

Additional Business Tax on Transportation Network Companies and Autonomous Vehicle Businesses*

Digest by the Ballot Simplification Committee

Status: Approved Digest
On: Tuesday, July 30, 2024
Members: Packard, Anderson, Wong, Troy, Wang

Deadline to Request Reconsideration: 3:00pm Wednesday, July 31, 2024

The Way It Is Now: The City collects taxes on gross receipts from many businesses in San Francisco (Gross Receipts Tax). For most businesses, the Gross Receipts Tax rate is between 0.053% and 1.008% of San Francisco gross receipts, with some rates scheduled to increase in coming years.

The City imposes a per-ride tax on certain transportation businesses that provide prearranged rides that originate in San Francisco. This tax applies to transportation network companies, which connect drivers to passengers, and businesses providing rides in some types of autonomous vehicles. Transportation network companies do not include taxi or limousine services. The rates for that tax are between 1.5% and 3.25% of the fares attributable to passenger rides within San Francisco.

Autonomous vehicles can operate without a human driver and some can transport passengers.

The San Francisco Municipal Transportation Agency operates a public transportation system (Muni) of buses, light rail vehicles, streetcars and cable cars.

State law limits the total revenue that the City may spend each year. The voters may approve increases to this spending limit for up to four years.

The Proposal: In addition to existing taxes, the proposed measure would create a new gross receipts tax on transportation network companies and autonomous vehicle businesses. This new tax would be on passenger transportation service gross receipts in San Francisco above \$500,000. The tax rates would be:

- 1% on taxable gross receipts between \$500,000.01 and \$1,000,000 (one million dollars);
- 2.5% on taxable gross receipts between \$1,000,000.01 and \$2,500,000 (two-and-a-half million dollars);
- 3.5% on taxable gross receipts between \$2,500,000.01 and \$25,000,000 (twenty-five million dollars); and
- 4.5% on taxable gross receipts over \$25,000,000 (twenty-five million dollars).

The City would use the funds it collects from the new tax to:

- Preserve, maintain or increase Muni public transportation services;
- Improve or preserve Muni service to public schools, libraries and parks by increasing service frequency, expanding and adding new routes; and
- Maintain or expand discount fare or fare-free programs by Muni for people with disabilities, seniors, youth, students and low-income passengers.

The tax would remain in place unless the voters repeal it through a future ballot measure. The Board of Supervisors would have authority to amend the tax by a two-thirds vote, so long as it does not undermine the intent of the tax.

This proposal would also increase the City's spending limit for four years.

**Working title, for identification only. The Director of Elections determines the title of each local ballot measure; measure titles are not considered during Ballot Simplification Committee meetings.*

If Proposition ____ [Changes to Business Taxes] passes with more votes than Proposition ____ [this measure], then Proposition ____ [this measure] would have no legal effect.

If Proposition ____ [this measure] passes with more votes than Proposition ____ [Changes to Business Taxes], both propositions would have legal effect.

A "YES" Vote Means: If you vote "yes," you want to create a new gross receipts tax on transportation network companies and autonomous vehicle businesses that provide passenger service for compensation and use the funds the City collects from the tax to support Muni transportation services and fare discount programs.

A "NO" Vote Means: If you vote "no," you do not want to make these changes.