



SFMTA



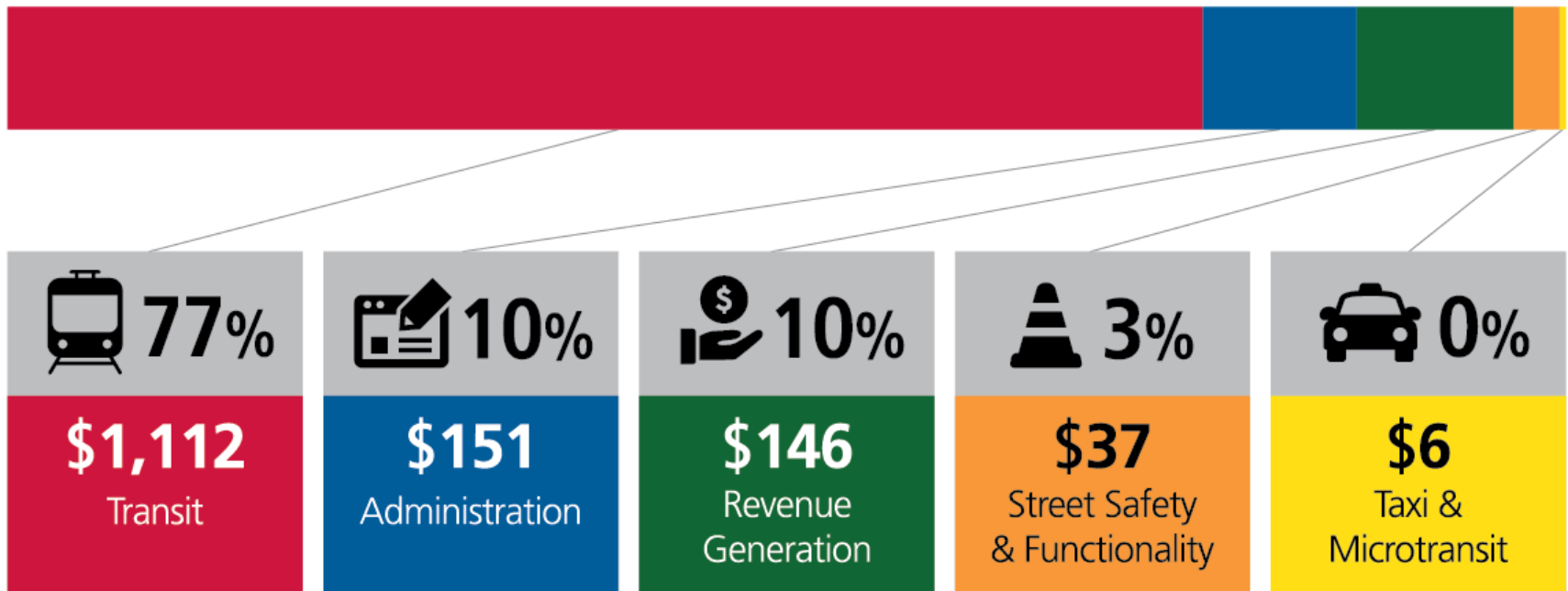
San Francisco Municipal Transportation Agency

