

MTC Resolution No. 4629: FY 2024-25 MTC Fund Estimate

MTC Programming & Allocations Committee

February 14, 2024

Fund Estimate Overview

1. Fund Estimate Preview
 - TDA, STA, AB1107 estimates
2. Economic Overview
 - Population, Unemployment, Sales Tax
3. Other Issues
 - BART-Feeder Bus, Sales Tax Attribution

TDA Sales Tax Forecast FY 2024-25

- Estimates for each county prepared by individual county Auditor/Controllers
- TDA receipts in the first half of FY24 are tracking below original estimates
- FY24 (Current Year) estimates revised to **\$497M**
 - Down 4% from original \$519M FY24 estimate
 - Down 1% from FY23 Actuals (\$503M)
- FY25 estimates projected to be 2.4% higher at **\$509M**



STA Formula Programs

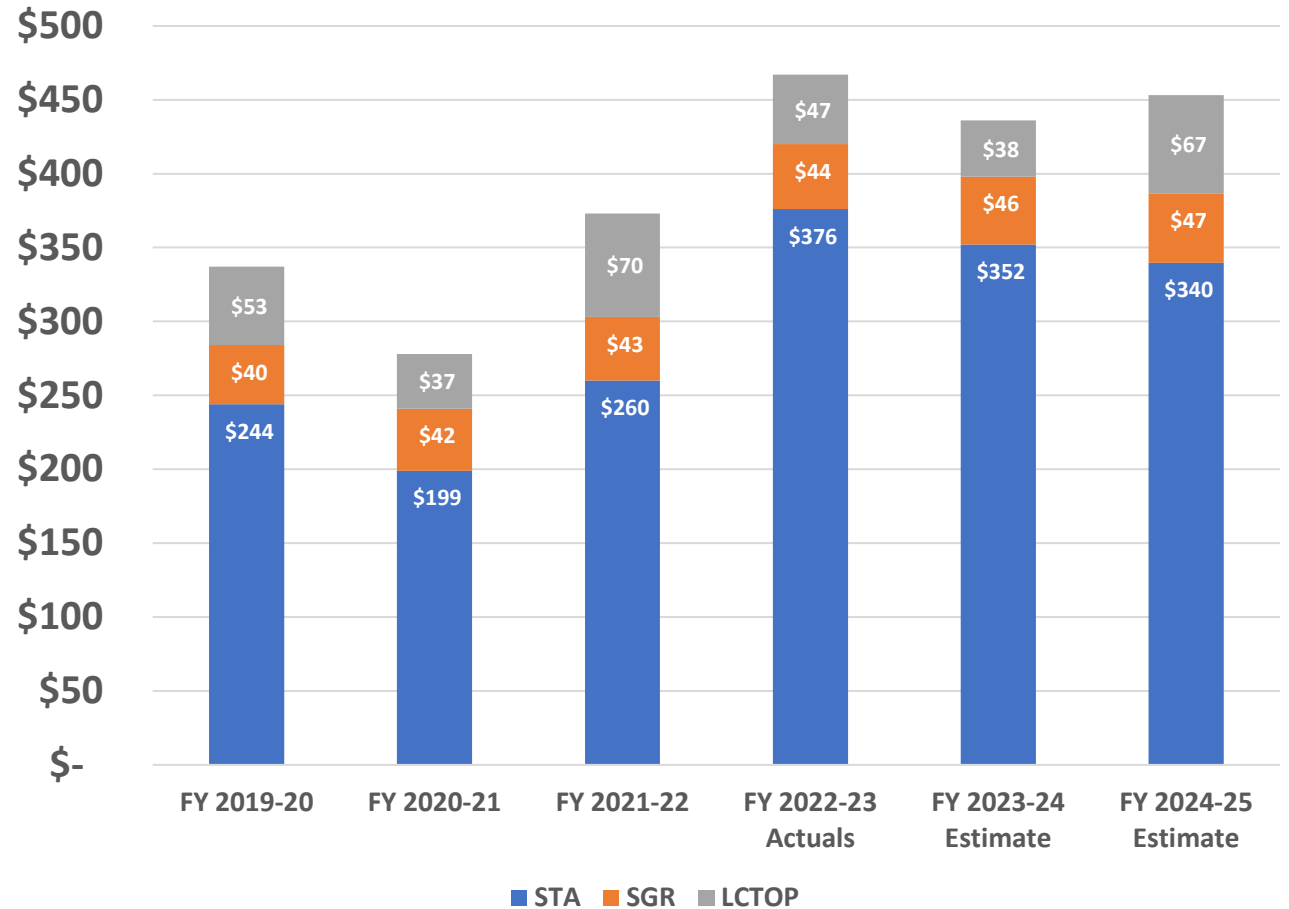
FY 2024-25

State Transit Assistance (STA) formula splits statewide revenue 50/50 between a Revenue-Based program and a Population-Based program

