

# **PROPOSED 1/8 CENT SALES TAX TO SUPPORT CALTRAIN**

## **PROPOSAL**

The CALTRAIN Board of Directors placed a proposed 1/8 cent sales tax on the November 3, 2020 ballot for the counties of San Francisco, San Mateo and Santa Clara. The measure will need to be approved by two thirds of the cumulative voters in the three counties to impose the increased sales tax.

## **LEAGUE OF WOMEN VOTERS OF THE BAY AREA**

Because the proposed tax affects more than one county, the League of Women Voters of the Bay Area is the entity that can respond to and comment on the measure.

The board of the League of Women Voters of the Bay Area is asking local leagues in the three counties to provide them with input before they consider the measure on their September 21 agenda.

This summary provides information on the measure and on League policies related to this type of measure.

## **MEASURE SUMMARY**

The State approved SB 797- Voter Authorization for Caltrain Funding- 1/8 Cent Sales Tax. The joint authors of the bill were Senators Hill, Beall, Wieckowski and Wiener. Principal Co-authors were Assembly persons Berman, Chiu, Kalra, Mullin Stone and Ting. This bill authorized a 1/8 sales tax measure to be placed on the ballot if approval from all of the following occurred.

- 2/3 vote of the Caltrain Board
- 2.3 vote of the Boards of Supervisors from the three counties
- Majority votes of each of the transit districts operating in the three counties.

Caltrain operates its train services in the three counties and its rail line closely parallels Highway 101 between San Francisco and San Jose. The fact sheet for SB 797 states that Caltrain is the only passenger rail service in the country that relies on voluntary annual contributions from its three funding partners. The rail agency receives 70% of its funding from fare box revenue. Despite not having a dedicated funding source, the system had become the seventh largest commuter railroad in the country. The Caltrain system and its corridor is a key aspect supporting high density residential development and providing the region with an alternate transportation option to the auto. The rail service is viewed as a key component of congestion management and air pollution reduction.

It is estimated that 95% of Caltrain's ridership disappeared due to COVID and therefore revenue to the system was severely impacted. Even before the pandemic, the proponents of this measure found that Caltrain's dependence on fare revenue was not a reliable means of supporting its system.

The proposed tax measure is intended to be a designated revenue sources for Caltrain's services and is estimated to generate \$108 million per year. The proponents of the measure predicted that the railroad might have to cuts its service, or even temporarily shut down during the pandemic if the sales tax measure in not approved. In the long term, the proposed revenue would help support corridor electrification, conversion of 75% of Caltrain's feet to electric trains, operate longer trains, lengthen station platforms and increase operational services. Other revenue source such as the fare box revenue and transportation grants would remain.

During the process of approval from the different governmental bodies, a series of issues around the control of the Caltrain system arose. The Caltrain Board pledged to make changes to its structure to make in more independent from San Mateo County's transportation agency, SamTrans. With this pledge, the measure secured all of its governmental approvals and is now placed on the November ballot.

In addition to the governmental agencies, noted earlier, this measure is supported by Silicon Valley Leadership Group, San Francisco Bay Area Planning

and Urban Research Association, San Mateo County Economic Development Association, Metropolitan Transportation Commission, Northern California Carpenters, Regional Council , State Building and Construction Trades Council and the City of Sunnyvale.

There are different sources of potential opposition to the proposed measure, including:

- Groups who oppose tax increases
- People who are concerned about increasing taxes during a recession related to COVID.
- People who are concerned with social equity who believe that the rail system largely carries white-color tech workers and who believe that such a tax would burden people with lower incomes.

## **LEAGUE POSITIONS AND PAST ACTIONS**

### **Positions**

LWBA- Support transportation funding more reliably consistent with needs and long -term planning

LVW San Mateo County- Support a variety of funding sources for both capital and operating costs... including sales tax (an various other funds and fees)

### **Past Actions**

LWBA has supported many if not most Bay Area wide or multi-county funding proposals for transportation.

LVW San Mateo has supported a number of funding measures for transportation within the county.

LWV Santa Clara County Council supported Measure B. half-cent sales tax for VTA in 2017.

