

FY 2026-27 MTC Fund Estimate

MTC Programming & Allocation Committee

February 11, 2026

Agenda

1. Fund Estimate Preview
 - TDA, STA, AB1107 estimates
2. Economic Overview
 - Population, Unemployment, Sales Tax
3. Discussion
 - STA Revenue Based Formula Freeze
 - BART-Feeder Bus Agreement

Introduction to the Fund Estimate

- Every year, MTC prepares a Fund Estimate to identify how much funding will be available in the upcoming fiscal year from sources including:
 - Transportation Development Act (TDA) – *statewide sales tax*
 - State Transit Assistance (STA) – *statewide diesel sales tax*
 - Assembly Bill 1107 – *regional sales tax in Alameda, Contra Costa, and San Francisco counties*
- The Fund Estimate is informed by state and county revenue projections and reflects latest macroeconomic and demographic trends
- The Fund Estimate is typically amended twice per year to incorporate the latest revenue information from the state
- Transit agencies, County Transportation Agencies, and MTC use the Fund Estimate for budget development and to request allocation of funds

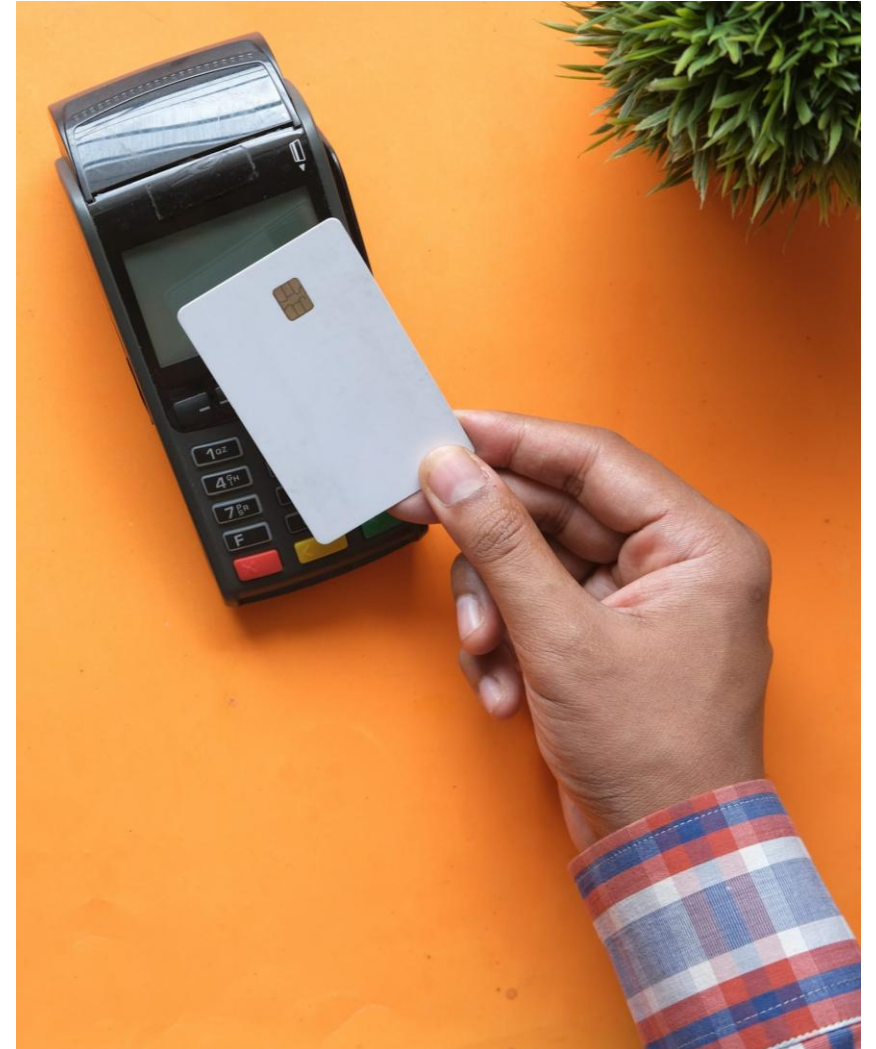


Image Credit: Unsplash

TDA Sales Tax Forecast FY 2026-27



Estimates for each county prepared by individual county Auditor/Controllers



TDA receipts in the first half of FY26 are tracking on par with original estimates

