



Memorandum

Date: August 31, 2018
To: Citizens Advisory Committee
From: Maria Lombardo – Chief Deputy Director
Subject: 09/05/2018 CAC Meeting: Adopt a Motion of Support for the Adoption of a Support Position on AB 1184 (Ting)

<p>RECOMMENDATION <input type="checkbox"/> Information <input checked="" type="checkbox"/> Action</p> <p>1. Adopt a motion of support for the adoption of a support position on Assembly Bill (AB) 1184 (Ting)</p> <p>SUMMARY</p> <p>Chair Peskin has collaborated with Assemblymember Ting to draft AB 1184 (Ting), which would authorize the City and County of San Francisco to impose a tax on rides originating in San Francisco provided by a transportation network company (TNC) participating driver or by an autonomous vehicle, facilitated by a TNC or by any other person. The tax would be capped at 3.25% of the net rider fare, or 1.5% of the net rider fare for shared rides. The City and County of San Francisco would also be authorized to lower the tax rate for zero-emission vehicles. This tax would be subject to meeting a 2/3 vote threshold at the City and County level.</p>	<p><input type="checkbox"/> Fund Allocation</p> <p><input type="checkbox"/> Fund Programming</p> <p><input checked="" type="checkbox"/> Policy/Legislation</p> <p><input type="checkbox"/> Plan/Study</p> <p><input type="checkbox"/> Capital Project Oversight/Delivery</p> <p><input type="checkbox"/> Budget/Finance</p> <p><input type="checkbox"/> Contracts</p> <p><input type="checkbox"/> Other: _____</p>
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BACKGROUND

In early 2017, Mayor Lee and the Board of Supervisors created the San Francisco Transportation 2045 Task Force 2045 to explore the potential for new local transportation revenue measures to help address an estimated \$22 billion funding gap for San Francisco’s transportation system. That figure encompasses everything from roadway maintenance needs and unfunded bicycle and pedestrian projects, to Muni service and facility needs, and funding for large regional projects like the downtown extension of Caltrain to the new Salesforce Transit Center.

The T2045 Task Force reviewed a list of nearly 30 locally-controlled revenue sources that could help San Francisco better meet its transportation funding needs. Among the recommendations, the Task Force recommended seeking state legislation to authorize per-ride fees on Transportation Network Companies or TNCs.

DISCUSSION

Staff is recommending a new support position on Assembly Bill (AB) 1184 (Ting). The text of the proposed legislation is included in Attachment 1. Assmblymember Chiu and Senator Wiener are also listed as a lead author and principal coauthor respectively. In mid-August, the bill was amended into

Agenda Item 9

its current form. The bill is very simple and straightforward, leaving flexibility for tax features and implementation details to be developed through a future local ordinance approval process.

AB 1194 currently is at the Senate Rules Committee. The last day for each house to pass bills is August 31. The last day for the Governor to sign or veto bills is September 30. Due to the timing of the end of this legislative session, our Executive Director Tilly Chang has submitted a letter of support on behalf of the Transportation Authority, given that the bill is consistent with the Transportation Authority's legislative program, and that the bill is a result of the recommendations from the Transportation 2045 Task Force from 2017. Her letter is included as Attachment 2. Consistent with agreements reached earlier this summer, Uber and Lyft are also on record supporting the bill.

At the September 5 CAC meeting, we will provide a status update on AB 1184. If the bill has been passed by both houses, a motion of support by the CAC would still be timely as the Governor has 30 days to sign or veto the bill.

FINANCIAL IMPACT

The recommended action will have no financial impact on the Transportation Authority's budget.

SUPPLEMENTAL MATERIALS

Attachment 1 – AB 1184 bill text

Attachment 2 – AB 1184 support letter from Tilly Chang, Executive Director

AMENDED IN SENATE AUGUST 22, 2018
AMENDED IN SENATE SEPTEMBER 1, 2017
AMENDED IN SENATE AUGUST 22, 2017
AMENDED IN SENATE JUNE 26, 2017
AMENDED IN ASSEMBLY MAY 30, 2017
AMENDED IN ASSEMBLY MARCH 30, 2017
CALIFORNIA LEGISLATURE—2017–18 REGULAR SESSION

ASSEMBLY BILL

No. 1184

Introduced by Assembly Member Members Ting and Chiu
(Principal coauthor: Senator ~~Stern~~ Wiener)

February 17, 2017

An act to add Section 5446 to the *Public Utilities Code*, relating to ~~vehicular air pollution~~. *transportation*.

