

# **San Francisco Transportation Task Force 2045**

November 20, 2017 Meeting



## Today's Meeting Objectives & Agenda

### Agenda

Time	Agenda Item
10 mins	Welcome, task force updates
50 mins	Revenue Scenarios
25 mins	Expenditure Plan Scenarios
5 mins	Public comment, next steps



## Welcome from the Chairs + Introductions

- The goals of today's agenda are;
  - Build agreement on a package of revenue sources, including a revenue source for a 2018 ballot
  - Review expenditure plan scenarios and options
  - Move toward agreement and broadening support on both revenue and expenditure plans
- The task force's recommendations will be memorialized in a report to the Mayor and Board of Supervisors. Based on your input today, we will share a draft report with you in December.



# Revenue Scenarios



## A Package of Revenue Sources

- How much of the approximately \$22 billion in unfunded need should the TTF seek to fill with a recommended package of **local** revenue measures?

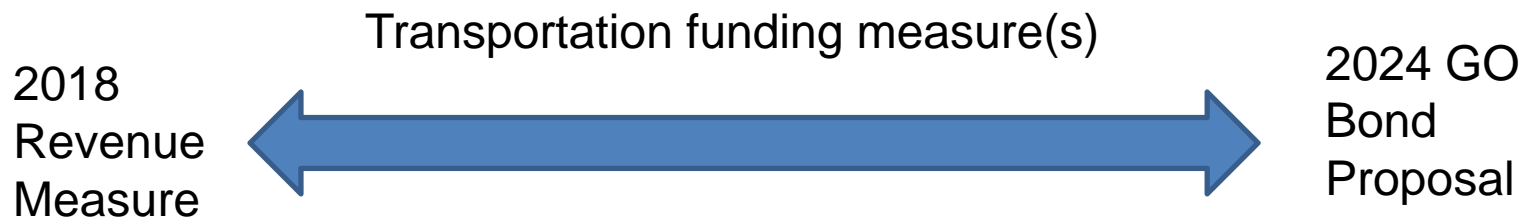
Proposed Target Range:

- 25% of the unfunded need = \$200 million / year to
  - 30% of the unfunded need = \$240 million / year
- We will continue to advocate for discretionary federal, state, and regional sources to help close the gap



## A Package of Revenue Sources

- The period's first 'bookend' is a 2018 revenue measure
- The final 'bookend' is a 2024 General Obligation Bond for transportation (\$500M est.) in the City's capital plan
- Between these two, one or more additional transportation measures can be developed and proposed to voters
- We hope to move toward TTF2045 agreement and recommendations on all three revenue elements



# “Dot Voting” Results

At the October meeting task force members voted with five dots. Members who did not attend had the opportunity to vote by survey.

The chart shows the top three 2018 sources and top three post-2018 sources.

Revenue Sources		2018 Votes	Future Votes	Total Votes
<b>Vehicle-related</b>				
A	Gas Tax, San Francisco	2	6	8
B	Parking Fees, City Facilities	0	1	1
C	Parking Tax	0	1	1
D	Vehicle License Fee (VLF) - San Francisco (SB 1492)	8	27	35
E	Vehicle Registration Fee (VRF) - Bicycle Infrastructure (SB 1183)	1	2	3
<b>Property-related</b>				
F	Parcel Tax	0	4	4
G	Real Property Transfer Tax (RPTT)	0	2	2
H	Transportation Sustainability Fee (TSF) – Increase	1	5	6
<b>Paid by Individuals and Businesses</b>				
I	Carbon Tax	0	1	1
J	Gross Receipts Tax: General Increase	1	3	4
K	Gross Receipts Tax: Commercial Property Rent Tax Increase	11	8	19
L	Gross Receipts Tax: Platform/Gig Economy Tax	4	9	13
M	Payroll Tax	0	0	0
N	Sales Tax	12	13	25
<b>Entertainment / Leisure</b>				
O	Large Event Ticket Surcharge	1	4	5
P	Sports Franchise Tax	0	7	7
Q	Transient Occupancy Tax (Hotel Tax)	1	3	4
<b>Post-2018</b>				
R	Assessment Districts - Mello Roos, Community Facilities District		0	0
S	Congestion Pricing		20	20
T	General Obligation (GO) Bond		6	6
U	High-Polluting Vehicle Tax		2	2
V	Income Tax - Corporate		3	3
W	Income Tax - Personal		5	5
X	Property Tax - Commercial		3	3
Y	Residential Parking Permit Fees		2	2
Z	Robot Tax		3	3
AA	Transportation Network Companies (TNC) Fee		24	24
BB	Vehicle License Fee (VLF) on 2nd Vehicles		1	1
CC	Vehicle Miles Traveled (VMT) Fee		2	2
		42	167	209