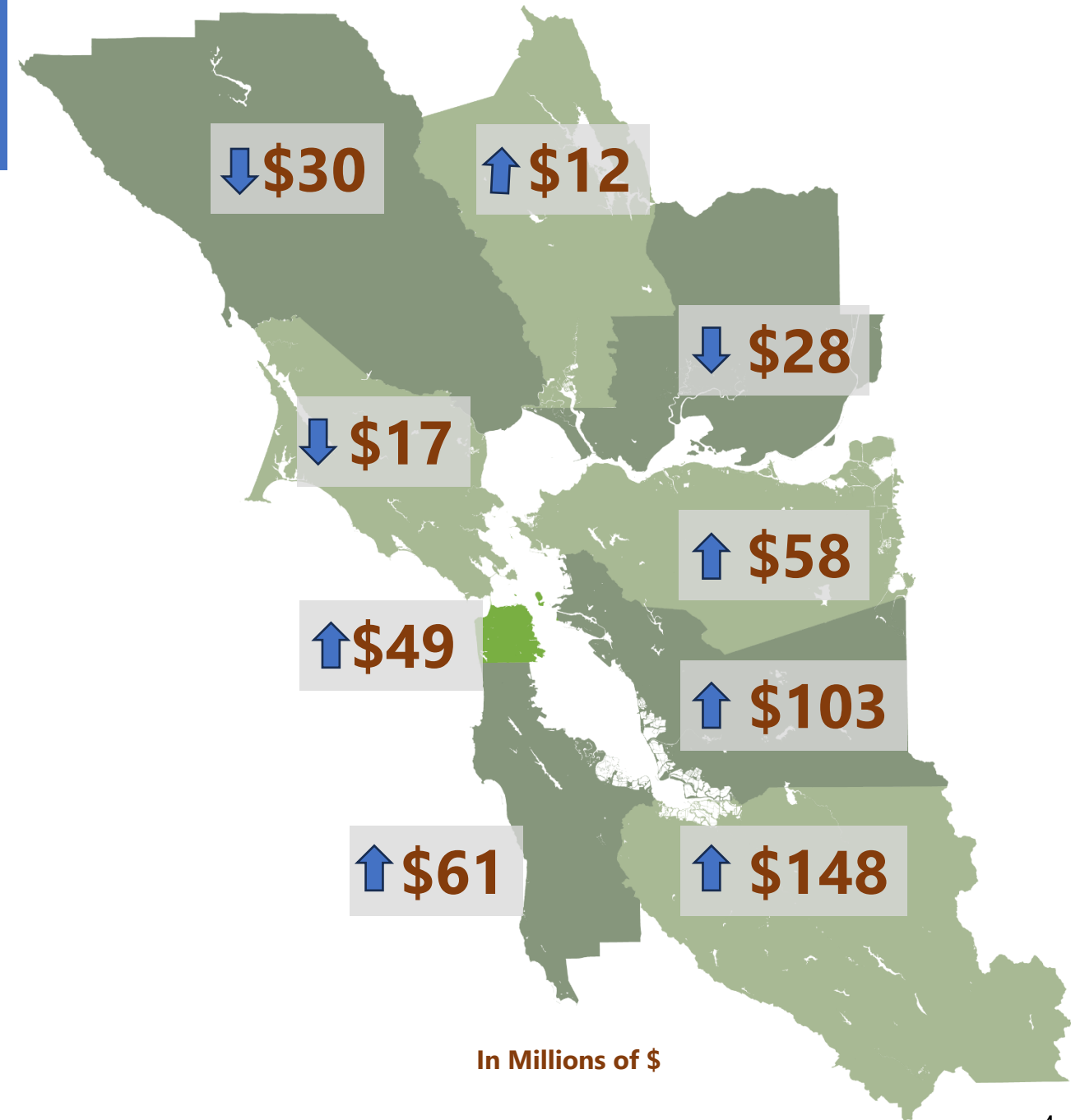


FY26 (Current Year) estimates revised to roughly **\$493 M**

- Up 2% from original \$485M FY26 estimate
- Up 3.6% from FY25 Actuals (\$476M)



