

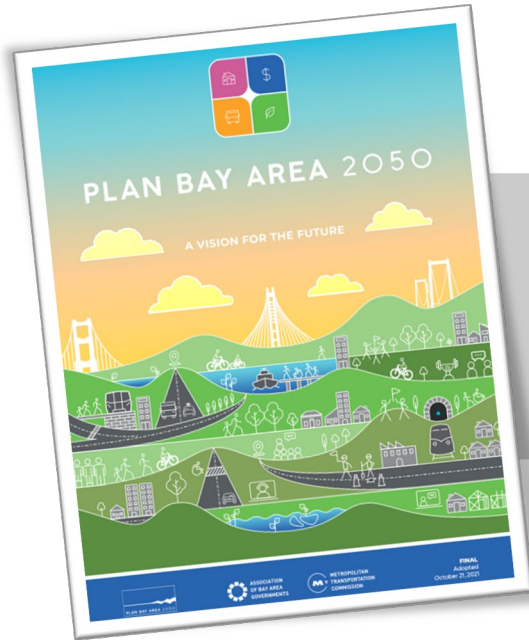
Preparing for a 2026 Regional Transportation Measure: Outline of Proposed Enabling Legislation & Next Steps



**METROPOLITAN
TRANSPORTATION
COMMISSION**

**Bay Area Partnership Board
October 23, 2023**

Why a New Regional Transportation Measure?



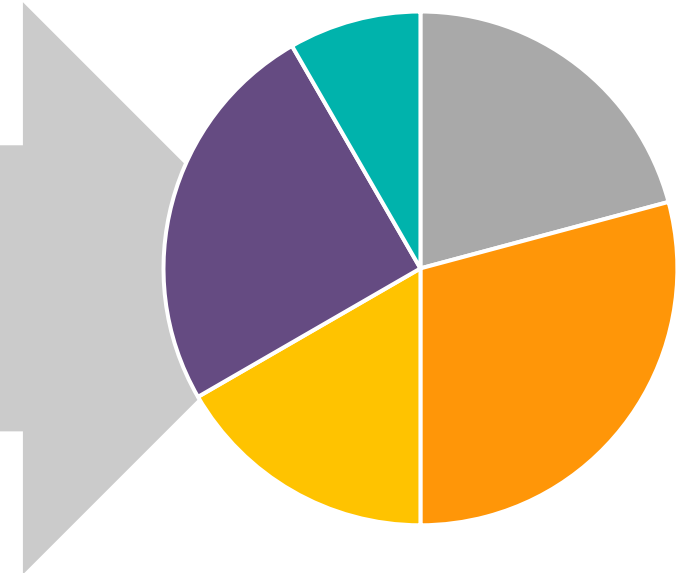
Plan Bay Area 2050

The Plan identified a \$110 billion funding gap to realize the plan's bold vision



Transit's Future Depends on New Funding

New reliable funds are needed to sustain service and improve the rider experience



Deliver Results

Regional funds can incentivize key regional policy goals & improve access and mobility regionwide

Throughout 2023: Listening & Learning

STAKEHOLDER ENGAGEMENT



Transit Operators



County Transportation Agencies



Regional Agencies

BCDC, BARC, BAAQMD, etc.



Business Organizations



Labor Organizations



Advocacy Organizations

- *Environment*
- *Equity*
- *Persons with Disabilities*
- *Older Adults*
- *Active Transportation*

PUBLIC ENGAGEMENT



Public Poll

- *Conducted in spring 2023*
- *Sought to understand public perception of public transit & support for potential measure*



Pop-Up Workshops

- *15 events in all nine counties during summer 2023*
- *Integrated with Plan Bay Area 2050+ and Transit 2050+ public engagement*



Online Survey

- *Sought feedback from public on same questions as in-person events*
- *Offered in English, Mandarin, Spanish, and Vietnamese consistent with 2023 PPP*

EMERGING THEMES

Most stakeholders, and the public at-large, want to **maintain and improve public transit** but also want to **see investments in other transportation modes**.

There is a broad recognition that the Bay Area's post-pandemic trajectory is uncertain and that **having the flexibility to modify priorities over time will be key**.

Simply **maintaining the status quo is not sufficient** – the public wants to see new revenues used to help transform our transportation system.

Regional Measure Goal & Focus Areas

- **Goal:** Create a climate-friendly transportation system that is safe, accessible and convenient for all

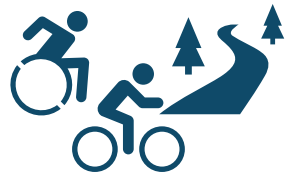


Protect and Enhance Transit Service

Establish a robust and reliable, long-term regional source of transit operating funds to protect existing service and enhance it where needed and financially sustainable.

Make Transit Faster, Safer and Easier to Use

Create a seamless and convenient Bay Area transit system that attracts far more riders by making key investments to implement the Bay Area Transit Transformation Action Plan.



Enhance Mobility & Access for All

Make it safer and easier for people of all ages and abilities to get to where they need to go by enhancing bicycle and pedestrian access (including for wheelchair users), traffic calming, signal timing, pothole repairs, improved truck access, and other needs.

