

July 29, 2024

Ballot Simplification Committee
Via email BSC.Clerk@sfgov.org

Suggested Edits: “Additional Business Tax on Transportation Network Companies and Autonomous Vehicle Businesses”

Dear Chair Packard and Members of the Ballot Simplification Committee,

Thank you for your honorable service to voters simplifying the digests of ballot measures. As a proponent of this measure, we would like to suggest some edits to the proposed digest for your consideration. We believe these edits would improve the digest’s clarity and simplicity for voters.

Recommendation #1: Use “Muni” when referring to the SFMTA’s public transportation services.

Reasoning

“Muni” is the most familiar term to voters for referencing the public transportation services provided by the SFMTA. The [SFMTA’s website](#) uses “Muni” on pages such as the home page and the “Getting Around” page to direct visitors to information about the agency’s public transportation services. The “Muni” wordmark is the primary identification used on the SFMTA’s transit stop signage, transit station signage, buses, and light rail vehicles. The City owns [a trademark](#) for using “Muni” to refer to “transportation of passengers and/or goods by bus, light rail, streetcar, and cable car.”

Language such as “the transportation services the SFMTA provides” could be confusing to voters as the SFMTA provides a number of transportation services other than Muni, such as parking, bike education and infrastructure, and taxi services – none of which are funded by this measure.

Referencing Previous Ballot Digests

Previous ballot digests for measures have used the term “Muni” to refer to the SFMTA’s public transportation services:

- [November, 2022](#) – “*The Proposal*” in the digest for Prop L stated that the transportation plan created by the measure would fund “*maintenance and improvements for Muni, BART and Caltrain.*” The digest did not define “Muni” nor did it reference the SFMTA.
- [June, 2022](#) – “*The Way It Is Now*” in the digest for Prop A stated: “*The SFMTA oversees the Municipal Railway (Muni), which consists of the City’s buses, light rail trains, streetcars and cable cars.*” The digest’s “*The Proposal*” section stated that the bond measure could be spent on “*\$10 million on improvements to the Muni train system.*”
- [November, 2019](#) – “*The Way It Is Now*” in the digest for November 2019’s Prop D stated: “*The San Francisco Municipal Transportation Agency (SFMTA) is a City agency that oversees the City’s transportation system, including Muni buses and trains, bicycles, traffic, parking and taxis.*” The digest’s “*The Proposal*” section for that measure stated: “*The SFMTA would receive roughly half of the revenues to improve Muni service and reliability, maintain and expand Muni vehicles and facilities, and improve Muni station access.*” Finally, the digest’s “*A YES vote means*” section included that revenues from the tax would “*fund improvements in Muni service.*”

Suggested edits for this Recommendation #1

- Under “*The Way It Is Now*”: ...*The San Francisco Municipal Transportation Agency (SFMTA) operates [Muni](#), a public transportation system of ~~buses and light rail vehicles~~: [buses, light rail vehicles, streetcars, and cable cars.](#)*

- Under “The Proposal”: ...The City SFMTA would use the funds ~~it the City~~ collects from the new tax to:
 - Preserve, maintain, or increase ~~SFMTA’s public transportation services;~~ Muni service;
 - Improve or preserve ~~SFMTA Muni~~ service to public schools, libraries, and parks by increasing service frequency, or expanding or adding new routes; or
 - Maintain or expand discount Muni fare or fare-free Muni programs ~~by the SFMTA~~ for people with disabilities, seniors, youth, students, and low-income passengers.
- Under “A YES vote means”: ...and use the funds the City collects from the tax to support ~~the transportation services the San Francisco Municipal Transportation Agency delivers;~~ Muni service and discount Muni fare programs.

Recommendation #2: Condense and clarify language describing existing City taxes

Reasoning

The draft for this measure’s digest begins with a 110-word description of the city’s existing business taxes. As this measure is a supplemental tax in addition to all other city taxes, it does not modify any existing business taxes. Therefore, the language describing existing business taxes should be condensed for brevity, so that voters can focus on understanding the proposal.

The digest text also says the rate for the gross receipts tax is “between 0.053% and 1.008% of San Francisco gross receipts” – this may be somewhat misleading, as for some businesses, the rate is based on both gross receipts in San Francisco and gross receipts worldwide (Payroll Apportionment). This is important for this measure as the measure’s tax is only on San Francisco gross receipts.

Referencing Previous Ballot Digests

- [November 2020](#) – November 2020’s Prop L, which imposed the “Overpaid Executive Tax,” may be the most similar to the measure we are proposing. It was placed on the ballot *after* 2018’s Homelessness Gross Receipts Tax was put into place, and, like this measure, is a supplemental gross receipts tax on certain businesses, in addition to any other city taxes. The digest for this measure contained one brief sentence describing the city’s gross receipts tax: “*The City collects a tax on gross receipts (Gross Receipts Tax) from some businesses in San Francisco at a rate from 0.16% to 0.65% annually.*” The digest for this measure did not mention the Homelessness Gross Receipts Tax.

Suggested edits for this Recommendation #2

- Under “The Way It Is Now”: *The City collects ~~taxes on a tax on~~ gross receipts from many businesses ~~operating~~ in San Francisco (Gross Receipts Tax). ~~Generally, gross receipts are the total revenues a business receives from any source. 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. Businesses with more than \$50,000,000 in San Francisco gross receipts pay an additional tax at a rate between 0.175% and 0.69%. Some businesses that compensate their highest-paid managerial employee much higher than the median compensation they provide their San Francisco employees pay an additional gross receipts tax at a rate between 0.1% and 0.6%.~~*
 - If the Committee finds it is necessary to communicate the Homelessness Gross Receipts Tax and the Overpaid Executive tax as well, a shorter sentence would be suggested: *The City collects an additional Homelessness Gross Receipts Tax from some businesses with over \$50 million in annual gross receipts in San Francisco, and an Overpaid Executive Tax from certain businesses.*

- Also under “*The Way It Is Now*,” in the second paragraph, we would recommend re-ordering the sentences so that the definitions of the existing per-ride tax are first and the rate is last; and using the term “autonomous vehicle businesses” in order to provide context for when that term is later used in “*The Proposal*”:

The City also imposes a per-ride tax on certain transportation businesses, including transportation network companies and autonomous vehicle businesses. Transportation network company means a business that provides prearranged rides by connecting drivers to passengers. It does not include taxi or limousine services. Autonomous vehicle businesses provide rides in vehicles that can operate without a human driver. The rates for the per-ride tax are between 1.5% and 3.25% of fares.

Recommendation #3: Further describe relationship with Changes to Business Taxes measure

Reasoning

There is a somewhat unusual relationship between this measure and another measure on the ballot, “Changes to Business Taxes.” If both measures pass, and this measure gets more yes votes, both measures will go into effect. If both measures pass, and Changes to Business Taxes gets more yes votes, only Changes to Business Taxes will go into effect. The digest as written only informs voters of the latter relationship.

Suggested edits for this Recommendation #3

- Under “*The Proposal*”: *If Proposition ___ [Changes to Business Taxes] passes with more votes than Proposition ___ [this measure], then Proposition ___ [this measure] ~~would~~ will have no legal effect. If Proposition ___ [this measure] passes with more votes than Proposition ___ [Changes to Business Taxes], both propositions will have legal effect.*

Thank you for your work, and for your consideration of these suggestions.

Sincerely,

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