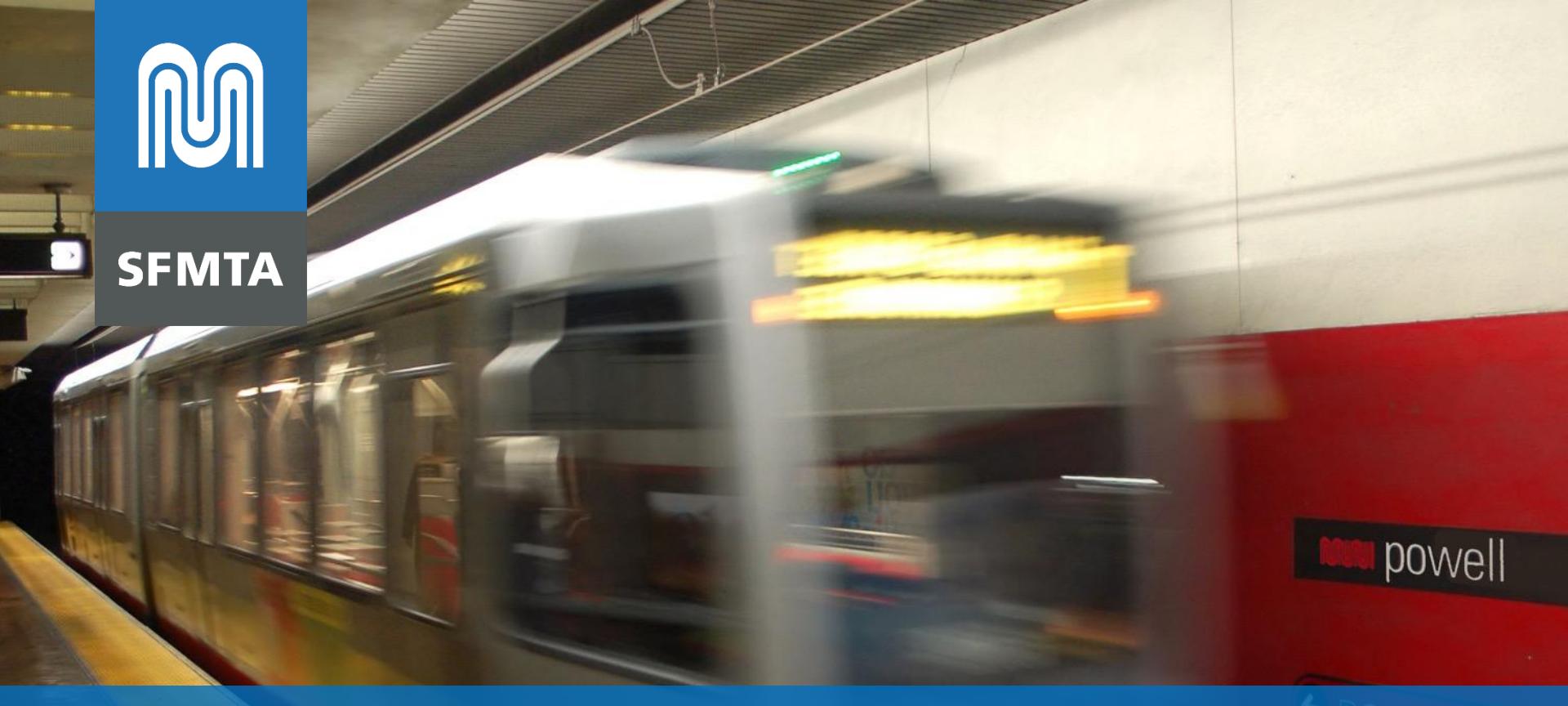




SFMTA



San Francisco Municipal Transportation Agency
FY26-27 & FY27-28 Budget

SFMTA CAC
February 5, 2026

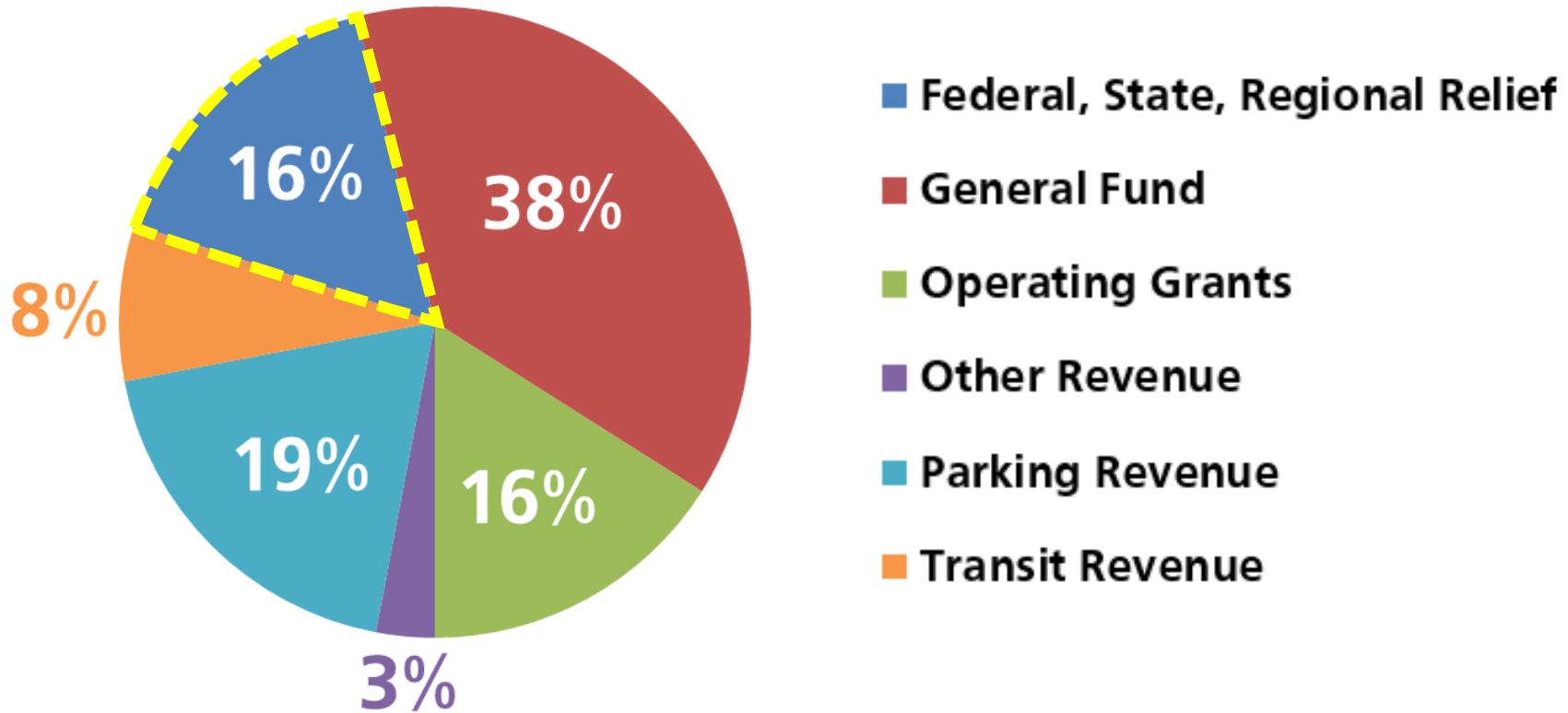
Budget timeline

Fall	December	January	Feb/March/April
<ul style="list-style-type: none">• Develop local revenue measure• Begin gathering community feedback on budget priorities 	<ul style="list-style-type: none">• Present proposed budget revenue options to MTA Board• Continue gathering community feedback	<ul style="list-style-type: none">• Present proposed efficiency measures to MTA Board• Continue gathering community feedback	<ul style="list-style-type: none">• MTA Board Workshop on budget• Budget hearings• Budget action by MTA Board
June	July	August	
Submit balanced budget to Mayor May 1	<ul style="list-style-type: none">• Mayor submits budget to Board of Supervisors• Board of Supervisors reviews budget	<ul style="list-style-type: none">• Action or no action by Board of Supervisors	<ul style="list-style-type: none">• Mayor signs budget