FY27 estimates projected to be 2.6% higher at **\$506M**



AB 1107 Sales Tax Forecast

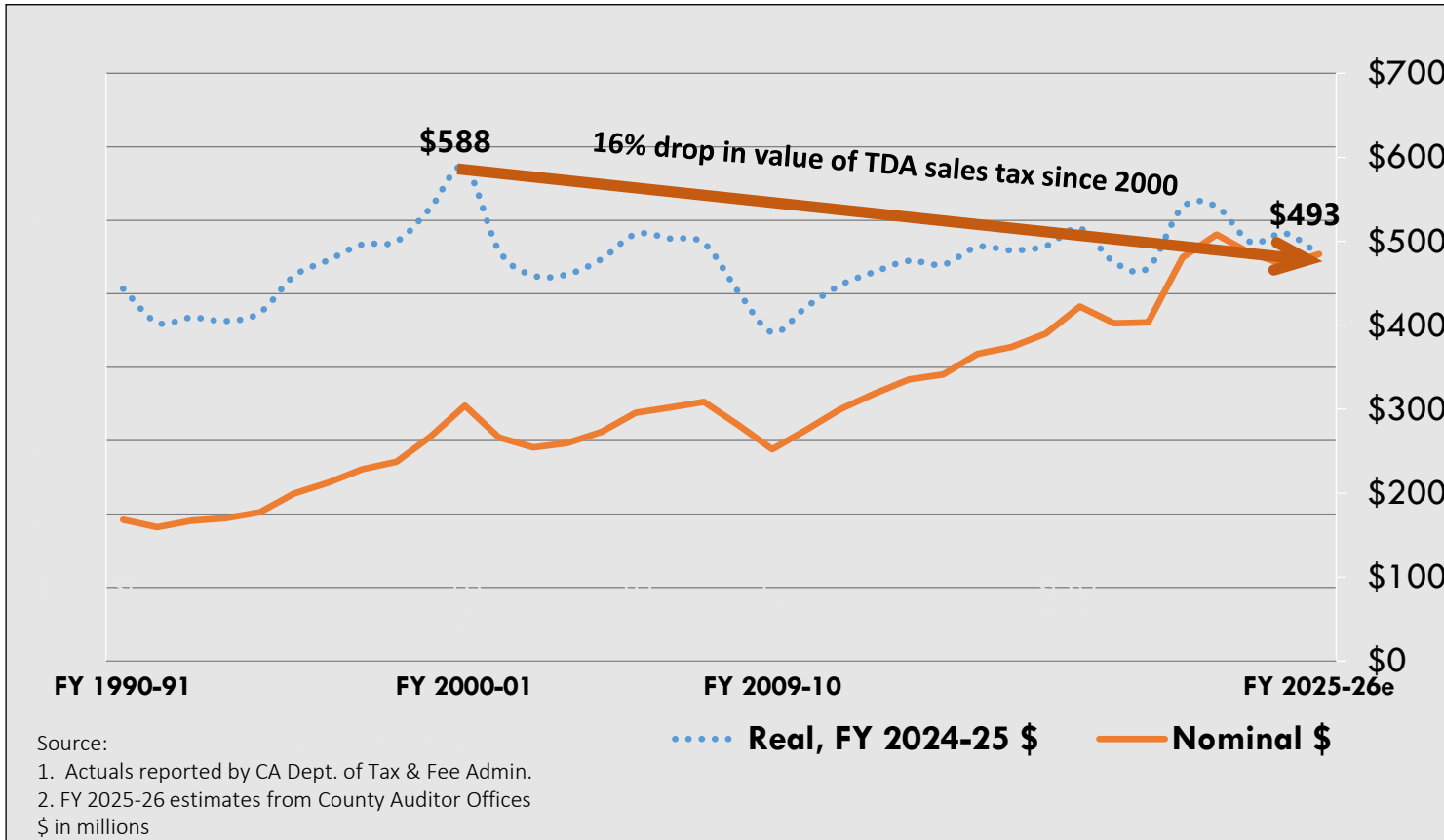
FY 2026-27

- 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 2026-27 forecast of \$105 million is an estimate based on sales tax trends in Alameda, Contra Costa, and San Francisco counties**

FY 2025-26 forecast remains at the original estimate of \$104 million.



