

Mayor's Transportation Task Force: Revenue Options and Policy/Legislative Strategies

July 23, 2013



Priority Revenue Sources



Priority Revenue Sources

1. General Obligation Bond
 - General obligation bonds are often used for funding large capital projects.
2. Vehicle License Fees
 - A vehicle license fee would link vehicle owners to their impact on the City's transportation system.
3. Sales Tax
 - The sales tax has the ability to generate revenue from consumers outside of the City such as tourists that visit San Francisco and use the City's transportation system.



Priority Revenue Sources: General Obligation Bond

General Obligation Bond	
Annual Average	15 Year Total
\$67 million	\$1,000 Million

- General obligation bonds require the approval of the City’s Capital Planning Committee prior to being presented to the Board.
- This proposal would need the approval of a majority of the Board of Supervisors and of two-thirds of voters before it can become law.
- Two \$500 million bonds would be issued. The first would be targeted for the November 2014 ballot, and then again 10 years later.
- The increment amount can vary depending on debt capacity. The Controller’s Office estimates that over the next 15 years, the City will have \$1 billion in debt capacity.
- Increasing the bond value beyond this amount (i.e. up to \$1.5 billion) would require reprioritization and adjustments of the Capital Plan.



Priority Revenue Sources: Vehicle License Fee (1.35%)

Vehicle License Fee (1.35%)	
Annual Average	15 Year Total
\$56 million	\$837 million

- This revenue source would enact a vehicle license fee equal to 1.35% of the market value of any registered vehicle. Combined with the rate charged by the state, this would bring the total vehicle license fee rate to its full allowable value of 2%.
- California Senate Bill 1492 allows San Francisco to enact a voter-approved local assessment for general revenue purposes.
- An ordinance proposing the tax must be first approved by two-thirds of the Board of Supervisors in order to be placed on the ballot.
- Enacting the measure would require a simple majority of City voters.
- A ballot measure for this proposal is targeted for November 2014.



Priority Revenue Sources: .5% Sales Tax

.50% Sales Tax	
Annual Average	15 Year Total
\$73 million	\$1,096 million

- This revenue source would increase the current sales tax rate by .5 percentage points, bringing the total sales tax rate up from of 8.75% to 9.25% (the state allows the City to increase the rate by .75%)
- In order to be placed on the November ballot, this proposal would need the approval of two-thirds of the Board of Supervisors.
- The measure would then need the approval of two-thirds of voters before it can become law.
- A ballot measure for this proposal is targeted for November 2016.
- This tax could be administered by the City or by the Transportation Authority.
- In comparison, Oakland, Berkeley, and Emeryville have set rates at 9%, San Mateo at 9.25%, San Jose at 8.75%, Sausalito at 8.5%



Policy and Legislative Strategies



Policy and Legislative Strategies

1. Joint Development:

- The City has identified garages, facilities, and sites that have the potential to generate revenue through ground leases and air rights.
- Sites include the Upper Yard, Chinatown, and Presidio South

2. Reduce Voter Threshold:

- Advocate to reduce voter approval threshold of local transportation taxes to a 55% majority.
- Senate Constitutional Amendment 4 was introduced on March 2013, which would amend the State Constitution to allow local governments to impose voter-approved taxes for local transportation projects with a 55% majority rather than a two-thirds vote.



Policy and Legislative Strategies

3. State Cap-and-Trade Funds:

- The state has not yet established a framework for how revenue will be administered, nor has it established what types of projects would be eligible.
- This recommendation calls for the Transportation Task Force to advocate for the allocation of cap-and-trade funds to transportation.

4. High-Speed Rail:

- Support high-speed rail.
- Support an Early Investment Strategy to bring high-speed rail to the Transbay Transit Center.



Policy and Legislative Strategies

5. **Prop K 0.5% Sales Tax Reauthorization:**

- In 2023, the Authority Board can amend the existing 30-year Expenditure Plan or adopt a new one that extends beyond FY 2033/34.
- The new expenditure plan would require a majority of voters.

6. **Bridge/Highway Tolls:**

- A bridge toll would increase the toll on state-owned Bay Area bridges and would require a voter-approved expenditure plan.
- Increasing tolls would require authorization by the state legislature and a two-thirds majority voter approval averaged across the 7 affected counties.
- Highway tolls would require federal and state legislation to exempt roadways from restrictions that prevent conversion of free to tolled lanes.