# “Dot Voting” Results – 2018-Only Votes

Among the votes for 2018 measures, the top four were:

1. **Sales Tax** (12 votes)
2. **Gross Receipts Tax: Commercial Property Rent Tax Increase** (11 votes)
3. **Vehicle License Fee (S.F., SB 1492)** (8 votes)
4. **Gross Receipts Tax: Platform/Gig Economy Tax** (4 votes)

Revenue Sources		2018 Votes
<b>Vehicle-related</b>		
A	Gas Tax, San Francisco	2
B	Parking Fees, City Facilities	0
C	Parking Tax	0
D	Vehicle License Fee (VLF) - San Francisco (SB 1492)	8
E	Vehicle Registration Fee (VRF) - Bicycle Infrastructure (SB 1183)	1
<b>Property-related</b>		
F	Parcel Tax	0
G	Real Property Transfer Tax (RPTT)	0
H	Transportation Sustainability Fee (TSF) – Increase	1
<b>Paid by Individuals and Businesses</b>		
I	Carbon Tax	0
J	Gross Receipts Tax: General Increase	1
K	Gross Receipts Tax: Commercial Property Rent Tax Increase	11
L	Gross Receipts Tax: Platform/Gig Economy Tax	4
M	Payroll Tax	0
N	Sales Tax	12
<b>Entertainment / Leisure</b>		
O	Large Event Ticket Surcharge	1
P	Sports Franchise Tax	0
Q	Transient Occupancy Tax (Hotel Tax)	1





## Sales Tax

- Current sales tax in San Francisco (November 2017): 8.5%
  - State sales tax: 7.25% (decreased .25% in Dec. 2016)
  - Local sales tax: 1.25%
    - 0.5% local transportation sales tax (Prop K)
    - 0.5% CCSF
    - 0.25% Bay Area Rapid Transit District tax
- San Francisco can increase local sales tax by up to 0.75% and stay within the 2% limit set by the State.
- 0.5% of additional sales tax would generate approximately **\$100 million per year**



## Sales Tax, continued

- Sales taxes are generally considered regressive, because low-income households pay a higher percentage of their income in sales taxes than do high-income households.
- There are a few ways to mitigate this:
  - Provide exemptions: household essentials including groceries are already exempt
  - Invest in programs and projects that directly benefit low-income residents and households
- Visitors and businesses pay 42% of sales taxes in San Francisco



## Sales Tax, continued

- Sales taxes can be either
  - dedicated (requiring 2/3 majority vote of SF voters) or
  - general purpose (requiring 50%+1 vote of SF voters)
- See handout for examples of Bay Area Sales Tax Rates, including:
  - 9.75% (highest)(El Cerrito, Hayward, San Leandro)
  - 9.25% (San Jose, Oakland, Berkeley, Fremont, Richmond)
  - 9.00% (Palo Alto, Mountain View)
  - 8.75% (Concord, Daly City, Redwood City)
  - 8.5% (**San Francisco**)
  - 8.25% (Walnut Creek, Lafayette)



## Gross Receipts Tax: Commercial Property Rent Tax Increase

- A Commercial Rent Tax would increase the gross receipts tax rate on rents received by landlords from commercial properties.
- The amount of revenue generated can be changed by adjusting rates, exempting businesses based on size, and other exemptions.
- Increasing the effective tax rate for commercial rents is expected to generate between \$13 million and \$65 million.
- The low estimate only applies to the portion of gross receipts from commercial properties over \$25 million at a rate of .531%.
- The high estimate applies to all gross receipts from all commercial properties at a rate of 1.5%.