SFMTA Operating Budget



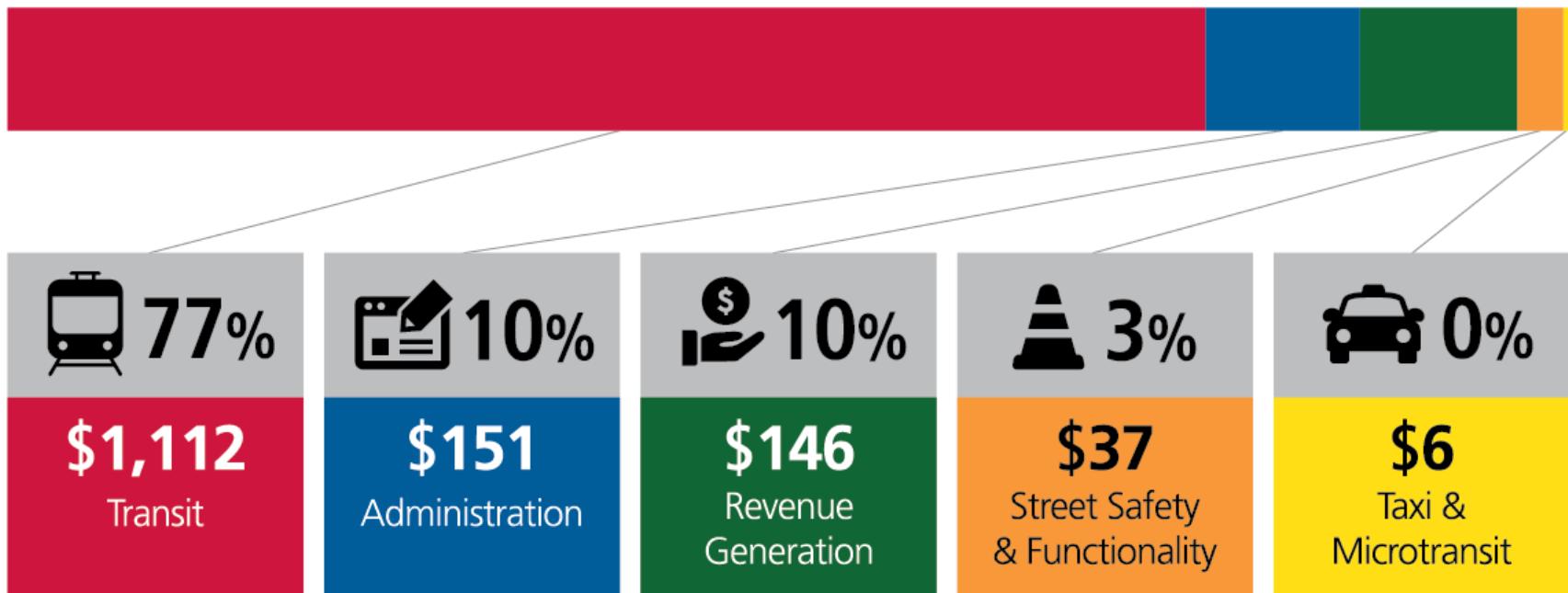
SFMTA FY25-26 Budgeted Revenue



Source: Original FY25-26 Budget, passed August 1, 2025.

FY25-26 Expenditure Budget, by Service (\$M)

SFMTA expends 77% of its budget to provide transit service.