Revenue-Based funds flow to transit operators via MTC based on their qualifying local revenue

Population-Based funds flow to the Bay Area based on our ~19% share of the state's population and are programmed by MTC

FY 2024-25 forecast of \$453 million for the Bay Area in STA, State of Good Repair (SGR) Program and Low Carbon Transit Operations Program (LCTOP) revenue



AB 1107 Sales Tax Forecast

FY 2024-25

- 25% of total revenue from BART's sales tax in Alameda, Contra Costa, and San Francisco counties
- MTC estimates revenue and establishes funding policy
- Only AC Transit, BART, and SFMTA eligible to receive AB 1107 funds per state statute
- Historically, Commission policy is to distribute 50% of funds to AC Transit and 50% to SFMTA
- **FY 2024-25 forecast of \$104 million is a conservative estimate based on sales tax trends in Alameda, Contra Costa, and San Francisco counties**

FY 2023-24 forecast remains at the original estimate of \$104 million.



Fund Estimate Summary

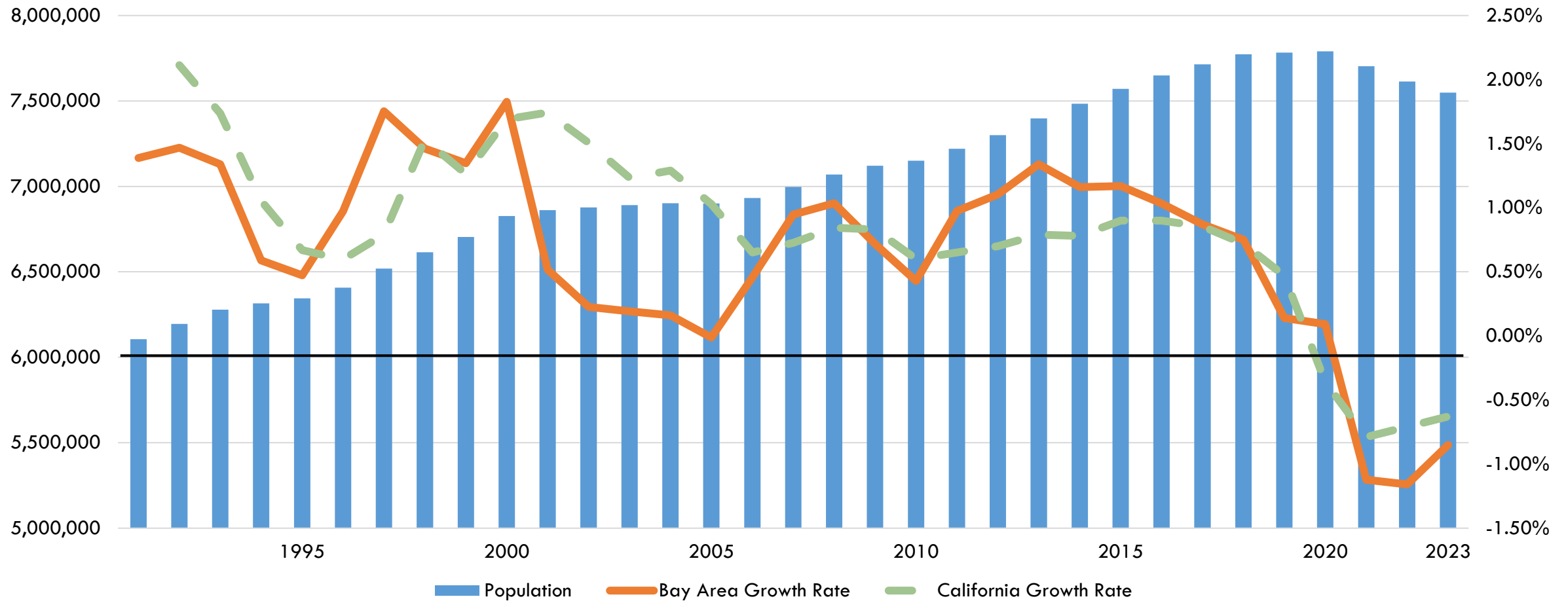
	Program	Description	FY 2022-23 Actuals	FY 2023-24 Revised Estimates	FY 2024-25 Estimates
Sales Taxes and Tolls	Transportation Development Act (TDA) ¼ ¢ Sales Tax	¼ ¢ sales tax in each county	\$503M	\$497M	\$509M
	AB 1107 ½ ¢ Sales Tax	MTC administers 25% of the revenue from the ½ ¢ sales tax in the three BART district counties	\$109M	\$104M	\$104M
	Bridge Tolls	MTC 2% Toll Revenues and 5% State General Fund Revenues	\$5M	\$5M	\$5M
STA Formula	State Transit Assistance (STA)	Sales tax on diesel fuel in CA	\$375M	\$352M*	\$340M
	State of Good Repair (SGR) Program	Transportation Improvement Fee (vehicle registration fee)	\$44M	\$44M	\$47M
	Low Carbon Transit Operations Program (LCTOP)	5% of Cap-and-Trade auction revenues	\$70M	\$78M	\$67M