Real Sales Tax Revenue: 16% drop since 2000



- In addition to the recent plateau in sales tax revenues in nominal terms, revenues have also not kept up with inflation, further diminishing its purchasing power
- Since 2000, real sales tax revenues have declined 16%

STA Formula Programs

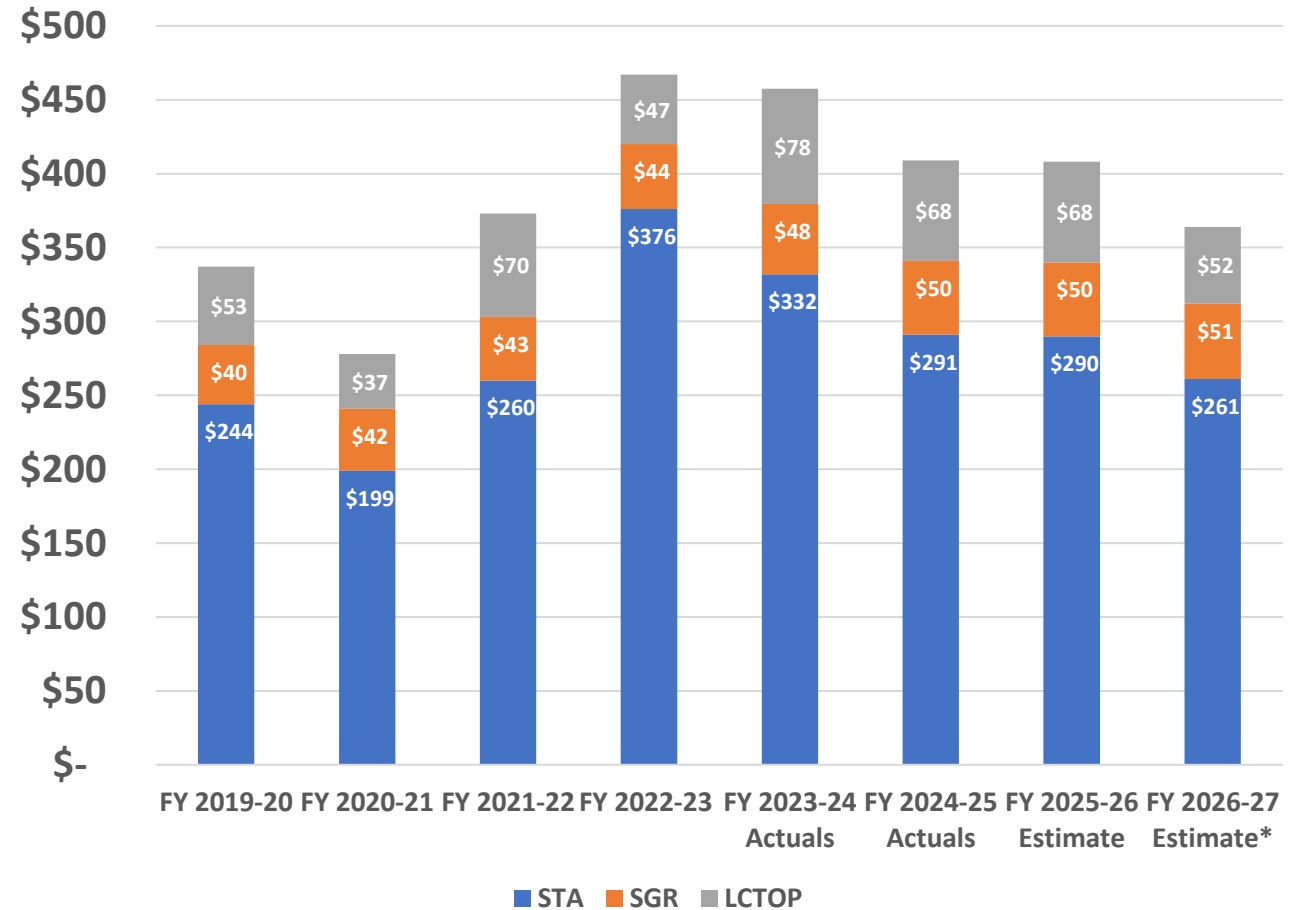
FY 2026-27

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 2026-27 forecast of \$365 million for the Bay Area in STA, State of Good Repair (SGR) Program and Low Carbon Transit Operations Program (LCTOP) revenue



