



METROPOLITAN  
TRANSPORTATION  
COMMISSION

Agenda Item 3b

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## *Memorandum*

TO: Legislation Committee

DATE: June 3, 2016

FR: Executive Director

W.I. 1131

RE: Regional Gas Tax Update

### **Background**

At the Commission workshop in April, staff shared with you some recent poll results indicating that a super-majority (two-thirds) vote for a 5 cent regional gas tax to fund local road repairs might be within our reach for the first time in over a decade of opinion research on the subject. We asked the Commission to authorize staff to take some limited exploratory steps regarding placement of such a ballot measure before the voters at the November 2016 presidential election. We have been conducting that due diligence for the past several weeks.

Based upon what we have heard from many of our local partners as well as the pressing urgency of the electoral calendar, staff recommends that you not proceed with the regional gas tax measure during this election cycle. We make this recommendation principally for three reasons:

1. There is a lot of competition – At least three counties (Contra Costa, Santa Clara, and San Francisco) are giving serious consideration to placing a transportation sales tax on the November ballot. BART is likely to place a bond measure on the same ballot in two of those same counties plus Alameda. The counties of Alameda and Santa Clara also are considering placing housing bond measures on the November ballot. Thus, there is an interlocking set of desirable revenue measures in some of the largest counties of the region that a regional gas tax would have to navigate its way through.
2. We are late to the game – Most of the counties and special districts mentioned above have been engaging their stakeholders and boards for months if not years about the size and shape of their prospective ballot measures. MTC only began discussion of the regional gas tax a few weeks ago, and the mid-August deadline for placing the measure on Bay Area county ballots gives us precious little time to do a meaningful amount of stakeholder consultation and public outreach in order to assemble a detailed expenditure plan.
3. A loss would be costly – Not only is there the question of whether placing a regional gas tax on an already crowded ballot might harm the prospects of one or more of those other measures, or the prospects of the regional gas tax itself. There is also the daunting reality that the enabling statute requires MTC to pay for the cost of the regional election win or lose, which could run to \$5 million or more. If we were to win, the election cost could be paid from the proceeds of the new tax. But if we were to lose, that cost would have to be absorbed somewhere in the MTC budget or the funding streams that we manage.

**Recommendation**

For these reasons, staff cites the old adage that “discretion is sometimes the better part of valor” and recommend that we not proceed with the regional gas tax on the November 2016 ballot.



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Steve Heminger