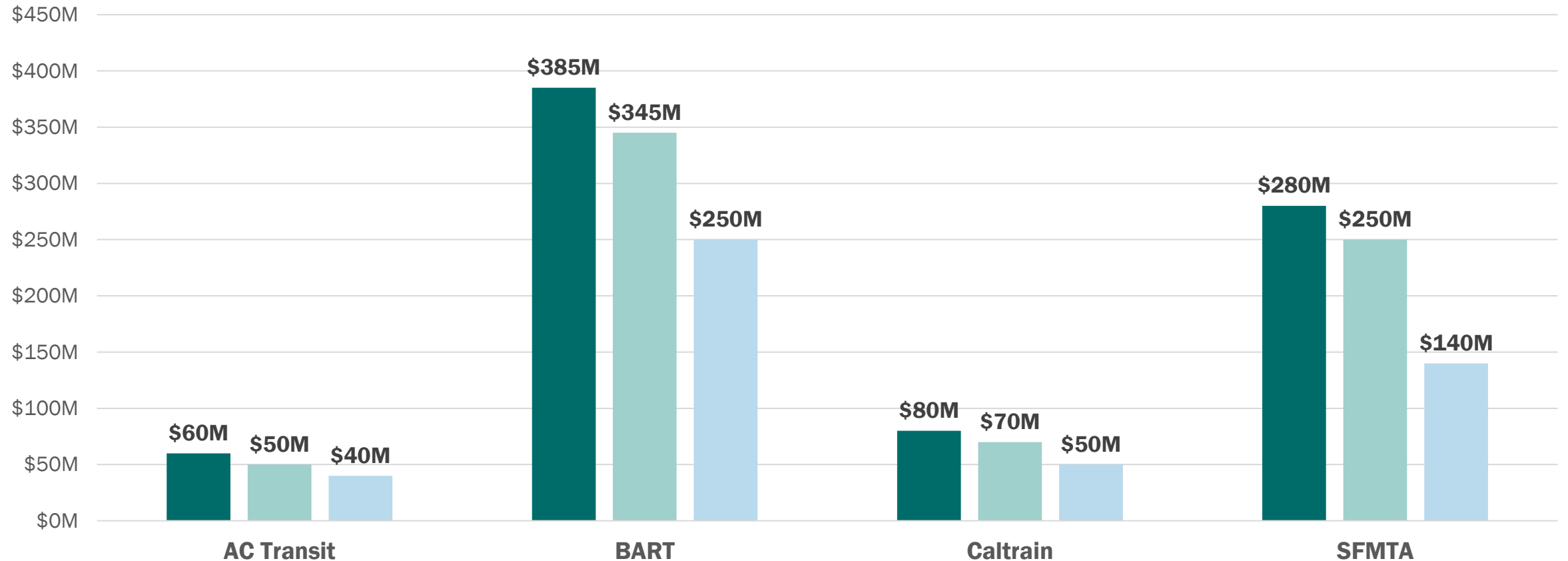


Source: Metropolitan Transportation Commission Transportation Revenue Measure Select Committee Final Report December 2024

MTC Hybrid Scenario

Funding Distribution for Operators*

■ Operator Reported Deficits ■ Years 1 – 8 Funding ■ Years 9 – 15 Funding



* In Year 14, MTC would lead a regional process to determine how much funding operators would receive for operating needs for Years 16 - 30.

Source: Metropolitan Transportation Commission Transportation Revenue Measure Select Committee Final Report December 2024

SFMTA/Operator Proposal

Variable rate parcel or sales tax, multimodal expenditure plan

- Parcel tax (per building square foot) ranging from \$0.11 to \$0.28 by county generating over \$800 million per year for 11.5 years. May also use sales tax with equivalent rates
- Alameda (\$0.20), Contra Costa (\$0.20), San Francisco (\$0.28), San Mateo (\$0.20) and Santa Clara (\$0.11) would participate
- Provides \$428 million for AC Transit, \$3.5 billion for BART, \$836 million for Caltrain, \$1.0 billion for SFMTA, \$700 million for VTA and additional funding for other operators over life of measure
- Funds both transit operations and capital as well as county flex for all counties except San Francisco which has higher transit operations needs

Source: MTC Transportation Revenue Measure Select Committee Oct 21 Item 4a

Bay Area Sales Tax Rates

Ordered by minimum base sales tax rate

	MINIMUM BASE SALES TAX RATE ¹	MAXIMUM JURISDICTION SALES TAX RATE ¹	INCREMENT DEDICATED TO TRANSPORTATION ² (EXCLUDING TDA 0.25%)
Solano	7.38%	9.25%	
Napa ³	7.75%	8.75%	0.500%
Marin	8.25%	9.25%	0.750%
San Francisco	8.63%	8.63%	1.125%
Contra Costa	8.75%	10.25%	1.000%
Santa Clara ³	9.13%	9.88%	1.750%
Sonoma ³	9.25%	10.50%	0.500%
San Mateo	9.38%	9.88%	1.625%
Alameda	10.25%	10.75%	1.500%

¹ Source: California Department of Tax and Fee Administration website

² Source: MTC Transportation Revenue Measure Select Committee July 29, 2024 Item 4b. Includes both single-county sales taxes as well as BART, Caltrain, and other operator multi-county sales taxes dedicated to transportation.