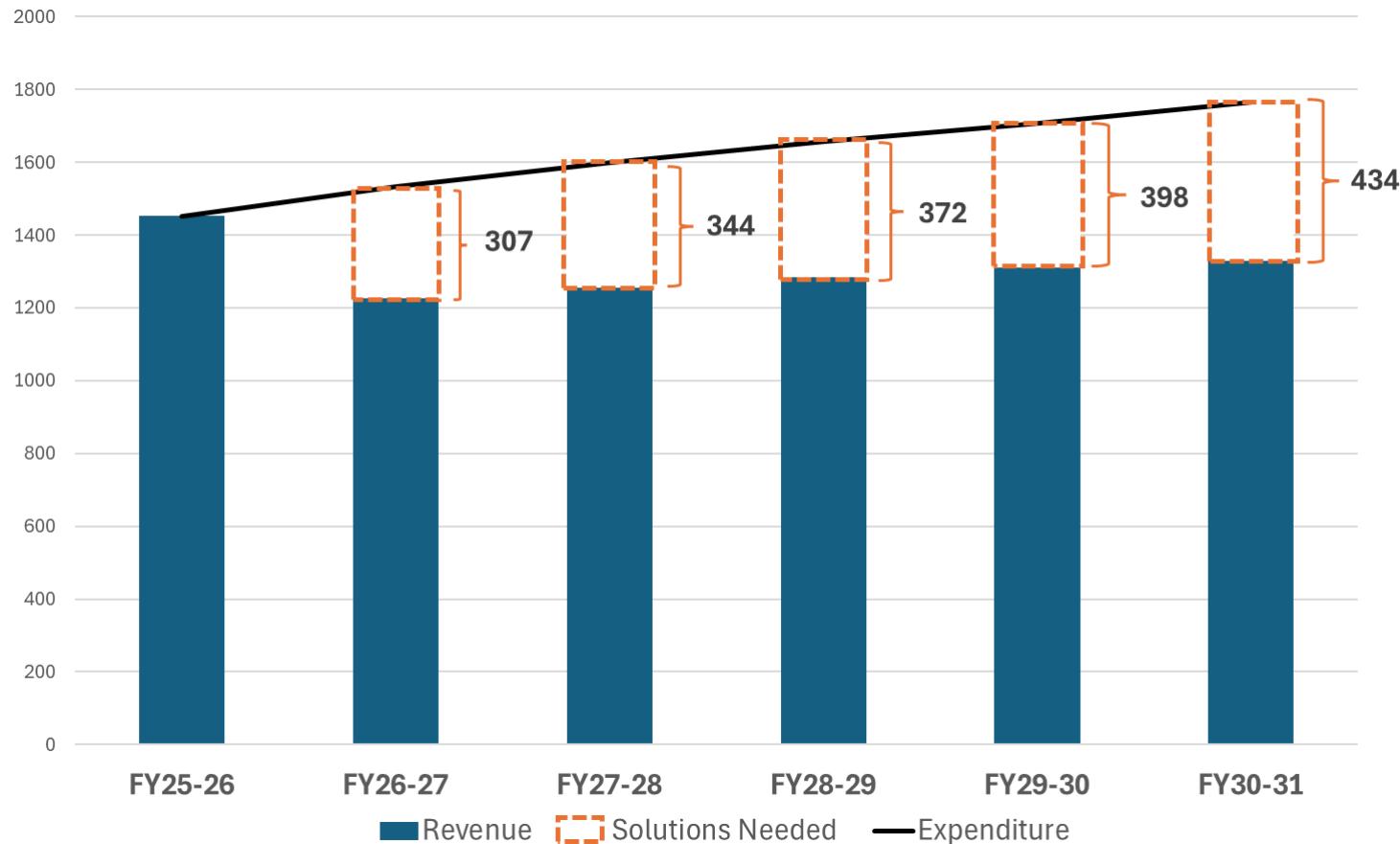
Source: FY25-26 Original Budget (Final), August 2025.

Note: Transit includes paratransit.

Federal, state and regional pandemic relief funding runs out in June 2026.

5-Year Deficit Forecast

FY26-27 deficit is \$307M, growing over time with the pace of COLA and inflation



FY26-27 and FY27-28 Budget Strategy

Regional Revenue Measure: The Connect Bay Area Act allows San Francisco to pursue a full one-cent sales tax increase to maintain Muni. If passed by voters, Muni will receive ~\$155M per year to address the structural deficit.

Local Revenue Measure: As the regional measure will not fully address the structural deficit, Mayor Lurie and other elected leaders are supporting a local parcel tax to further reduce the structural deficit and make marginal service quality improvements.