Guiding Principles for Expenditure Plan



Equitable

Prioritize funding in every investment category toward Equity Priority Communities, as well as other underserved demographic groups such as persons with disabilities, older adults, etc.



Climate-Friendly

Ensure funding only flows to GHG-reducing or GHG-neutral projects by avoiding any investments that expand roadway capacity, which would make it more difficult to achieve our ambitious climate goals.



Adaptable

Design the legislation be adjustable in the face of changing needs, allowing spending priorities to be adjusted over time and avoiding rigid project-specific expenditures.



Cohesive

Create an expenditure plan that is greater than the sum of its parts, both to maximize regional impact but also to be able to clearly communicate to the public what the measure will deliver.

New Proposed Funding Categories



Transit Transformation

Sustain and/or expand transit service levels on bus, rail, and ferry lines to serve both current and future riders. Accelerate Transformation Action Plan improvements to the customer experience and help fund the zero-emission transit transition.



Safe Streets

Transform local roads to better address safety and achieve equity and climate goals, such as through expanded sidewalks and/or protected bicycle infrastructure, safety enhancements, traffic signal timing, improved pavement conditions.



Connectivity

Fund mobility improvements that close gaps and relieve bottlenecks in the existing transportation network in a climate-neutral manner. Example project types include express lanes, rail-grade separations, rail extensions, and interchange modernizations.



Climate Resilience

Fund planning, design and/or construction activities that protect transportation infrastructure from rising sea levels, flooding, wildfires, and extreme heat.

Public Feedback on Potential Priorities

At pop-up workshops held through late August, participants shared their priorities for a future measure:

- 1 Main Streets
- 2 Transit Transformation
- 3 Transit Operating
- 4 Climate Resilience
- 5 Priority Projects



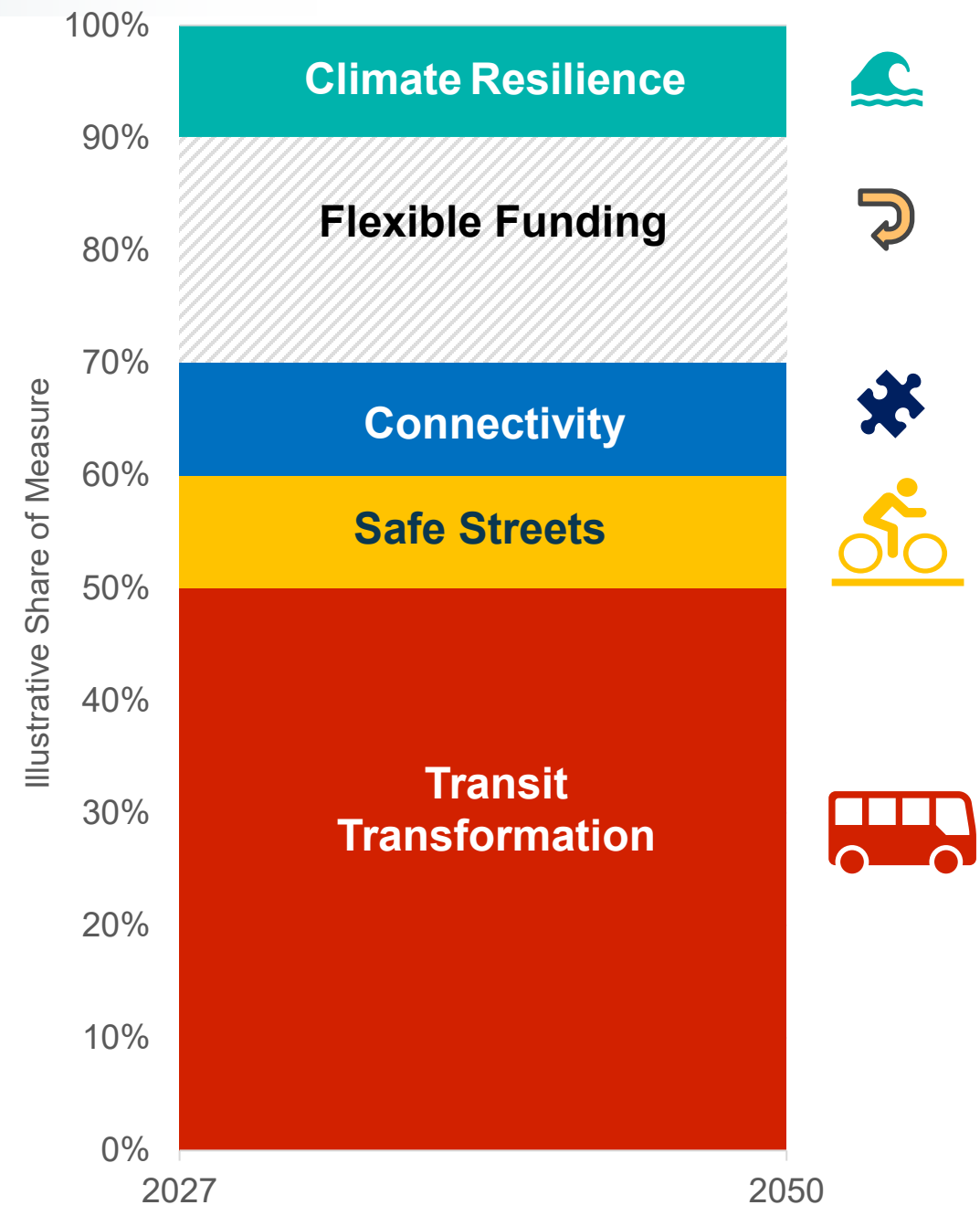
Additional data, including online survey results, will be shared later this fall.