# Local Revenue Measure Update

SFCTA CAC Meeting  
January 28, 2026  
Item 13

# FY25-26 Expenditure Budget, by Service (\$M)

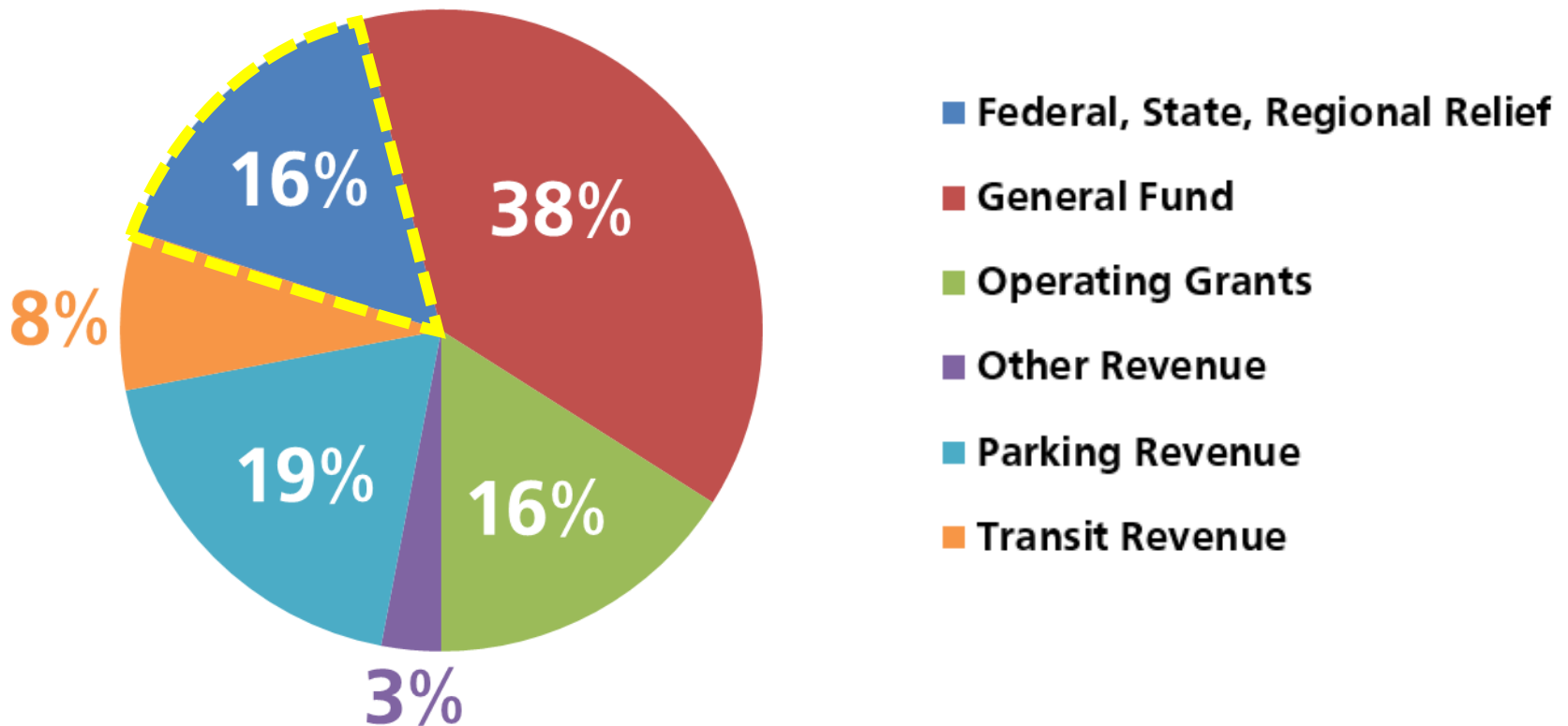
**SFMTA expends 77% of its budget to provide transit service.**



Source: FY25-26 Original Budget (Final), August 2025.  
Note: Transit includes paratransit.