*Revenue-based program forecasts are based on frozen qualifying revenues formula and are subject to change

Fund Estimate Summary

	Program	Description	FY 2024-25 Actuals	FY 2025-26 Revised Estimates	FY 2026-27 Estimates
Sales Taxes and Tolls	Transportation Development Act (TDA) ¼ ¢ Sales Tax	¼ ¢ sales tax in each county	\$476M	\$493M	\$506M
	AB 1107 ½ ¢ Sales Tax	MTC administers 25% of the revenue from the ½ ¢ sales tax in the three BART district counties	\$106M	\$104M	\$105M
	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	\$291M	\$292M ¹	\$261M²
	State of Good Repair (SGR) Program	Transportation Improvement Fee (vehicle registration fee)	\$48M	\$50M	\$51M
	Low Carbon Transit Operations Program (LCTOP)	Cap-and-Trade auction revenues	\$78M	\$55M	\$52M

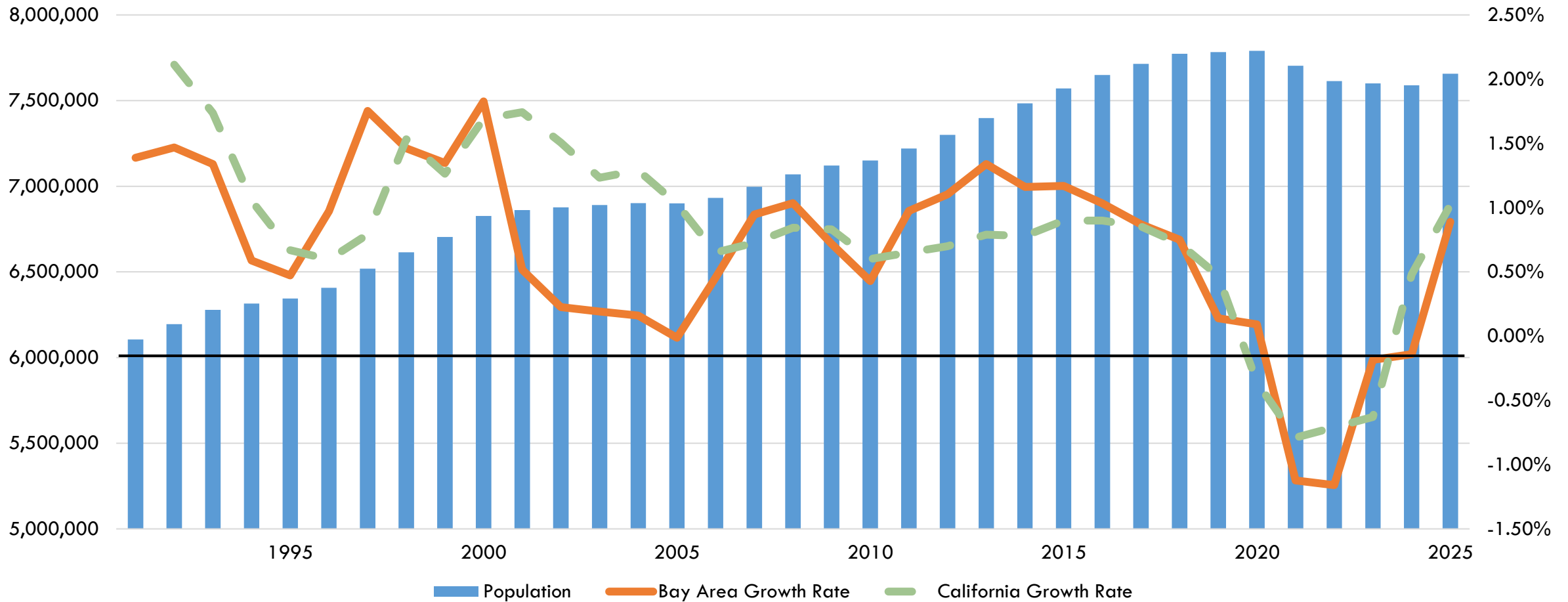
1. FY26 STA forecasts are revised up to \$292M based on the Governor's Proposed FY27 budget

