Metropolitan Transportation Commission

February 26, 2025 **Agenda Item 12b**

Transportation Revenue Measure Principles

Subject:

Legislative and polling update on enabling legislation for a transportation revenue measure and principles to guide MTC's advocacy**.**

Overview:

With the new two-year legislative session underway, Senator Wiener and Senator Arreguin have introduced Senate Bill 63 to serve as the enabling legislation for a transportation revenue measure (TRM). The bill does not include any details yet as the authors intend for the proposed legislation to reflect voter feedback from MTC's polling that was presented to the Joint MTC/ABAG Legislation Committee on February 14.

Polling Results

As referenced in Item 12a, EMC Research, Inc. conducted polling of several different scenarios for a potential transportation revenue measure. Two of the scenarios were tested in just the four counties of Alameda, Contra Costa, San Francisco (city & county) and San Mateo, whereas one of them was tested in all nine counties. None of the options cleared the two-thirds threshold required for passage of a special tax placed on the ballot by MTC or any other public agency. However, the two options considered by voters in just the four counties focused on protecting transit service received about 55 percent support: a ½-cent sales tax as well as a “variable rate” option where San Francisco’s rate would be 7/8-cent whereas the rate in Alameda, Contra Costa and San Mateo counties would be ½-cent in recognition of San Francisco’s proportionally higher transit funding needs.

Proposed Principles

Staff propose the following principles to guide MTC's advocacy on SB 63. These principles reflect input from the Joint MTC/ABAG Legislation Committee on February 14. The principles are intended to serve as “must haves” for the Commission to endorse enabling legislation for a transportation revenue measure. The principles reflect takeaways from last year’s legislative session, Bay Area stakeholder engagement during the summer and fall with the business community, labor representatives and advocacy organizations, and feedback from the six-month Transportation Revenue Measure (TRM) Select Committee and the TRM Executive Group. As the legislative session gets underway, staff believe it is critical to have a clear set of principles to guide MTC's advocacy and pave the way for a measure to pass both in Sacramento *and* at the ballot.

1. **Measure Must be Passable**

- Maximum Required Sales Tax Increase: ½ cent: Based on feedback to date, a ½ -cent sales tax seems to be the most viable revenue source as well as the highest sales tax rate that local elected leaders and other key partners across the four counties are willing to support. It seems reasonable that legislation be structured to authorize a sales tax of up to ½-cent unless there is demonstrated political support for a higher rate among key local elected officials within the county and polling indicates it is viable.
- Keep it Simple: Both the enabling legislation and the final ballot measure should aim to stay focused and simple. This will help build trust and make it easier to communicate to voters.
- Citizen's Initiative: Polling to date indicates that support does not exceed 2/3, so a majority vote threshold is likely required. Accordingly, the enabling legislation must establish a clear path for a regional measure to be placed on the ballot via signature gathering, which would enable passage by a simple majority under current law.
- Political Support: Even with a simple majority threshold, a successful measure will require a strong campaign. MTC's advocacy should be oriented towards ensuring that the legislation has backing from those elected leaders and constituencies deemed essential to passage at the ballot.

2. Measure Must Prevent Major Transit Service Cuts for Regional Operators

A regional measure must raise sufficient funding to prevent unacceptable service cuts by regional (multi-county) transit operators that would severely damage the Bay Area's economy, decrease mobility for the most vulnerable residents, and harm the region's ability to make progress on long-term climate, equity, and quality-of-life goals. At the same time, all local transit operators that serve a county included in the measure and face an operating deficit should receive funding from the measure if needed to help avert major service cuts.

3. Measure Must Take Local Transportation Funding Needs into Consideration

Decisions about the duration of a regional measure should be developed in coordination with those participating Bay Area counties that also have expiring local sales tax measures for transportation within the next 10 years, balancing the need to secure new regional funding with the importance of maintaining funding for local priorities.

4. Measure Must Advance Transit Transformation: Fund & Deliver Rider-Focused Improvements

Bay Area residents and voters want and deserve a user-friendly and connected public transportation network. For MTC to support a measure and for it to succeed at the ballot, a regional transportation revenue measure must fund concrete rider-focused improvements and require operators to report on and comply with policies and programs related to Transit Transformation that are adopted through the Regional Network Management framework to be eligible for funding from the new measure.

5. Measure Must Ensure Fairness

A regional measure must be considered fair by all participating counties. All counties whose residents are served by regional transit service funded by the regional measure should contribute their fair share towards an agreed-upon funding level for those operators. Such funding must be contributed from the regional measure or, if a county opts out, from an alternative fund source agreed to by the county (including an agreed-upon commitment from existing revenue). Additionally, taxpayers need assurance that they will benefit equitably from the measure.

6. Measure Must Include Meaningful Accountability Provisions

The enabling legislation should include accountability provisions to ensure transparency regarding how the funds are used and provide greater oversight of transit agency financial information so that the public can more easily access transit budget information and operators are incentivized to manage their funds in the most efficient manner.

Staff recommend adoption of these principles to help ensure that a future ballot measure advances the core goals of averting major transit service cuts, advancing transit transformation and succeeding at the ballot.

Recommendation:

Commission Approval

Attachments:

None

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