# FY25-26 Revenue Budget

**Federal, state, and regional pandemic relief are  
16% of revenue.**

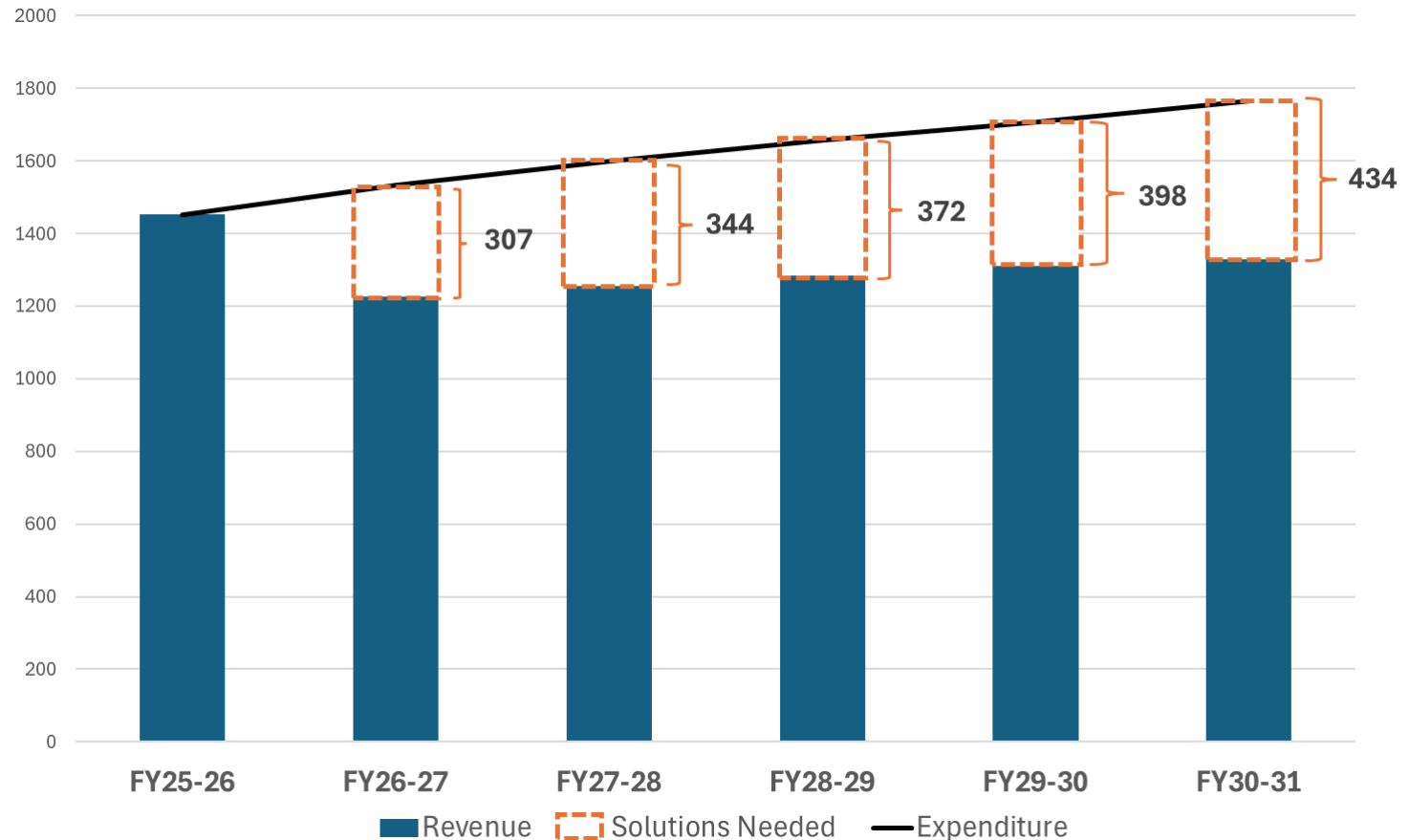


Source: FY25-26 Original Budget (Final), August 2025.

**Federal, state and regional pandemic relief funding runs out in June 2026.**

# 5-Year Deficit Forecast

Because expenditure grows faster than revenue, FY26-27 deficit is \$307M and grows over time.



**To avoid cuts and achieve long-term financial stability, SFMTA must bring costs and revenue closer together by becoming more efficient and increase revenues by identifying new sources.**

# Muni Funding Working Group Recommendation

The Muni Funding Working Group overwhelmingly supported  
**Strategy A: Big at the Ballot in 2026**

- ***No Service Cuts***
- Further administrative efficiencies and expedite reductions
- A regional sales tax measure
- A local parcel tax measure

	Strategy	% Top Choice
A	Preserve Muni & Street Safety – Big at the Ballot in 2026	69%
B	Preserve Muni & Street Safety – Multiple Ballots over Time	19%
C	Protect Muni Service – Minimizing Cuts for Riders	6%
D	Find Revenues through Parking	6%
E	Cut Due to Less Opportunity at the Ballot	0%
F	Fewer Options, More Cuts	0%

