San Francisco Municipal Transportation Agency

AB 117 State Transit Loan

Board of Supervisors
June 16, 2026

The FY26-27 & FY27-28 Proposed Budget, approved by the SFMTA Board of Directors in April, included a $200M loan from the state to bridge the gap while long-term revenue solutions are implemented.

Assembly Bill 117

Requires that the State Transportation Agency provide a loan to the Metropolitan Transportation Commission of up to $590M, on or before July 1, 2026.

Subsequently, the Metropolitan Transportation Commission must offer loans for public transit operating purposes to:

- The San Francisco Municipal Transportation Agency
- The Bay Area Rapid Transit District
- The Peninsula Corridor Joint Powers Board
- The Alameda-Contra Costa Transit District.

State Loan Terms

Loan terms will be codified in Loan Agreement between State and Metropolitan Transportation Commission (MTC) and symmetrical Loan Agreement between MTC and Transit Operators

Terms include:

- 12-year term, with two years of interest-only payments and 10-year repayment term including both interest and principal payments. Payments estimated at:
  - FY26-27 & FY27-28: $8M/year
  - FY28-19 thru FY38-39: $30M/year
- Variable interest rate tied to California State Surplus Money Investment Fund Apportionment Rates (SMIF)

Transit Operator Boards (and, for the SFMTA, the Board of Supervisors) will authorize Executive Director to enter into Loan Agreement with MTC.

AB 117 Sub-Loan: Key Terms

Loan Structure
- CalSTA loans $590M to MTC
- MTC sub-lends $200M to SFMTA
- Proceeds restricted to FY2026-27 operating costs only — no capital, no debt refinancing

Repayment Terms
- Interest-only through June 30, 2028
- Quarterly principal + interest payments September 3, 2026 through June 3, 2038 (12-year term)
- Rate: Quarterly SMIF (~4%)
- Amortization schedule set by March 31, 2028

Security & Obligations
- Repayment secured by State Transit Assistance (STA) Revenue-Based Funds
- Obligation is absolute and unconditional but limited to STA funds only
- Prepayment permitted with 15-business-day notice at no penalty

Thank you! Questions?