*FY24 STA forecasts are revised down to \$317M based on the Governor's Proposed FY25 budget

Note: Estimated revenue amounts are rounded to nearest million.

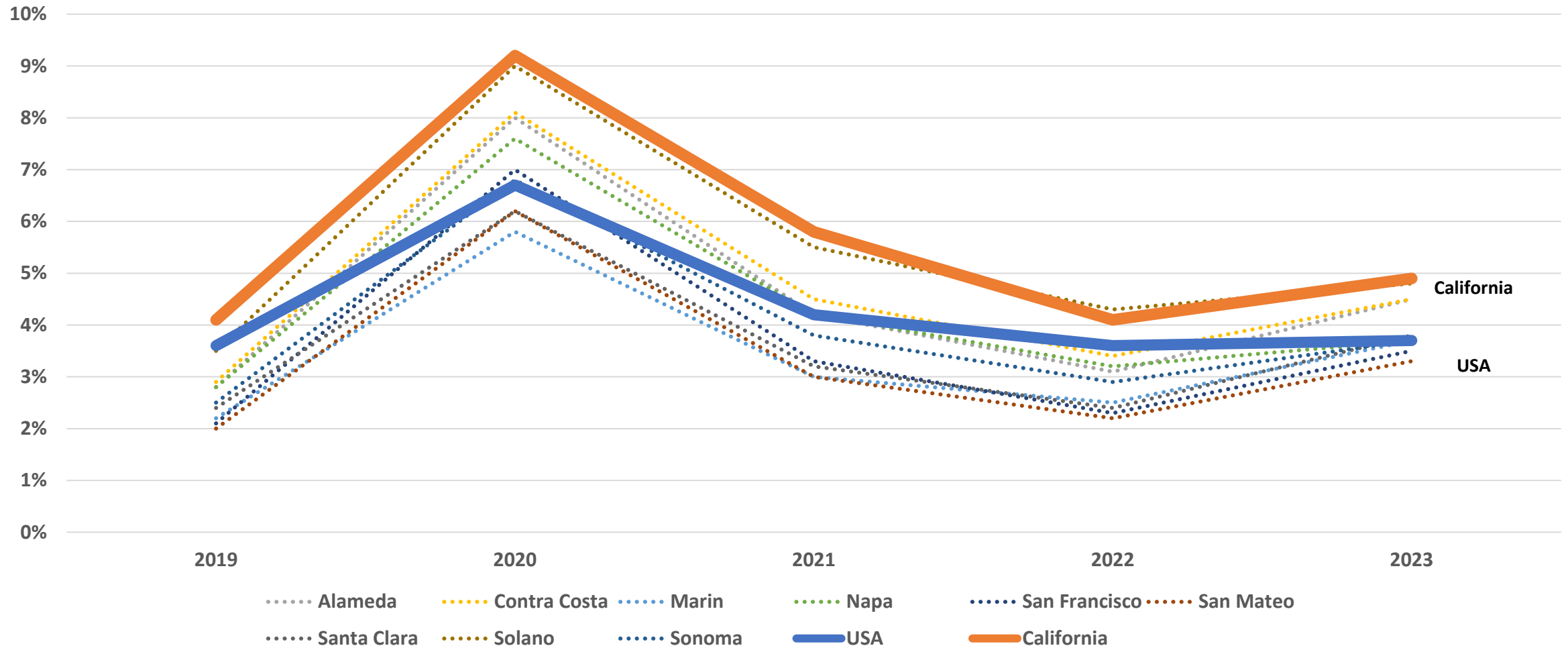
Bay Area Population

- Bay Area Population has declined for 3 consecutive years
- The regional population continues to decline faster than the state population.