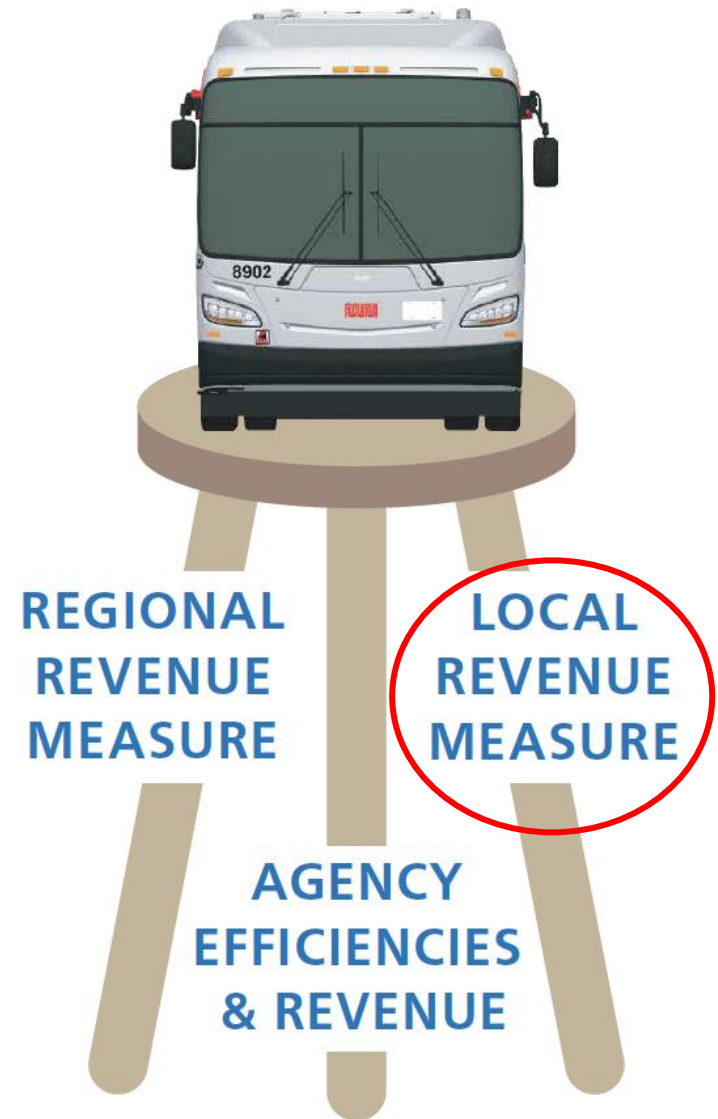
# FY26-27 and FY27-28 Budget Strategy

**Regional Revenue Measure:** The Connect Bay Area Act allows San Francisco to pursue a full one-cent sales tax increase to maintain Muni. If passed by voters, Muni will receive ~\$155M per year to address the structural deficit.

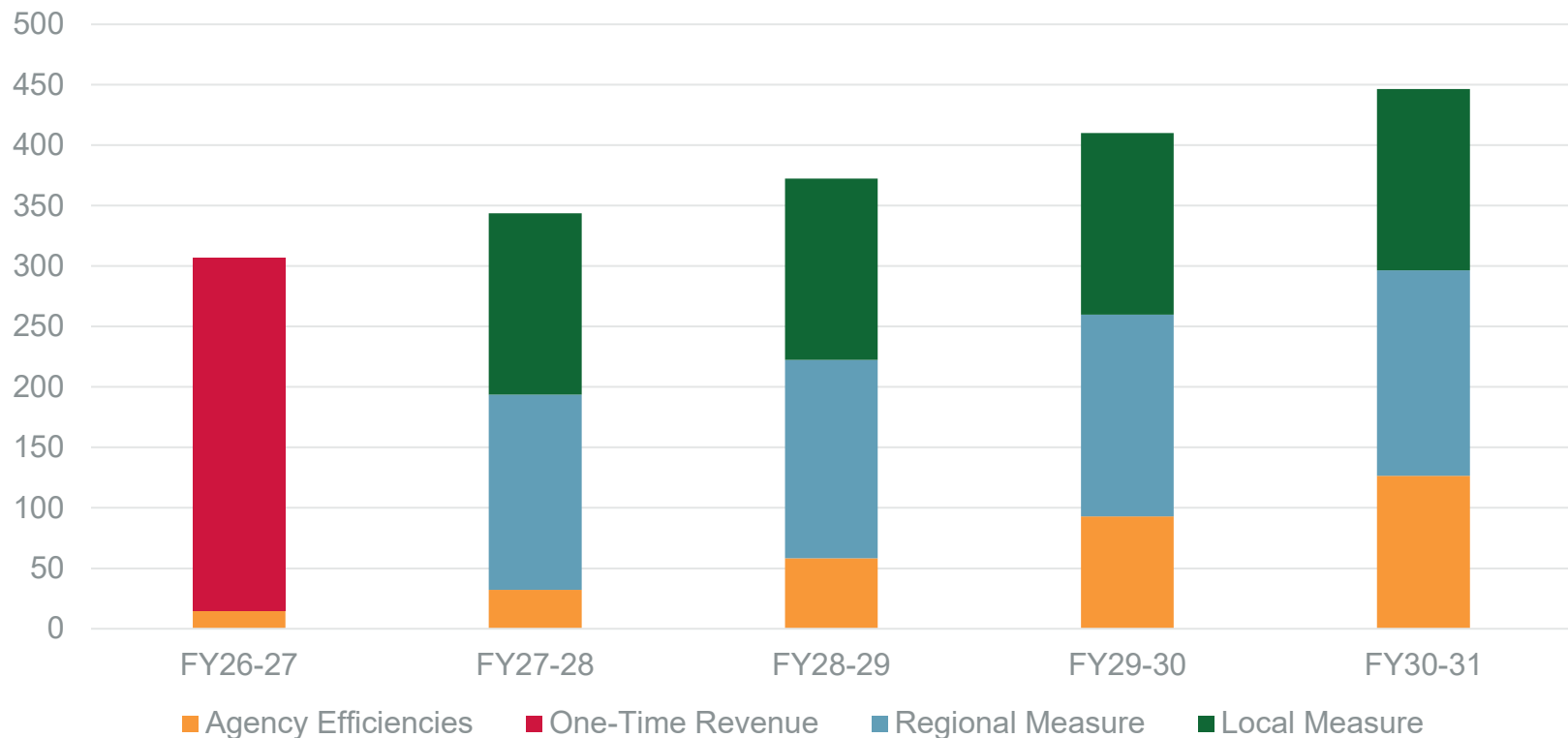
**Local Revenue Measure:** As the regional measure will not fully address the structural deficit, Mayor Lurie and other elected leaders are supporting a local parcel tax to further reduce the structural deficit and make marginal service quality improvements.