## Gross Receipts Tax: Platform/Gig Economy Tax

- A Platform Economy Tax would increase the gross receipts tax rate on service intermediaries providing delivery services.
- Service intermediaries are businesses that facilitate the provision of services to a third party.
- The revenue generated from this tax will vary based on the definition of service intermediary, the tax rate, and any exemptions.
- A Platform Economy Tax is expected to generate between \$8 million and \$30 million in revenue.



## Vehicle License Fee (VLF) – San Francisco (SB 1492)

- San Francisco is authorized to put a VLF increase of up to 1.35% on the ballot
- Revenues would be directed into the general fund for any purposes, transportation or otherwise
- A VLF would require 50%+1 vote of San Franciscans
- A 1.35% VLF in San Francisco would generate approximately **\$73 million per year**



## Vehicle License Fee (VLF) – San Francisco (SB 1492), continued

- The VLF is progressive, because the fee is based on the market value of the vehicle
- However, lower-income households still pay a higher percentage of their income in VLF than high-income households
- Vehicle ownership in San Francisco is concentrated in the outer neighborhoods, which generally have less robust transit options than elsewhere in the city.
- SB1 increases fees and taxes paid by vehicle owners by less than \$10 / month for most motorists in California



# “Dot Voting” Results, Post-2018

Among the votes for measures only feasible after 2018, the top two measures were:

1. Transportation Network Companies (TNC) Fee (24 votes)
2. Congestion Pricing (20 votes)

Revenue Sources	2018 Votes	Future Votes	Total Votes
<b>Vehicle-related</b>			
A Gas Tax, San Francisco	2	6	8
B Parking Fees, City Facilities	0	1	1
C Parking Tax	0	1	1
D Vehicle License Fee (VLF) - San Francisco (SB 1492)	8	27	35
E Vehicle Registration Fee (VRF) - Bicycle Infrastructure (SB 1183)	1	2	3
<b>Property-related</b>			
F Parcel Tax	0	4	4
G Real Property Transfer Tax (RPTT)	0	2	2
H Transportation Sustainability Fee (TSF) – Increase	1	5	6
<b>Paid by Individuals and Businesses</b>			
I Carbon Tax	0	1	1
J Gross Receipts Tax: General Increase	1	3	4
K Gross Receipts Tax: Commercial Property Rent Tax Increase	11	8	19
L Gross Receipts Tax: Platform/Gig Economy Tax	4	9	13
M Payroll Tax	0	0	0
N Sales Tax	12	13	25
<b>Entertainment / Leisure</b>			
O Large Event Ticket Surcharge	1	4	5
P Sports Franchise Tax	0	7	7
Q Transient Occupancy Tax (Hotel Tax)	1	3	4
<b>Post-2018</b>			
R Assessment Districts - Mello Roos, Community Facilities District		0	0
S Congestion Pricing		20	20
T General Obligation (GO) Bond		6	6
U High-Polluting Vehicle Tax		2	2
V Income Tax - Corporate		3	3
W Income Tax - Personal		5	5
X Property Tax - Commercial		3	3
Y Residential Parking Permit Fees		2	2
Z Robot Tax		3	3
AA Transportation Network Companies (TNC) Fee		24	24
BB Vehicle License Fee (VLF) on 2nd Vehicles		1	1
CC Vehicle Miles Traveled (VMT) Fee		2	2
	42	167	209





## Transportation Network Companies (TNC) Fee and Congestion Pricing

### TNC Fee

- Variety of ways to structure, from per-ride fee to a congestion charge on TNC rides
- San Francisco is currently not authorized to regulate TNCs, which are under the purview of the CPUC
- Still don't have a lot of data on TNCs in San Francisco

### Congestion Pricing

- Would require state authorizing legislation
- The last SF study is from 2010 and requires updating and additional analysis
- Not intended as a revenue-generating tool; policy and nexus requirements



## San Francisco's Capital Plan & General Obligation Bonds for Transportation

- The voters passed a \$500M General Obligation (GO) Bond for transportation in 2014 with 72% in favor
- A second GO bond for transportation is in the capital plan for 2024, also estimated at \$500M
- The bond is part of an overall investment plan of \$2.1B over the 10 year period, with a policy that the City holds steady the property tax rate committed to bond debt
- Do TTF members have any concerns on this plan?
- Can we memorialize agreement on the GO Bond in our draft report? Is a vote needed?