LEGISLATIVE COUNSEL'S DIGEST

AB 1184, as amended, Ting. ~~Vehicular air pollution: incentives. City and County of San Francisco: local tax: transportation network companies: autonomous vehicles.~~

Existing law authorizes counties, cities, and other local agencies to impose various taxes and fees in connection with activity or property within those jurisdictions. The California Constitution also authorizes a charter city to levy local taxes to raise revenues for local purposes, subject to restrictions imposed by that city's charter or preemption in matters of statewide concern.

The Passenger Charter-party Carriers' Act authorizes the Public Utilities Commission to regulate charter-party carriers in California,

including transportation network companies that provide prearranged transportation services for compensation using an online-enabled application or platform to connect passengers with drivers. For purposes of provisions applicable to transportation network companies, the act also defines a participating driver or driver as any person who uses a vehicle in connection with a transportation network company's online-enabled application or platform to connect with passengers.

This bill would authorize the City and County of San Francisco to impose a tax on each ride originating in the City and County of San Francisco provided by an autonomous vehicle, whether facilitated by a transportation network company or any other person, or by a participating driver in an amount not to exceed 3.25% of net rider fares, as defined, for a ride and 1.5% of net rider fares for a shared ride, as specified. The bill would also authorize the City and County of San Francisco to set a lower tax rate for net rider fares for a ride provided by a zero-emission vehicle. The bill would require moneys collected by the City and County of San Francisco from this tax to be dedicated to fund transportation operations and infrastructure within the City and County of San Francisco. The bill would require a tax imposed pursuant to this authority to expire no later than November 5, 2045.

This bill would make legislative findings and declarations as to the necessity of a special statute for the City and County of San Francisco.

~~Existing law establishes the Air Quality Improvement Program that is administered by the State Air Resources Board for the purposes of funding projects related to, among other things, the reduction of criteria air pollutants and improvement of air quality. Pursuant to its existing statutory authority, the state board has established the Clean Vehicle Rebate Project, as a part of the Air Quality Improvement Program, to promote the production and use of zero-emission vehicles by providing rebates for the purchase of new zero-emission vehicles. Existing law creates the enhanced fleet modernization program to provide compensation for the retirement and replacement of passenger vehicles and light-duty and medium-duty trucks that are high polluters.~~

~~This bill would require the state board, by January 1, 2019, to submit to the Legislature a report on the operations of its vehicle incentive programs containing specified information.~~

Vote: majority. Appropriation: no. Fiscal committee: *yes-no*.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 *SECTION 1. This act shall be known, and may be cited, as the*
2 *Transportation Assistance Funding Act.*

3 *SEC. 2. Section 5446 is added to the Public Utilities Code, to*
4 *read:*

5 5446. (a) *Notwithstanding any other law, the City and County*
6 *of San Francisco may impose a tax on each ride originating in the*
7 *City and County of San Francisco provided by a participating*
8 *driver in an amount not to exceed the following:*

9 (1) *One and one-half percent of net rider fares for a shared ride*
10 *in which, prior to commencement of the ride, a passenger requests*
11 *through the transportation network company's online-enabled*
12 *application or platform to share the ride with one or more*
13 *passengers and each passenger is charged a fare that is calculated,*
14 *in whole or in part, based on the passenger's request to share all*
15 *or part of the ride with one or more passengers, regardless of*
16 *whether the passenger actually shares all or part of the ride.*

17 (2) *Three and one-quarter percent of the net rider fare for a*
18 *ride other than a ride described in paragraph (1).*

19 (b) *Notwithstanding any other law, the City and County of San*
20 *Francisco may impose a tax on each ride originating in the City*
21 *and County of San Francisco provided by an autonomous vehicle,*
22 *whether facilitated by a transportation network company or any*
23 *other person, in an amount not to exceed the following:*

24 (1) *One and one-half percent of net rider fares for a shared ride*
25 *in which, prior to commencement of the ride, a passenger requests*
26 *to share the ride with one or more passengers and each passenger*
27 *is charged a fare that is calculated, in whole or in part, based on*
28 *the passenger's request to share all or part of the ride with one*
29 *or more passengers, regardless of whether the passenger actually*
30 *shares all or part of the ride.*

31 (2) *Three and one-quarter percent of the net rider fare for a*
32 *ride other than a ride described in paragraph (1).*

33 (c) *Notwithstanding subdivisions (a) and (b), the City and*
34 *County of San Francisco may set a lower tax rate for net rider*
35 *fares for a ride originating in the City and County of San Francisco*
36 *provided by a zero-emission vehicle to further incentivize*
37 *deployment of zero-emission vehicles.*

1 (d) For purposes of this section, “net rider fare” means all
2 charges for a ride, including, but not limited to, charges based on
3 time or distance, or both, and excluding any additional charges
4 such as taxes, airport or venue fees, or fees imposed by the
5 commission.

