

LEGISLATIVE DIGEST

(Amended in Committee - 7/10/2019)

[Initiative Ordinance - Business and Tax Regulations, Administrative Codes - Tax on Net Rider Fares of Commercial Ride-Share Companies, Autonomous Vehicles, and Private Transit Services Vehicles]

Motion ordering submitted to the voters at an election to be held on November 5, 2019, an Ordinance amending the Business and Tax Regulations Code and Administrative Code to impose an excise tax on the net rider fares for rides facilitated by commercial ride-share companies and rides provided by autonomous vehicles and private transit services vehicles, to fund transportation operations and infrastructure for traffic congestion mitigation in the City; and to increase the City's appropriations limit by the amount collected under the tax for four years from November 5, 2019.

Existing Law

The City currently does not tax the fares of passenger rides, except that businesses that provide such rides are subject to the City's general business registration and business tax laws.

Amendments to Current Law

This ordinance would impose a tax, effective January 1, 2020, on commercial ride-share companies, including transportation network companies, that facilitate passenger rides originating in the City and on persons conducting or controlling businesses that provide rides originating in the City to fare-paying passengers using autonomous vehicles and private transit services vehicles. The tax would be 3.25 percent of the passenger fare attributable to the City, excluding any taxes, fees, and other government charges. Passenger fares generally are attributable to the City based on the distance traveled within the City. For a shared ride, the rate would be 1.5 percent.

The above rates would apply to rides provided in a zero-emission vehicle, except that the 1.5 percent rate would apply to shared and unshared rides from January 1, 2020 through December 31, 2024.

The tax would be dedicated to funding transportation operations and infrastructure to mitigate traffic congestion in the City. Half of the tax proceeds would go to the Municipal Transportation Agency for improving bus and rail service frequency and reliability; maintaining and expanding Muni fleet and facilities; improving access; and improving reliability through fixing and/or replacing rails, overhead wires, associated fixed guideway infrastructure, and traffic signals. The remaining half would go to the San Francisco County Transportation Authority for pedestrian and bicycle safety infrastructure; physical protection of bicycle

facilities from motorized traffic; traffic calming; traffic signal and traffic signal timing improvements; and maintenance of existing safety infrastructure.

The tax would expire on November 5, 2045.

This ordinance would authorize the City to issue limited tax bonds, not to exceed \$300,000,000 in the aggregate, and pledge revenues generated by this tax to the repayment of those bonds.

This ordinance would increase the City's appropriations limit under Article XIII B by the amounts collected from the additional tax from this new industry category, for four years from November 5, 2019.

Background Information

In September 2018, the Legislature enacted Assembly Bill 1184, which confirmed the City's authority to impose a tax on net rider fares for rides originating in San Francisco, including rides facilitated by transportation network companies and rides provided by autonomous vehicles.

This legislative digest reflects amendments made in committee on July 10, 2019. The amendments modified the definition of an autonomous vehicle and made other non-substantive changes.

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