## Some Factors Possibly Affecting Future Ballot(s)

- Proponents are seeking to place a repeal of SB1 (gas tax & VLF are sources) on the Nov. 2018 state ballot
- Voter-initiated special taxes and tax set-asides have recently been ruled as needing 50%+1 to pass — this may drive local measures in 2018
- The City's business/gross receipts tax reform in 2012 was intended to broaden the tax base, increase equity and be revenue-neutral. Tax rate adjustments in the next two years may be needed.
- June 2018 ordinance submission deadline is January 16 — BOS and Mayor processes are underway now



## Top Revenue Sources

- What are the pros and cons of each revenue source?
- Which do you recommend and why?
- Do you have a proposal for a package of these revenue sources?

Revenue Sources	Total Votes
Vehicle License Fee (VLF) – San Francisco (SB 1492) (\$73 M/yr)	35
Sales Tax (\$100 M/yr)	25
Gross Receipts Tax – Commercial Property Rent Tax Increase (\$39 M/yr)	19
Gross Receipts Tax – Platform/Gig Economy Tax (\$19 M/yr)	13
<i>Only feasible post-2018:</i>	
Transportation Network Company (TNC) Fee (\$13-\$63 M/yr)	24
Congestion Pricing (\$60-\$80 M/yr)	20



## Package of Revenue Sources (Post-2018)

- Given the choice of revenue measure to suggest for 2018, what additional measures would you recommend for a package approach?

Revenue Sources	Total Votes
Vehicle License Fee (VLF) – San Francisco (SB 1492) (\$73 M/yr)	35
Sales Tax (\$100 M/yr)	25
Gross Receipts Tax – Commercial Property Rent Tax Increase (\$39 M/yr)	19
Gross Receipts Tax – Platform/Gig Economy Tax (\$19 M/yr)	13
<i>Only feasible post-2018:</i>	
Transportation Network Company (TNC) Fee (\$13-\$63 M/yr)	24
Congestion Pricing (\$60-\$80 M/yr)	20



## Broadening the Agreement

Considering the revenue sources and amounts we have identified in the previous steps, discuss:

- How can we broaden agreement on a 2018 measure?
- What are the must-haves for this measure?
- How can we broaden agreement on a package approach?



# **Expenditure Plan Scenarios**



## Introducing Expenditure Plan Scenarios

After identifying a preferred funding measure for 2018, need to identify how those revenues would be spent. For this exercise:

- Start with an assumed \$100 Million / year
- Start with November 2016 Proposition J allocations as a basis, modified to reflect new SB 1 funding for street resurfacing
  - With SB1 revenues, there is a remaining \$29 Million / year funding gap to reach a PCI of 70 (“good” pavement conditions)





## Introducing Expenditure Plan Scenarios

### November 2016's Proposition J

- \$101.6 M in 1<sup>st</sup> full year
- Street resurfacing would have received \$15 Million/year from the General Fund to achieve and maintain PCI 70

Proposition J Category	Million \$	%age
1. Transit Service and Affordability	\$12.6	12.4%
2. Muni Fleet, Facilities and Infrastructure	\$19.1	18.8%
3. Transit Optimization and Expansion	\$9.6	9.4%
4. Regional Transit and Smart Systems Management	\$14.3	14.3%
5. Vision Zero, Safer and Complete Streets	\$12.6	12.6%
6. Street Resurfacing	\$33.4	33.4%
<b>TOTAL</b>	<b>\$101.6</b>	<b>100.0%</b>



## Introducing Expenditure Plan Scenarios

### To come up with different scenarios

- Maintained same categories in all three scenarios
- Redirected funds from street resurfacing, based on Task Force members' feedback on survey in October