6 (e) Moneys collected by the City and County of San Francisco
7 pursuant to this section shall be dedicated to fund transportation
8 operations and infrastructure within the City and County of San
9 Francisco.

10 (f) A tax imposed pursuant to this section shall be subject to
11 applicable voter approval requirements imposed by law.

12 (g) A tax imposed pursuant to this section shall expire no later
13 than November 5, 2045.

14 SEC. 3. The Legislature finds and declares that a special statute
15 is necessary and that a general statute cannot be made applicable
16 within the meaning of Section 16 of Article IV of the California
17 Constitution because of the need to address traffic congestion
18 issues unique to the City and County of San Francisco.

19 SECTION 1. ~~The Legislature finds and declares all of the~~
20 ~~following:~~

21 ~~(a) Reducing emissions of greenhouse gases to 40 percent below~~
22 ~~1990 levels by 2030 to meet the state’s climate goals will require~~
23 ~~widespread transportation decarbonization.~~

24 ~~(b) Continuing to reduce greenhouse gas emissions is critical~~
25 ~~for the protection of all areas of the state, but especially for the~~
26 ~~state’s low-income communities. The state’s low-income~~
27 ~~communities are disproportionately impacted by the deleterious~~
28 ~~effects of climate change on public health.~~

29 ~~(c) California’s low-income populations continue to face~~
30 ~~disproportionate impacts from substandard air quality in the form~~
31 ~~of higher rates of respiratory illnesses, hospitalizations, and~~
32 ~~premature death. Climate change also is expected to have~~
33 ~~disproportionate impacts on low-income and other vulnerable~~
34 ~~communities in the state.~~

35 ~~(d) Seven of the 10 cities with the most severe air pollution in~~
36 ~~the United States are in California. California has the largest~~
37 ~~proportion of its population, over 40 percent, living close to busy~~
38 ~~roadways and exposed to an elevated risk of air pollution and~~
39 ~~health impacts.~~

1 ~~(e) It is the goal of the Legislature to support transportation~~
2 ~~decarbonization and the widespread deployment of zero-emission~~
3 ~~vehicles throughout the state; to establish a self-sufficient~~
4 ~~zero-emission industry in which zero-emission vehicles are a viable~~
5 ~~and economic option for all consumers and businesses by 2030;~~
6 ~~and to promote jobs, business growth, and the public health through~~
7 ~~the smart planning of reliable energy resources and deployment~~
8 ~~of clean transportation technology.~~

9 ~~(f) Accelerating the transition to zero-emission vehicles in the~~
10 ~~state will reduce fuel bills and transportation costs across the state~~
11 ~~for all residents, will increase opportunities to promote grid~~
12 ~~management policies, and will have the potential to facilitate~~
13 ~~integration of eligible renewable energy resources that bring~~
14 ~~benefits to electric customers, support advanced transportation~~
15 ~~businesses and jobs, and deliver billions of dollars per year in~~
16 ~~climate, health, and energy benefits.~~

17 ~~(g) Widespread transportation decarbonization requires increased~~
18 ~~participation and access for low- and moderate-income~~
19 ~~communities and other consumers of zero-emission vehicles, and~~
20 ~~increased use of those vehicles in those communities and by other~~
21 ~~consumers to enhance overall air quality, lower the emissions of~~
22 ~~greenhouse gases, and promote general benefits to those~~
23 ~~communities and other consumers.~~

24 ~~(h) Zero-emission vehicles provide a new source of load for~~
25 ~~electric utilities that increase grid asset utilization, which could~~
26 ~~result in reduced rates for all electric customers. Electrical~~
27 ~~corporations should support the transition to these vehicles.~~

28 ~~(i) In addition to electric customer protection objectives, other~~
29 ~~objectives of energy resource planning and investment are to~~
30 ~~minimize the cost to society of reliable energy services provided~~
31 ~~in the state, improve the environment and power grid management,~~
32 ~~and encourage the diversity of energy sources through better~~
33 ~~integration of eligible renewable energy resources, including wind,~~
34 ~~solar, biomass, and geothermal energy, and energy storage.~~

35 ~~(j) Widespread transportation decarbonization should stimulate~~
36 ~~innovation and competition, enable consumer options in charging~~
37 ~~equipment and services, attract private capital investments, and~~
38 ~~create high-quality jobs for residents.~~

39 ~~(k) Deploying zero-emission vehicles should be consistent and~~
40 ~~complementary with policies to develop charging infrastructure~~

1 throughout the state. These efforts should facilitate increased sales
2 of zero-emission vehicles by making refueling and charging easily
3 accessible and should provide the opportunity to access fuels that
4 are cleaner and less costly than gasoline or other fossil fuels in
5 public and private locations.