**Agency Efficiencies & Revenue:** Building an efficiency culture and identifying new enterprise revenues in the out years will close the remaining structural deficit.

*In the short-term, one-time sources are needed to close the budget deficit until regional and local revenue measures are implemented.*



# The three-pronged strategy will fill the gap



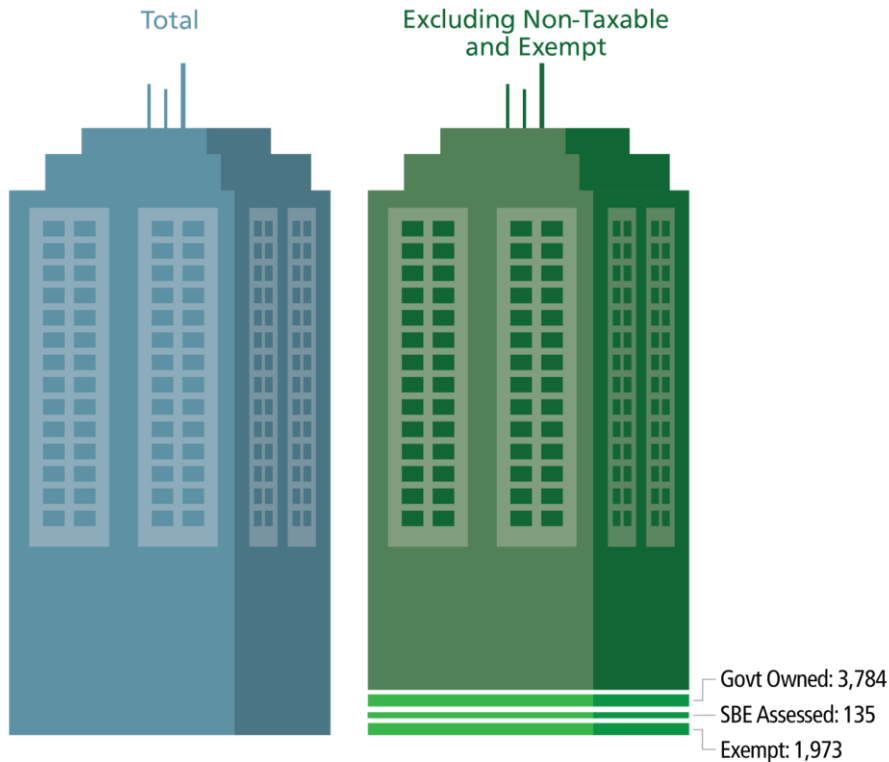


# **LOCAL REVENUE MEASURE**

# What is a parcel tax?

- A parcel tax is charged on a parcel of property.
- Paid by property owners on the annual property tax bill.
- Unlike a property tax, a parcel tax is not based on the value of the property.
- Parcel taxes can be based on either a flat per parcel rate or a rate that is based on the size, use and/or number of units on the parcel.

# San Francisco has 200,000+ parcels



According to the 2023-24 public tax rolls, there are 212,206 total property tax parcels in San Francisco.

After excluding non-taxable parcels (e.g., government-owned) and exempt parcels (e.g., welfare, nonprofit hospitals, religious institutions), there are 206,314 taxable parcels, accounting for 97% of all parcels.

92% of San Francisco's taxable parcels are residential and about 75% are single-family homes.

# San Francisco's parcel taxes are flat parcel taxes, or flat but varied by property type



# But there are different ways to structure a parcel tax

Parcel taxes can be structured in a few ways, illustrated below. Namely, parcel taxes can be structured as a flat rate or by square foot of the parcel; and by Property Type (ex. Commercial, Multi-Unit, or Single Family)

Structure	City	Funds	Rate
<b>Flat rate</b>	Piedmont, CA	School support	\$2,763 per parcel
<b>Flat rate, varied by property type</b>	Oakland, CA	Wildfire Prevention	\$99 per single family parcel \$65 per condominium / multi-family unit
<b>Rate based on building square foot</b>	Alameda, CA	School support	\$0.585 per building sq ft
<b>Rate based on building square foot, varied by property type</b>	Berkeley, CA	Streets and Sidewalks	\$0.17 per building sq ft (residential) \$0.25 per building sq ft (commercial and other property)