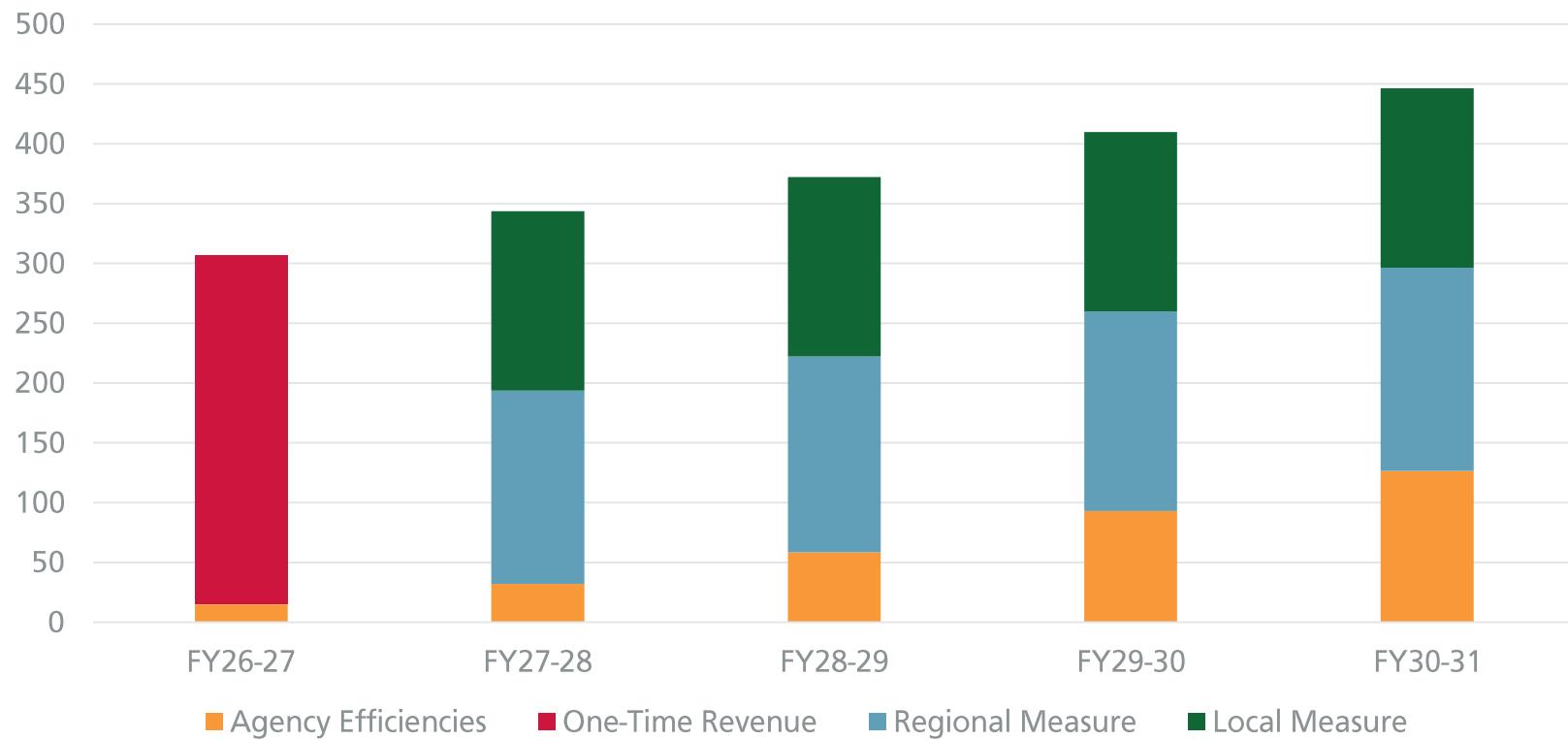
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In the short-term, one-time sources are needed to close the budget deficit until regional and local revenue measures are implemented.



Closing the Deficit

SFMTA plans to close the deficit using one-time revenue, agency efficiencies, and new revenue from regional and local ballot measures.