6 ~~(l) Providing incentives for the purchase, lease, use, and effective~~
7 ~~grid integration of zero-emission vehicles in the near term will~~
8 ~~accelerate deployment and availability of these vehicles in the state~~
9 ~~and globally, deliver associated health and climate benefits, and~~
10 ~~provide overall economic benefits to drivers, electric customers,~~
11 ~~and the state as a whole.~~

12 ~~(m) Incentives for zero-emission vehicles will further the~~
13 ~~following goals:~~

14 ~~(1) One million zero-emission vehicles by 2022 and establishing~~
15 ~~a self-sustaining market, as stated in the Charge Ahead California~~
16 ~~Initiative (Chapter 8.5 (commencing with Section 44258) of Part~~
17 ~~5 of Division 26 of the Health and Safety Code).~~

18 ~~(2) Governor Brown’s target of 1.5 million zero-emission~~
19 ~~vehicles by 2025.~~

20 ~~(3) Governor Brown’s recent public statements to set a further~~
21 ~~ambitious target of 5 million zero-emission vehicles by 2030, to~~
22 ~~be on track to achieve an 80 percent reduction of greenhouse gas~~
23 ~~emissions in the state by 2050.~~

24 ~~SEC. 2. (a) On or before January 1, 2019, the State Air~~
25 ~~Resources Board, pursuant to Section 9795 of the Government~~
26 ~~Code, shall submit to the Legislature a report regarding the~~
27 ~~operation of the vehicle incentive programs that includes both of~~
28 ~~the following:~~

29 ~~(1) The funding levels necessary to support continuous,~~
30 ~~year-round operation of each of its zero-emission vehicle and~~
31 ~~near-zero-emission vehicle incentive programs.~~

32 ~~(2) Changes to the zero-emission vehicle incentive programs~~
33 ~~that are necessary to increase market penetration of zero-emission~~
34 ~~vehicles.~~

35 ~~(b) The State Air Resources Board may contract with a third~~
36 ~~party for the preparation of the report required pursuant to~~
37 ~~subdivision (a).~~

August 24, 2018

The Honorable Phil Ting
California State Assembly
State Capitol
PO Box 942849
Sacramento, CA 94249-0019

Subject: Support for AB 1184 – San Francisco Transportation Funding

Dear Assemblymember Ting,

On behalf of the San Francisco County Transportation Authority (Transportation Authority), I am writing to express our agency’s **strong support for your Assembly Bill 1184**, which would allow voters in the City and County of San Francisco to approve a tax on Transportation Network Company (TNC) rides to fund critical local transportation projects.

The Transportation Authority develops San Francisco’s transportation policies through our roles as the county Congestion Management Agency and administrator of San Francisco’s Prop K sales tax and Prop AA vehicle registration programs. In 2017, the Transportation Authority staffed the San Francisco Transportation 2045 Task Force, which was comprised of over 60 stakeholder representatives from neighborhood organizations, transportation advocacy groups, business and civic organizations and public agencies. The Task Force identified a \$22 billion funding gap for the city’s transportation systems through the year 2045 and identified a TNC trip fee or tax as a potential tool to help close that gap, subject to authorizing state legislation such as AB 1184.

San Francisco is one of the most congested cities in the county, and TNC activities are contributing to that congestion. In June 2017, the Transportation Authority published the groundbreaking report “TNCs Today: A Profile of San Francisco Transportation Network Company Activity,” which demonstrated that TNC trips are concentrated in the densest and most congested parts of San Francisco, including the downtown core. At peak periods, TNCs comprise 20-26 percent of vehicle trips in downtown and South of Market areas, with more than 5,700 TNC vehicles operating on San Francisco streets during the peak period. The proposed tax would help mitigate the impacts of this congestion by funding improvements to the city’s transportation infrastructure and operations.

In keeping with these prior efforts, and our recently adopted Emerging Mobility Services and Technology policy recommendations, we urge the Legislature’s favorable consideration of AB 1184 and thank you for your leadership.

Sincerely,

Tilly Chang
Executive Director

cc: Senator Scott Wiener
Assemblymember David Chiu
A. Powers – San Francisco Mayor’s Office
E. Reiskin, K. Breen – SFMTA



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