2. FY27 STA forecasts are based on frozen qualifying revenue basis

Note: Estimated revenue amounts are rounded to nearest million.

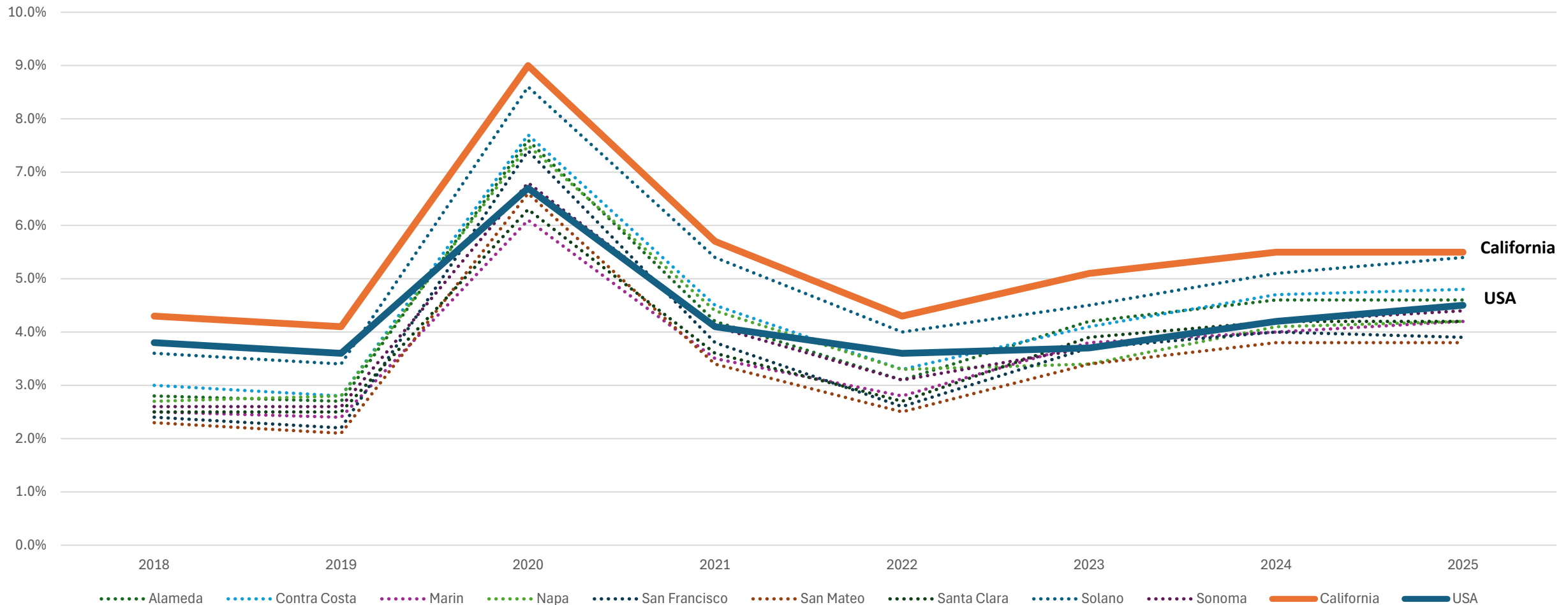
Bay Area Population

- Bay Area Population declined for 4 consecutive years
- The regional population change tracked ahead of the state population, which grew marginally in 2025