# Parcel taxes in San Francisco

Parcel Tax	Purpose	Tax Amount and Basis
<b>San Francisco Bay Restoration Authority</b>	Funds shoreline protection and restoration	\$12 per parcel per year
<b>City College of San Francisco</b>	Used to maintain and enhance the quality of education at City College campuses	\$99 per parcel per year, adjusted for inflation annually
<b>School Parcel Tax</b>	Funds SFUSD teacher salaries	\$334.38 per parcel in FY 2025–26, adjusted for inflation annually
<b>SFUSD Teacher Support</b>	Provides support and accountability for educators and schools	\$319.34 per parcel in FY 2025-26, adjusted for inflation annually
<b>SFUSD Facilities District</b>	Funds safety upgrades and improvements	\$43.00 per single family residential parcels and \$21.50 per dwelling unit on multi-family residential parcels in FY 2025-26, adjusted for inflation annually

# The SFMTA was directed to engage critical partners

OFFICE OF THE MAYOR  
SAN FRANCISCO



DANIEL LURIE  
MAYOR

September 2, 2025

Julie Kirschbaum  
Director of Transportation  
San Francisco Municipal Transportation Agency  
1 South Van Ness Avenue, 7th Floor  
San Francisco, CA 94103

**RE: Parcel Tax Proposal**

Dear Director Kirschbaum,

You know as well as anyone, a safe and reliable Muni is essential to revitalizing downtown San Francisco, bringing customers to our local small businesses, and helping our kids get to school. Since you assumed your role early this year, you have taken action to support the immediate and long-term health of Muni and the city's entire transit system. But our public transit system and our city's recovery are at risk if we don't address the San Francisco Municipal Transportation Agency's (SFMTA's) \$320 million deficit for Fiscal Year 2026-27 and secure sustainable funding for Muni.

Under your leadership, Muni has taken tremendous strides to regain the trust of San Franciscans. You've improved service despite financial constraints, and riders are reporting their highest satisfaction in years and using the system at the highest levels since 2020. At the same time, the SFMTA is showing San Franciscans a clear commitment to accountability and fiscal responsibility, making changes internally and finding savings wherever possible, without sacrificing service. Without the steps that you've already taken, such as eliminating more than 500 positions and using technology to improve operations, Muni's deficit would exceed \$440 million.

As we chart out Muni's future, we want to thank the SFMTA and the Controller's Office for convening the Muni Funding Work Group that issued its final report this summer. We deeply appreciate the engagement of the participants from business, labor, and community whose input helped prepare us to face the challenges ahead. The Working Group's discussions revealed a consensus: Without sufficient revenue, Muni is facing a worst-case scenario of deep service cuts that would pose an existential threat to San Francisco's recovery.

As we pursue cost-savings measures and a regional sales tax, the group's work suggested that the only way to avoid such cuts was to supplement those steps with a local revenue measure. We believe that a parcel tax is the best mechanism to generate the level of funding needed to support Muni service and that it can be structured in a way that is fair and affordable. We appreciate SFMTA's continued efforts to advance the Working Group's recommendation and **urge you to engage with critical partners in the community to collect feedback as you further develop a**

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**parcel tax structure.** Between this local measure, a regional revenue measure, and the ongoing work to find savings at SFMTA, we can – and must – generate the funding necessary to avoid devastating Muni service cuts.

As you continue to engage communities across the city around a potential local revenue measure and explore a parcel tax structure, we must continue to hold the agency accountable and find additional ways to achieve savings internally. Your recent budget instructions, with 5% and 7% cost reduction scenarios that avoid cuts to Muni service, demonstrate your commitment to that goal as you plan for the two-year budget cycle.

Our city has made so much progress in just the last several months to recover after years of challenges. And we can continue to make progress for everyone in our city – but that progress depends on a safe, reliable Muni system with sustainable funding. Let's work together to ensure that our city's transit system continues to serve the millions of residents and visitors who are counting on Muni to drive San Francisco's comeback.

All my best,

Daniel Lurie  
Mayor of San Francisco

Rafael Mandelman  
President, San Francisco Board of Supervisors

Myrna Melgar  
Chair, San Francisco County Transportation Authority  
Supervisor, District 7, San Francisco Board of Supervisors