³ Reflects upcoming (not yet effective) sales tax increases approved by voters in November 2024 based on SFCTA staff review of election results.

Senate Bill 63 (Wiener, Arreguin)

Introduced January 9, 2025

“It is the intent of the Legislature to enact legislation authorizing a revenue measure to invest in transportation, including to, at a minimum, sustain and improve public transportation, in the San Francisco Bay area. It is the further intent of the Legislature that the details of this authorizing legislation, including the specific geography of the measure, be based on continued stakeholder engagement and consensus building, building off of a robust regional engagement process led by the Metropolitan Transportation Commission in 2024.”



Parallel Efforts for New Revenues

BART

- Conducted polling in September on sales/parcel taxes in 5-county service area
- Seeking legislation this year

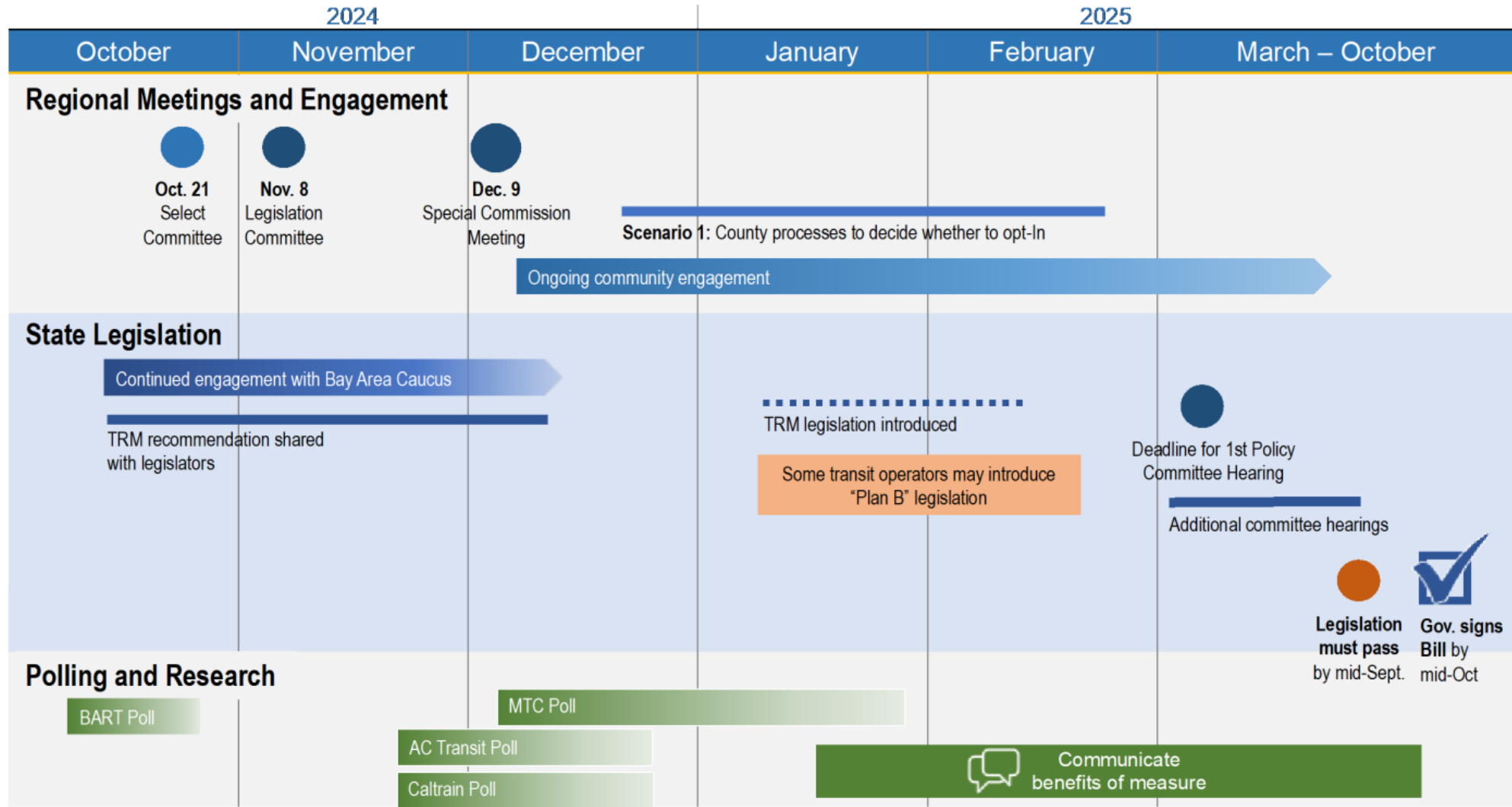
Caltrain

- Polling this month on sales tax and parcel tax in 3-county service area
- Seeking legislation this year

SFMTA

- Convening the Muni Funding Working Group to identify new revenue opportunities, expected to wrap up in early 2025

Schedule



Thank you.

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