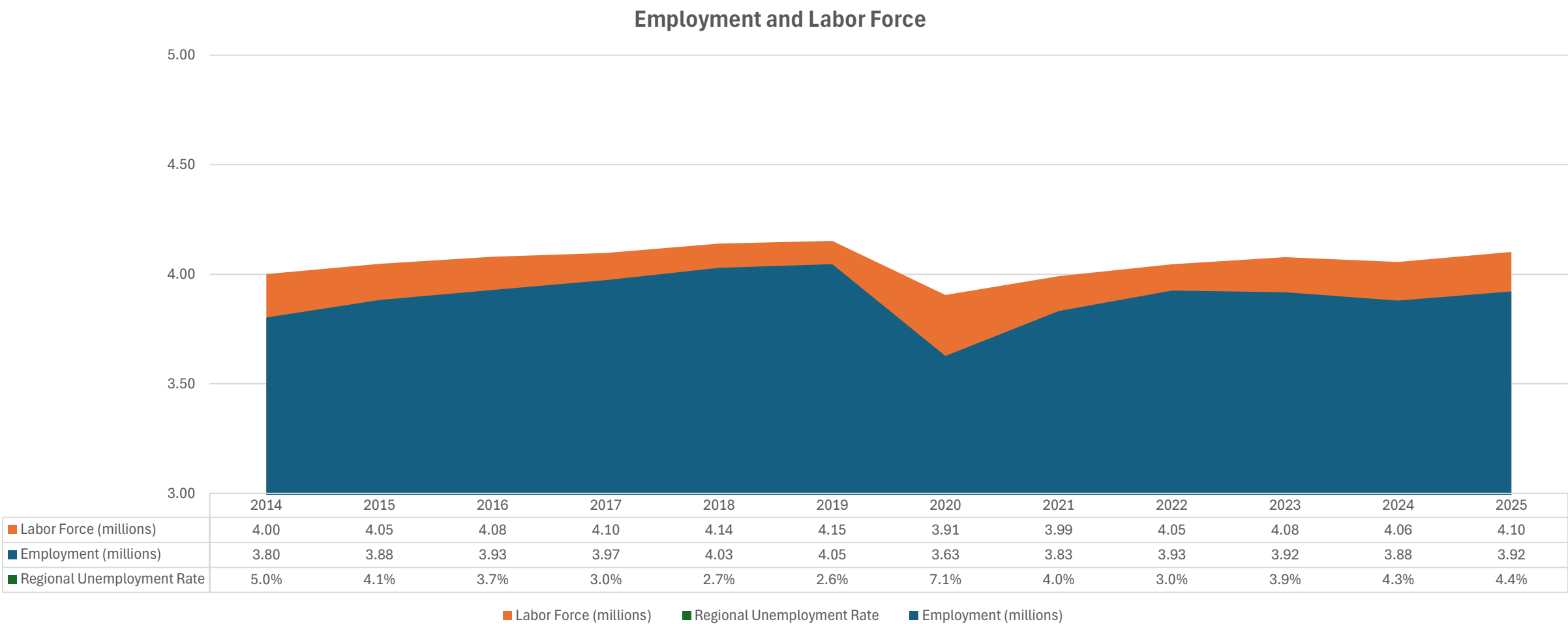
Bay Area Unemployment Rate

- Unemployment rates have worsened and improved slightly in the last year, most of the region faring better than national average



Bay Area Labor Force

Neither the regional labor force, nor employment levels have recovered to pre-pandemic levels



Source: US Bureau of Labor Statistics, Local Area Unemployment Statistics

STA Revenue-Based Formula Funding Freeze

Background

- Distribution formula has been frozen since 2020, to reduce impacts of the pandemic on transit revenues
- The California Transportation Association declines to support a continuation of the freeze
- Revenues reported by the State maintain frozen formula for FY2026-27 for now, however “hold harmless” provision will likely expire at the end of the fiscal year.