Bay Area Unemployment Rate

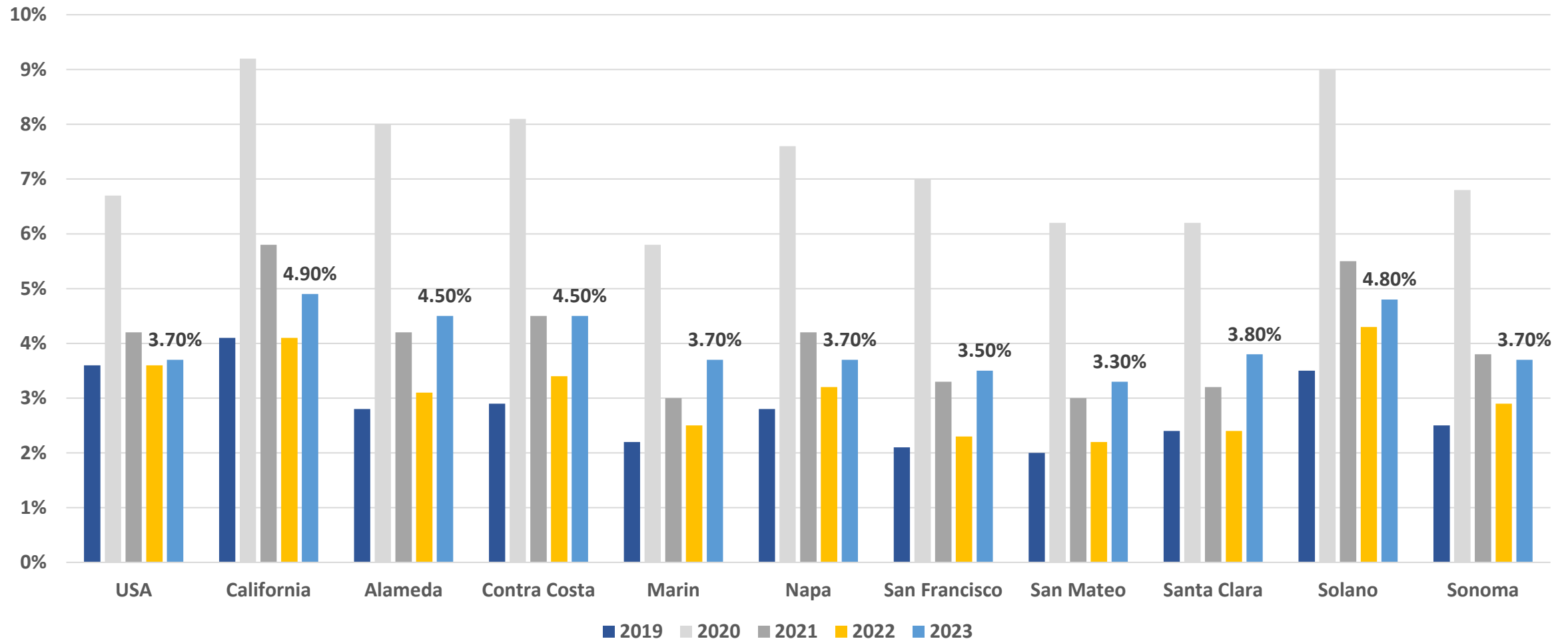
- Unemployment rates have worsened in the last year, mostly lagging behind the national average



Source: US Bureau of Labor Statistics, Local Area Unemployment Statistics
Graph reflects November unemployment rates of each year