Core Elements of Proposed Enabling Legislation

Topic	Summary	Rationale
Geographic area of tax	Authorize MTC to place on ballot within the nine counties or a subset (no fewer than five counties).	Precedent with MTC regional gas tax enabling statute and Bay Area Housing Finance Authority (BAHFA)
Timing of Ballot Measure	Allow on ballot November 2026 or later with no sunset. Permit subsequent ballot placement if unsuccessful. Duration to be determined by MTC.	Consistent with county transportation measure authorizations
Tax Options & Amount	Authorize a menu of revenue options subject to a maximum rate. Allow multiple revenue options to be pursued sequentially.	Consistent with county transportation measure authorizations; BAHFA precedent
Expenditure Priorities	Specify core goals of measure and expenditure categories but leave open minimum shares for now.	Consistent with enabling legislation for county transportation measures
Funding Distribution	Leave open subject to further discussion of expenditure priorities and bill's overall approach (defining expenditure plan vs. delegating to MTC).	Too early – needs much more discussion

Expenditure Plan Concept: Adaptable

- **Concept:** Specify a minimum share for each spending category but allow percentages to be adjusted over time, subject to public input and demonstration of need.
- **Flexible Funding:** Reserve portion of funds for a “flexible” category to enhance ability of measure’s revenues to be responsive to future needs.
- **How Much for Each Category?** Shares shown at right are *for illustration purposes only*. Recommend MTC adopt an initial concept without minimum percentages to allow for maximum consensus and coalition building during early part of legislative process.



Analysis of Potential Funding Sources

- MTC evaluated six revenue options based on the following criteria:
 - Revenue volatility
 - Equity impacts
 - Economic impacts
 - Administrative burden
 - Co-benefits/disbenefits
- Tax rates were estimated for each revenue source based on rate needed to generate approximately \$1 billion/year.
- **Practical considerations:**
 - Ultimately, what's most popular with voters and what's most politically feasible will determine which options to pursue.
 - Possible to follow approach in AB 1487 (Chiu, 2019) – establishing the Bay Area Housing Finance Authority – providing a menu of options vs. a single revenue source.

Summary of Tax Revenue Options Analyzed

Tax Type	Description	Tax Rate
Sales tax	Regional sales tax on the sale of tangible items. Some groceries are exempt.	0.5-cents
Income tax	Regional supplemental income tax paid by taxpayer – withheld from paycheck (can be limited to those with an income above a specified threshold and/or include tiered rates)	0.17%
Payroll tax	Employer-based tax on wages paid to employees, like Social Security. Can be structured to exempt small businesses.	0.36% taxable wages
Corporate head tax	Employer-based tax per employee. Can be structured to exempt small businesses.	\$216/employee
Parcel tax	Flat tax per parcel of real property, can exempt certain taxpayers (e.g., seniors). Note: option to impose per square foot.	\$467/parcel
Road usage charge	Tax based on miles driven. Also known as a Vehicle Miles Traveled (VMT) fee. Only exists on a pilot, voluntary basis today.	\$0.0152/mile

Draft Staff Recommendation on Short List of Revenue Options

- Consider removing parcel tax and corporate head tax from menu; keep others on the list.
- Rationale:
 - Parcel tax – flat rate of \$467/year too high to be politically viable. Regional housing bond will already be asking Bay Area property owners to tax themselves. Although a “per square foot” rate and split roll could result in lower tax for most homeowners, its complexity would be hard to communicate to voters.
 - Corporate head tax – high administrative burden for MTC with no simple tax to “piggyback” upon. Additional concerns identified that a flat tax per employee is less equitable than a payroll tax (from employer standpoint) and options to mitigate those concerns would be administratively burdensome and hard to communicate.

Policy Reforms May Accompany Legislation

- Commissioners and some stakeholders have expressed an interest in including policy changes related to public transit in regional measure enabling legislation.
- Are there specific policy topics that should be under consideration to include in the legislation?

What's Next?



Continue Stakeholder Outreach

Continue dialogues with partners and stakeholders on tradeoffs associated with expenditures, revenue options, and potential policy requirements.



Public Opinion Poll Results

Poll is underway of Bay Area voters to seek feedback on measure's goals, potential revenue options and expenditure plan priorities to inform enabling legislation. Results will be available by December Joint Legislation Committee.

Legislative Outreach

Brief Bay Area legislators on proposed approach and seek their feedback to inform proposed legislation

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