Outlook

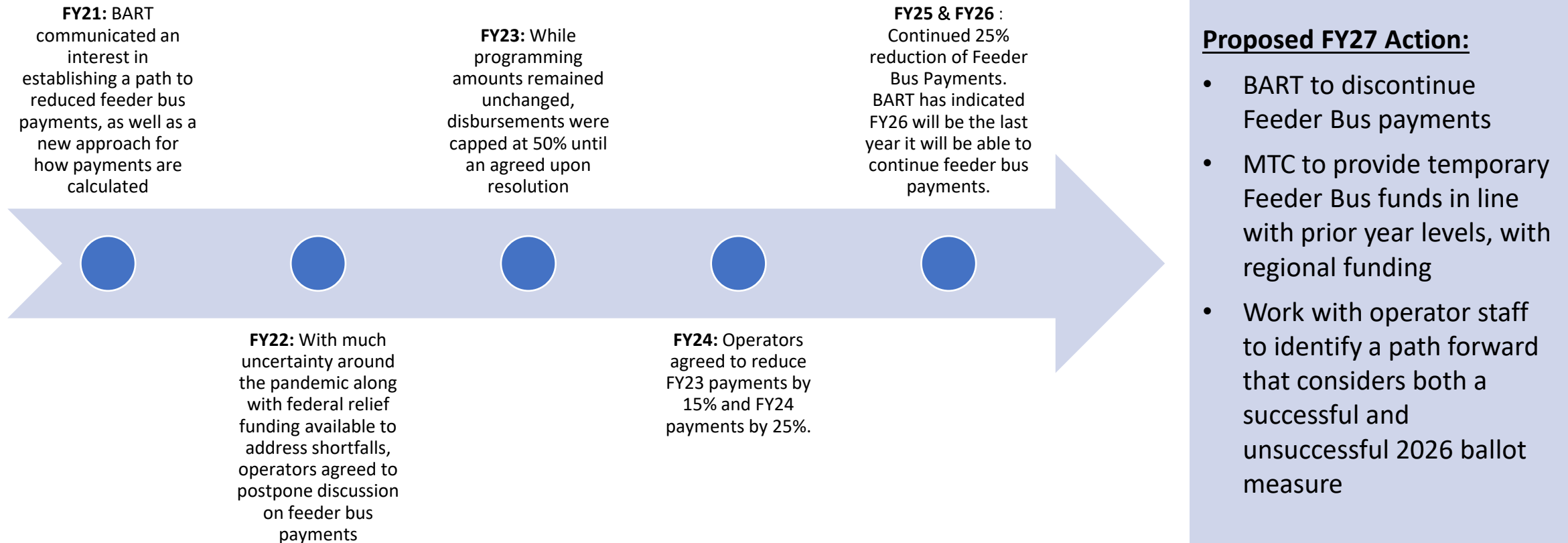
- If “hold harmless” provision is not extended, the State will unfreeze the distribution formula and revise the revenue estimate in August
- Mix of increases and decreases for individual agencies, but overall a decrease of 15% revenue to the region
- AC Transit, BART, and SFMTA will be significantly impacted
- VTA and GGBHTD will enjoy greater revenues due to increase in local revenue generation in their service areas
- Statewide the Bay Area will no longer receive the majority of STA revenue (54% to 46%)

Operator	Frozen FY2026-27 Estimate	Unfrozen FY2026-27 Estimate	Difference \$	Difference %
AC Transit	\$24.4	\$23.0	(\$1.4)	-6%
BART	\$38.3	\$25.3	(\$13.0)	-34%
Caltrain	\$9.1	\$8.9	(\$.1)	-2%
GGBHTD	\$8.7	\$10.7	\$2.0	23%
VTA	\$27.7	\$32.7	\$5.0	18%
SFMTA	\$65.3	\$47.1	(\$18.1)	-28%
WETA	\$2.5	\$1.7	(\$.7)	-30%
SUBTOTAL	\$176.1	\$149.5	(\$26.6)	-15%
Small Operators	\$16.2	\$14.0	(\$2.2)	-14%
GRAND TOTAL	\$192.3	\$163.5	(\$28.8)	-15%

BART-Feeder Bus Agreement

Background

- Established in 1997 to transfer feeder bus operations from BART to East Bay bus operators
- Initial payment amounts were established by transition agreements, with subsequent payments adjusted based on changes to AB1107 sales tax revenues
- Payments are made using BART's STA Revenue-Based and TDA Sales Tax Funds



Staff Recommendation

Staff Recommendation is to refer MTC Resolution No. 4742 to the MTC Commission for approval