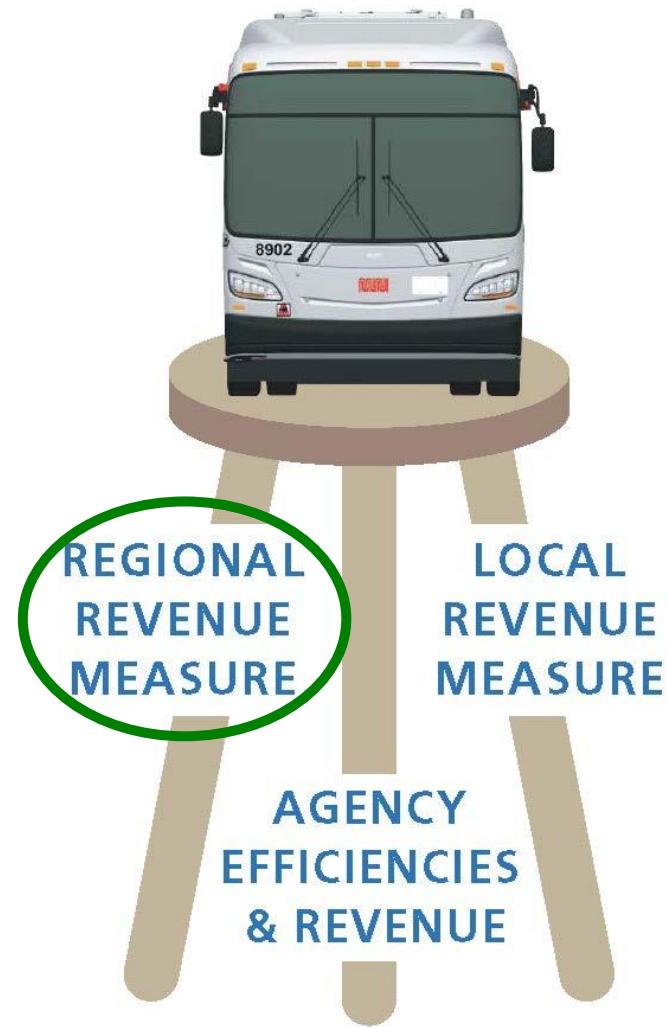
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Regional Revenue Measure, Nov. 2026



The legislature approved Senate Bill 63, the Connect Bay Area Act, which authorizes a regional sales tax to be placed on the Nov. 2026 ballot in Alameda, Contra Costa, San Francisco, San Mateo, and Santa Clara counties.

The regional sales tax would fund BART, Muni, Caltrain, AC Transit and other transit systems. Due to density of transit terminating in San Francisco, San Francisco voters will consider a 1% sales tax. Voters in the other counties will consider a 0.5% sales tax.

If successful, the regional revenue measure will raise about \$1 billion annually for transit agencies in the region.

Of this, Muni would receive approximately \$155 million.

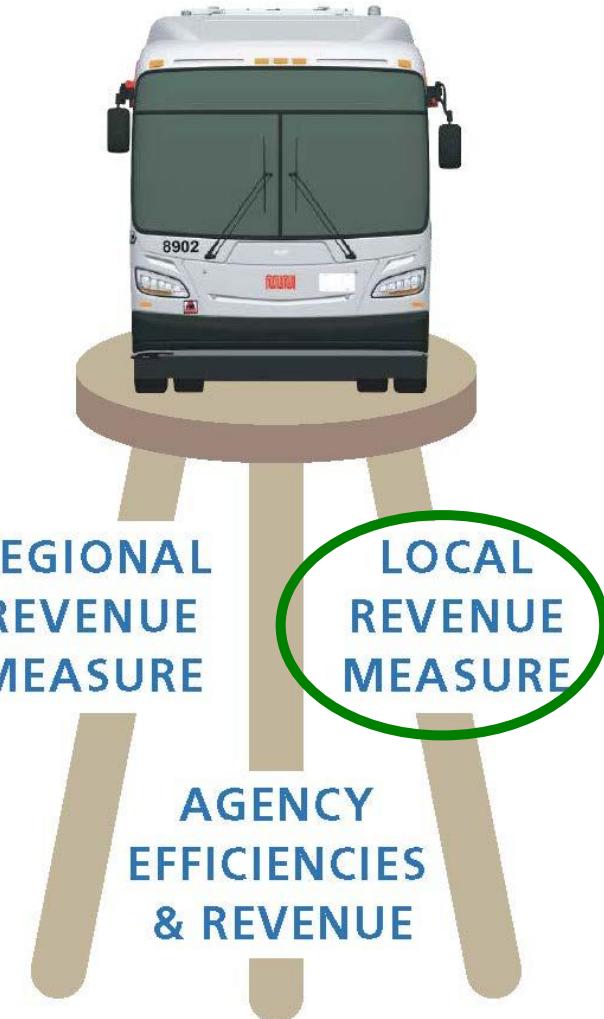
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Parcel tax