#### 2018 Expenditure Plan Category

1. Transit Service and Affordability
  2. Muni Fleet, Facilities and Infrastructure
  3. Transit Optimization and Expansion
  4. Regional Transit and Smart Systems Management
  5. Vision Zero, Safer and Complete Streets
  6. Street Resurfacing
- TOTAL**



## Introducing Expenditure Plan Scenarios

### Scenario 1 – Prop J + focus on Street Resurfacing

- Fully funds street resurfacing to PCI 70, no General Fund needed
- Makes streets smoother and safer for all users
- Allows existing General Fund support to go to other important uses
- Other categories maintain relative proportions from Prop J

2018 Expenditure Plan Category	Million \$	%age
1. Transit Service and Affordability	\$13	13%
2. Muni Fleet, Facilities and Infrastructure	\$20	20%
3. Transit Optimization and Expansion	\$10	10%
4. Regional Transit and Smart Systems Management	\$15	15%
5. Vision Zero, Safer and Complete Streets	\$13	13%
6. Street Resurfacing	\$29	29%
<b>TOTAL</b>	<b>\$100</b>	<b>100.0%</b>



## Introducing Expenditure Plan Scenarios

### Scenario 2 – Prop J + focus on Transit Expansion

- Assumes \$4 million/year for street resurfacing from General Fund
- Directs more funding to categories 3 and 4 to reduce crowding, provide more transit capacity to accommodate growth

2018 Expenditure Plan Category	Million \$	%age
1. Transit Service and Affordability	\$13	13%
2. Muni Fleet, Facilities and Infrastructure	\$20	20%
3. Transit Optimization and Expansion	<b>\$11</b>	<b>11%</b>
4. Regional Transit and Smart Systems Management	<b>\$18</b>	<b>18%</b>
5. Vision Zero, Safer and Complete Streets	\$13	13%
6. Street Resurfacing	<b>\$25</b>	<b>25%</b>
<b>TOTAL</b>	<b>\$100</b>	<b>100.0%</b>



## Introducing Expenditure Plan Scenarios

### Scenario 3 – Prop J + focus on Local Transit and Vision Zero

- Assumes \$9 million/year for street resurfacing from General Fund
- Directs more funding to categories 1, 2 and 5, focusing on supporting Muni operations, local transit state of good repair and safety improvements on local streets for all users

2018 Expenditure Plan Category	Million \$	%age
1. Transit Service and Affordability	\$16	16%
2. Muni Fleet, Facilities and Infrastructure	\$22	22%
3. Transit Optimization and Expansion	\$11	11%
4. Regional Transit and Smart Systems Management	\$16	16%
5. Vision Zero, Safer and Complete Streets	\$15	15%
6. Street Resurfacing	\$20	20%
<b>TOTAL</b>	<b>\$100</b>	<b>100.0%</b>



## Expenditure Plan Scenarios

1) Street Resurfacing; 2) Transit Expansion; 3) Local Transit & Vision Zero

Category	#1	#2	#3
1. Transit Service and Affordability	\$13	\$13	\$16
2. Muni Fleet, Facilities and Infrastructure	\$20	\$20	\$22
3. Transit Optimization and Expansion	\$10	\$11	\$11
4. Regional Transit and Smart Systems Management	\$15	\$18	\$16
5. Vision Zero, Safer and Complete Streets	\$13	\$13	\$15
6. Street Resurfacing	\$29	\$25	\$20
<b>TOTAL</b>	<b>\$100</b>	<b>\$100</b>	<b>\$100</b>

- What are the pros and cons of each scenario?
- What is your top scenario and why?
- What would you change and why?



# **Public Comment**



## Next Steps

Meeting Schedule (3<sup>rd</sup> Monday of each month @ 4 pm)

- **December 18<sup>th</sup>** – confirm task force recommendations and provide input on draft task force report; last planned Task Force meeting
- **January** – issue final task force report including recommendations to the Mayor and Board of Supervisors on a package of revenue measures, including a measure and expenditure plan for 2018





# Thank you!

Please send comments and feedback to  
[SFtransportation2045@sfgov.org](mailto:SFtransportation2045@sfgov.org)

<http://SFtransportation2045.com>