Policy and Legislative Strategies

7. Community Benefit Districts:

- An area can vote to establish a Community Benefit Districts where local property owners are levied a special assessment to fund improvements or maintenance of facilities in their district through a non-profit organization established by the district.
- These funds can go be used for maintenance.

8. Mello-Roos Districts:

- The Board of Supervisors can approve the formation of a Mello-Roos Community Facilities District to levy special non-ad valorem taxes to finance public transit facilities.
- Community Facilities District taxes are typically added to the property tax roll and used to pay debt service on bonds, but can also be used for maintenance.
- A two-thirds vote would be required by registered voters in the district.



Policy and Legislative Strategies

9. Regional Gas Tax:

- The MTC can request the Board of Supervisors in each county to place a measure on the ballot to impose a tax between 1 and 10 cents.
- The measure would require two-thirds voter approval.
- 95% of revenues, based on population share, must be invested in projects attributable to that county.
- This tax is capital and operations eligible.

10. Employer Trip Cap:

- This policy is a strategy to better manage travel demand.
- For example, a cap on trips to employment sites would be imposed on employers. Employers would then have the flexibility on figuring out how to meet the cap requirement (e.g. parking cash out, pre-tax commute benefits, etc.)



Policy and Legislative Strategies

11. Transportation Sustainability Fee:

- The Transportation Sustainability Fee would either replace or be applied as a credit towards payment of existing transit-related development fees.
- This fee would apply to all land uses except for single-family homes.
- This fee would fund transportation system improvements that accommodate citywide development impacts caused by increased demand and transit travel generated by new development.



Defer or Do Not Pursue



Defer or Do Not Pursue

1. Large Event Ticket Fee

- This proposed revenue source would place a \$1, \$3, or \$5 surcharge on ticket purchases to sporting and music events with 1,000 or more attendees.
- Depending on the fee level, the ticket fee could generate between \$8 million and \$37 million annually.
- In order to be placed on the November ballot, this proposal would need the approval of a majority of the Board of Supervisors.
- As a dedicated funding source, two-thirds voter approval would be required to enact this measure.
- Other fee levels and attendance thresholds have been proposed.



Defer or Do Not Pursue

2. Advertising on MTA Property:

- This revenue source is estimated to generate between \$5 to \$10 million annually.
- This would require SFMTA Board Approval and approval by the Board of Supervisors.
- This revenue source is to be pursued separately by SFMTA.

3. Increasing Parking Tax Rate

- This proposal would increase the Parking Tax rate by 10%, bringing the current rate up from 25% to 27.5%.
- This revenue source is estimated to generate \$7 million annually, 80% of the new revenue would be allocated to SFMTA.
- A majority of the Board of Supervisors would be needed to place this measure on the ballot.
- Enacting this measure would require a majority of voters.



Defer or Do Not Pursue

4. **Local Gas Tax:**

- This proposal would impose a 10 cent per gallon tax on gasoline and diesel sold in San Francisco.
- This revenue source is estimated to generate \$18 million annually.
- Tax revenue can be used to fund capital and operations.
- In order to be placed on the ballot, this tax requires a majority of the Board of Supervisors.
- In order for the measure to become enacted, a simple majority of City voters could approve of the measure provided that the revenue will be considered general purpose. Otherwise, the tax would require a two-thirds vote.

5. **Vehicle Miles Traveled Fee:**

- This revenue source would assess a fee per mile by a vehicle.
- A one cent fee per mile is estimated to generated \$33 million annually.
- No jurisdiction is currently authorized to implement this type of fee and authorization would likely require state legislation and two-thirds voter approval of the fee area.



Defer or Do Not Pursue

6. Parcel Tax:

- This proposal would add a special non-ad valorem tax of \$100 on parcels of residential, commercial, and industrial property.
- This tax is estimated to generate \$20 million annually with an administrative cost of \$3.50 per parcel.
- Parcel taxes may be levied for general purposes or restricted to a particular purpose. However, regardless of use, parcel taxes require two-thirds voter approval.

7. Roadway Pricing:

- This revenue would come from charging driver accessing downtown San Francisco by car.
- A \$3 fee to exit downtown on weekdays between 3pm and 7pm is estimated to generated \$71 million annually.
- This proposal is likely to require state legislative authorization, approval by the Board of Supervisors, and two-thirds voter approval.