# A parcel tax should meet key principles



**Fair**



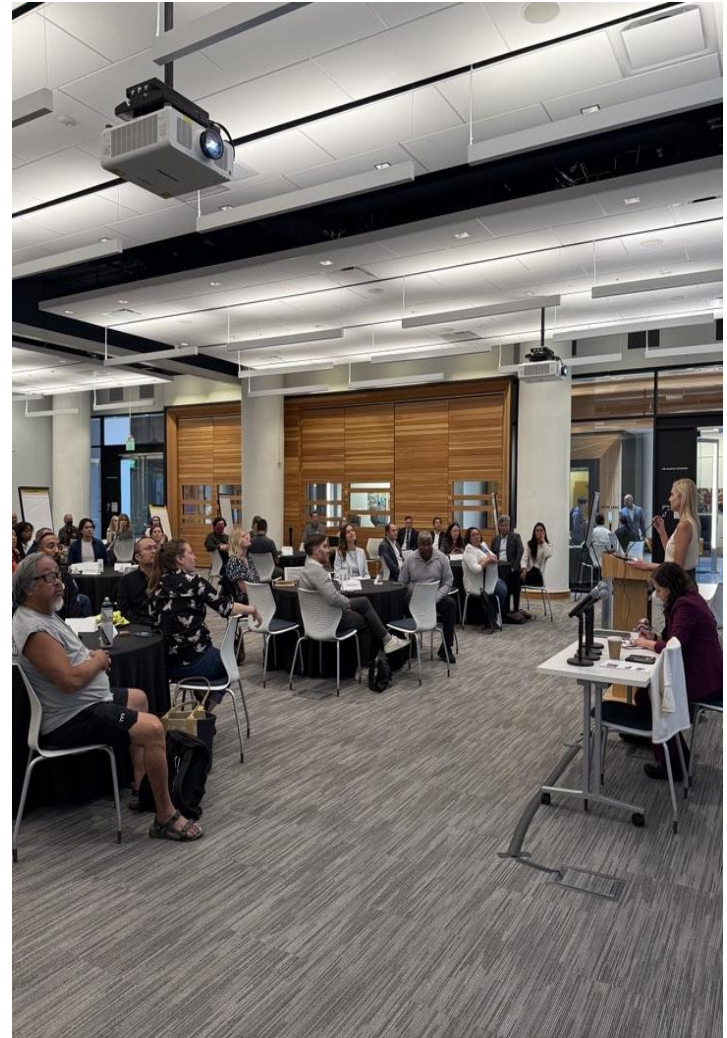
**Reasonable**



**Sufficient**

# Local Measure Roundtable Feedback

- Explore variable rates and tiered structures that reflect diverse property types and economic capacity.
- Avoid disproportionate impacts on renters, small businesses, and lower-income households.
- Encourage simplicity.
- Seek additional revenue beyond the near-term operating gap to restore and expand service.
- Maintain value over time — interest in adding a CPI adjustment.
- Mixed views on sunset clauses
- Interest in multiple tiers for larger residential and non-residential properties.



# Proposed Local Measure Structure

## Residential Parcels

Category	Square Footage Tiers	Rate
<b>Single Family Residential Parcels (SFR):</b> Parcel Tax = Base Rate + Marginal Rate(s)		
<b>SFR Base Rate:</b> Applies to first 3,000 SF	<b>0 - 3,000 SF</b>	<b>\$129</b>
<b>SFR, Marginal Rate 1:</b> Applies to any building square footage from 3,001 SF to 5,000 SF	<b>3,001 - 5,000 SF</b>	<b>\$0.42 per SF</b>
<b>SFR, Marginal Rate 2:</b> Applies to any building square footage above 5,000 SF	<b>5,001+ SF</b>	<b>\$1.99 per SF</b>
<b>Multifamily Parcels (MF):</b> Parcel Tax = Base Rate + Marginal Rate(s)		
<b>MF Base Rate:</b> Applies to first 5,000 SF	<b>0 - 5,000 SF</b>	<b>\$249</b>
<b>MF, Marginal Rate 1:</b> Applies to any building square footage above 5,000 SF	<b>5,001+ SF</b>	<b>\$0.195 per SF</b>
<b>MF Cap</b>		<b>\$50,000</b>

# Proposed Local Measure Structure

## Non-Residential Parcels

Category	Square Footage Tiers	Rate
<b>Non-Residential Parcels (Non-Resi):</b> Parcel Tax = Base Rate + Marginal Rate(s)		
<b>Non-Resi Base Rate:</b> Applies to first 5,000 SF	<b>0 - 5,000 SF</b>	<b>\$799</b>
<b>Non-Resi Marginal, Rate 1:</b> Applies to any building square footage from 5,001 SF to 50,000 SF	<b>5,001 - 50,000 SF</b>	<b>\$0.76 per SF</b>
<b>Non-Resi Marginal, Rate 2:</b> Applies to any building square footage from 50,001 SF to 250,000 SF	<b>50,001 - 250,000 SF</b>	<b>\$0.84 per SF</b>
<b>Non-Resi Marginal, Rate 3:</b> Applies to any building square footage over 250,000 SF	<b>250,001+ SF</b>	<b>\$0.99 per SF</b>
<b>Non-Resi Cap</b>		<b>\$400,000</b>