A parcel is a piece of land. A parcel tax is levied on property owners based on the characteristics of the parcel, apart from property value. SFMTA worked with labor partners, real estate and business leaders, community organizations, small business owners, transportation advocates, housing and tenant stakeholders, and local elected officials to develop a parcel tax that meets these key criteria:



Fair



Reasonable



Sufficient

Proposed Parcel Tax Structure

To achieve fairness, the proposed parcel tax is based on property type and square footage.

Category	Square Footage Tiers	Rate
Single Family Home Parcels (SFH): <i>Parcel Tax = Base Rate + Marginal Rate(s)</i>		
SFH Base Rate: Applies to first 3,000 SF	0 - 3,000 SF	\$129
SFH, Marginal Rate 1: Applies to any building square footage from 3,001 SF to 5,000 SF	3,001 - 5,000 SF	\$0.42 per SF
SFH, Marginal Rate 2: Applies to any building square footage above 5,000 SF	5,001+ SF	\$1.99 per SF
Multifamily Parcels (MF): <i>Parcel Tax = Base Rate + Marginal Rate(s)</i>		
MF Base Rate: Applies to first 5,000 SF	0 - 5,000 SF	\$249
MF, Marginal Rate 1: Applies to any building square footage above 5,000 SF	5,001+ SF	\$0.195 per SF
MF Cap		\$50,000
Non-Residential Parcels (Non-Resi): <i>Parcel Tax = Base Rate + Marginal Rate(s)</i>		
Non-Resi Base Rate: Applies to first 5,000 SF	0 - 5,000 SF	\$799
Non-Resi Marginal, Rate 1: Applies to any building square footage from 5,001 SF to 50,000 SF	5,001 - 50,000 SF	\$0.76 per SF
Non-Resi Marginal, Rate 2: Applies to any building square footage from 50,001 SF to 250,000 SF	50,001 - 250,000 SF	\$0.84 per SF
Non-Resi Marginal, Rate 3: Applies to any building square footage over 250,000 SF	250,001+ SF	\$0.99 per SF
Non-Resi Cap		\$400,000

The parcel tax proposal would raise approximately \$150 million annually towards the deficit plus at least \$10 million for Muni service improvements and expansion.

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Agency-generated Revenue

For more detail, refer to the presentation given to the SFMTA Board on December 16, 2025.

Recommendation	FY 26-27 (\$M)	FY 27-28 (\$M)
Tourism Revenue: <ul style="list-style-type: none">• Simplify Cable Car Ticket	2.3	2.8
Daily Rider Revenue: <ul style="list-style-type: none">• Eliminate Clipper Discount/Index Year 2• Implement Fare Capping	3.2	6.4
Parking Revenue: <ul style="list-style-type: none">• Increase citation late penalties by 10%• Increase meter rates \$0.25 in FY27-28• Increased meter recovery construction/temp no-parking permits• Pass-through on-line credit card fees• Select fine reductions	3.3	8.3
TOTAL	8.8	17.5