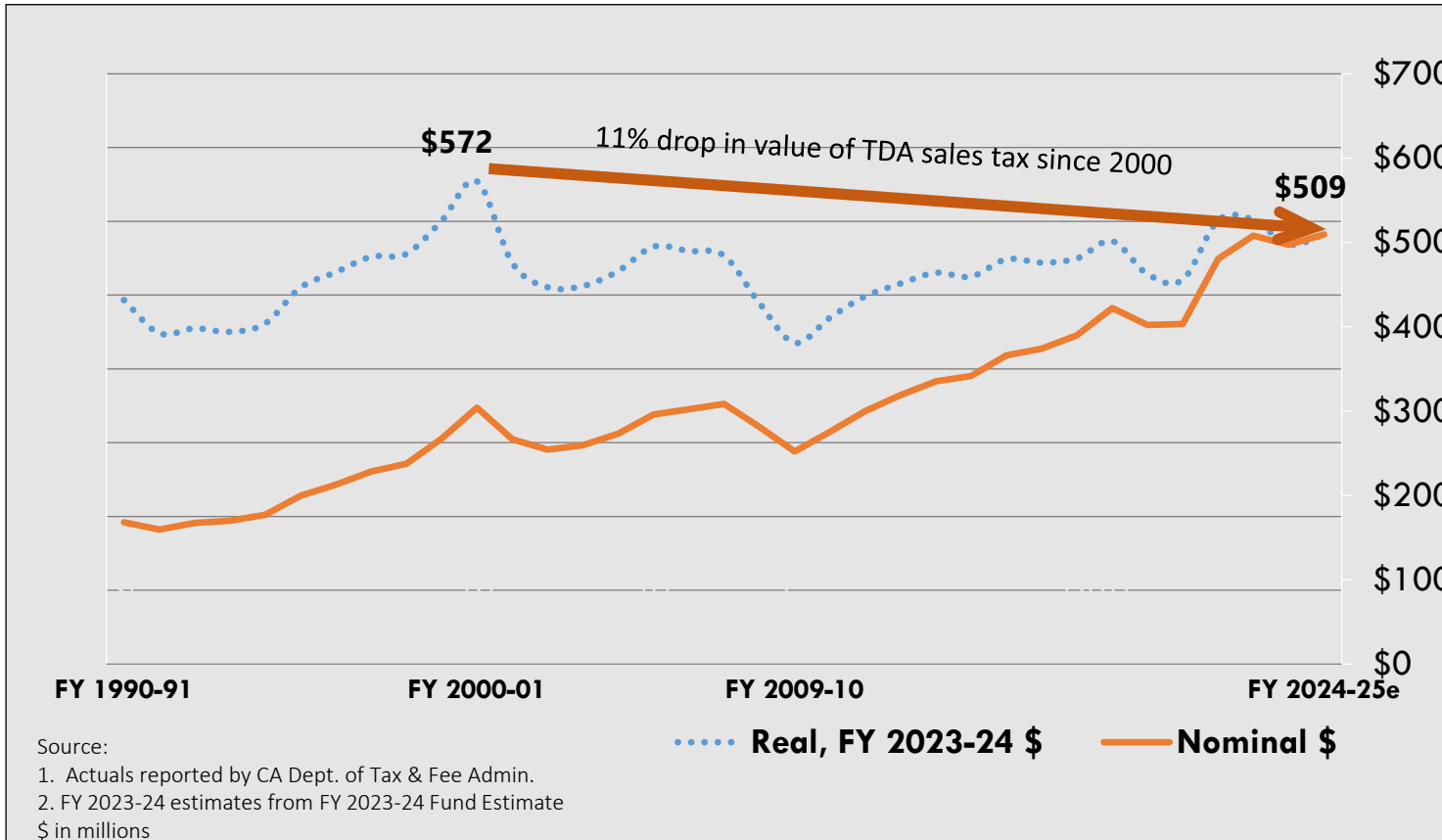
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Real Sales Tax Revenue: 11% drop since 2000



- Despite near continuous increases in sales tax revenues in nominal terms, revenues have not kept up with inflation
- Since 2000, real sales tax revenues have declined 11%

Other Considerations

BART Feeder Bus Agreement

- Established in 1997 to transfer feeder bus operations from BART to East Bay bus operators
- Initial payments were established in 1997 and are indexed to change in AB1107
- BART has communicated an interest in establishing a path to reduced feeder bus payments, as well as a new approach for how payments are calculated
- In FY24, operators agreed to reduce FY23 payments by 15% and FY24 payments by 25%.
- Proposal: Continue same reduction % as FY24 for Feeder Bus Payments in FY25

CDTFA Sales Tax Attribution

- The CA Dept. of Tax & Fee Administration (CDTFA) has been auditing sales tax attribution, and several recent findings may impact TDA sales tax revenues in the Bay Area
- Staff will continue to monitor the result of these audits, and will share updates to the MTC Commission as appropriate

Senate Bill 125 (SB125)

- In November 2023, the Commission adopted MTC Resolution No. 4619 which established a distribution framework for SB 125 funding
- These funds will be tracked in the Fund Estimate, including the \$171 million that will be allocated to operators in FY 2024-25.

Staff Recommendation

Staff recommendation:

Refer **MTC Resolution No. 4629** to the Commission for adoption.