# Proposed Local Measure Structure

## Mixed-Use Parcels

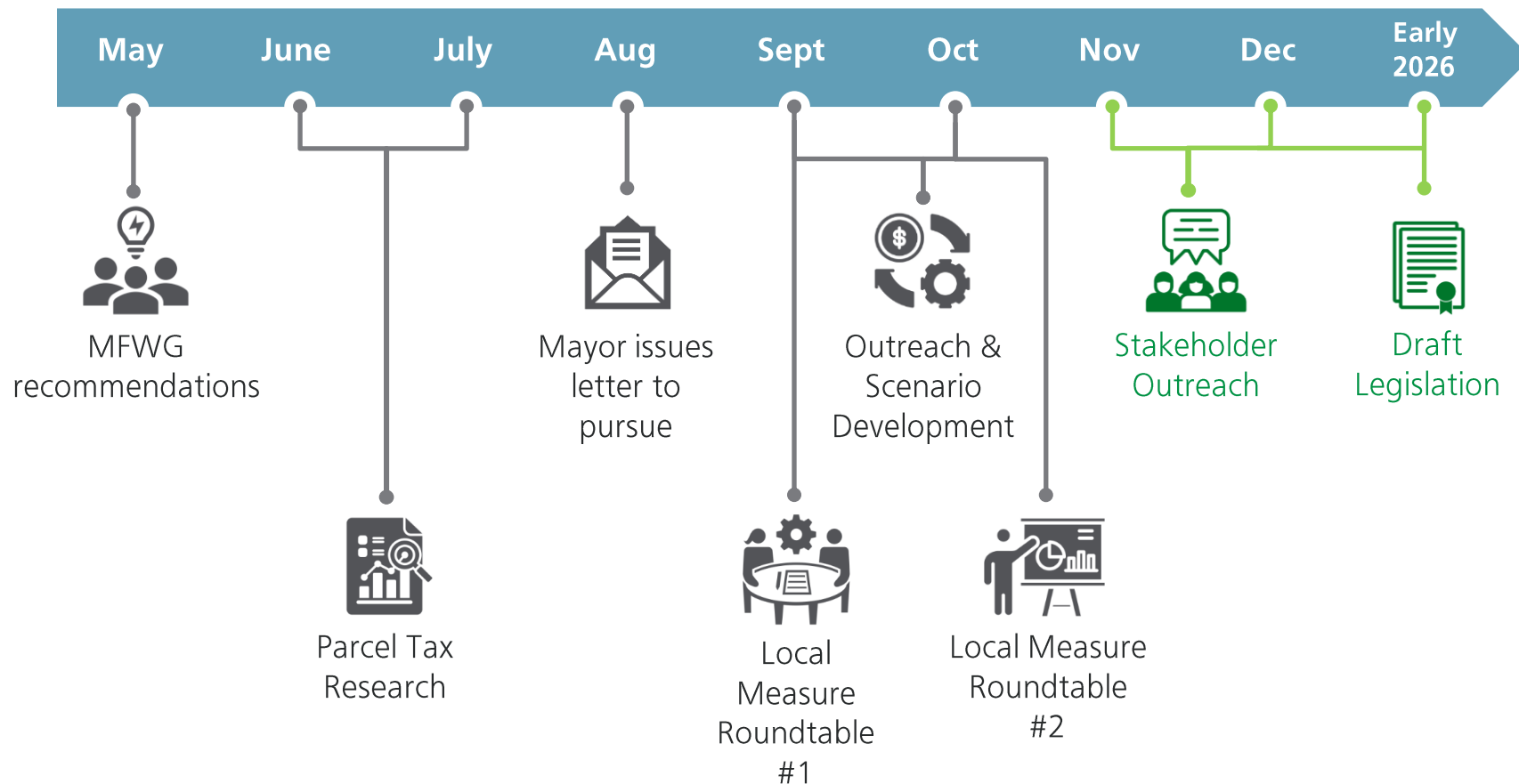
- A mixed-use parcel up to 5000 SF is \$799
- A mixed-use parcel over 5000 SF would be treated like two separate parcels using the rates just outlined:
  - Non-residential + Single Family Home
  - Nonresidential + Multifamily Parcel
- The total tax for a mixed-use parcel would be discounted by the applicable residential base rate to ensure the parcel does not pay two base rates
- Mixed-use parcels are subject to a \$400,000 cap



# Proposed Local Measure Structure

- **Exemptions and Deductions**
  - Parcels or units owned by a senior property owner (65+) who occupy that parcel or unit as their primary residence
  - Square footage of Single Room Occupancy (SRO) units
  - All existing exemptions for property taxes would apply to this parcel tax (welfare, hospitals, museums, govt land etc.)
- **Sunset Date** - 15 years
- **Inflation Factor** - CPI Adjustment
- **Pass-through** - up to 50 percent of the parcel tax, with a cap of \$65 (half of the \$129 single family home rate), for rent-controlled units

# Where we are in the process



**Thank you!**  
**Questions?**