A Culture of Efficiency

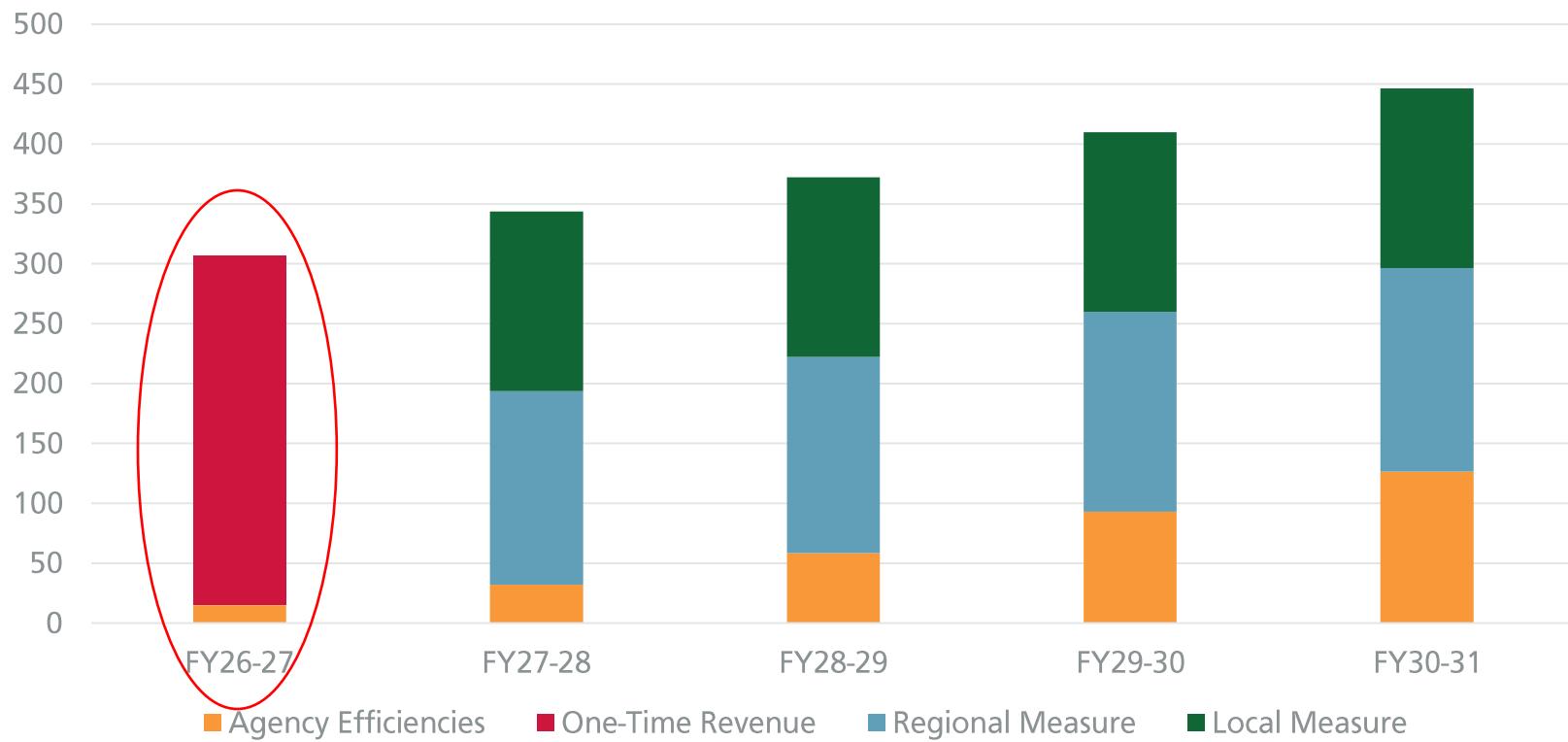
For more detail, refer to the presentation given to the SFMTA Board on January 6, 2026.



New efficiency proposals estimated to generate \$15 - \$25M.

Closing the Deficit

On-going Agency efficiencies and one-time sources of funding will be needed to balance the FY26-27 budget.



One-time Revenue Sources

Timing of sales tax and parcel tax and scale of FY26-27 deficit require SFMTA to draw down one-time sources; options include:

- State loan: Up to \$200M
- SFMTA reserves: Recommend \$50-75M, \$140M available
- Capital funds shifted to operations: Up to \$40M
- One time savings from previous cost controls: \$50-75M

SFMTA has a plan in case one or both of the ballot measures don't pass. The SFMTA Board will review this plan at the Board Workshop on Feb. 3.

Learn more by watching the Board Workshop on SFGOVTV.

Budget Milestones

Date	Budget Topic
11/18/2025	Local Revenue Measure
12/16/2025	Agency Revenue and Fare Policy
1/6/2026	Efficiencies Update
1/20/2026	Muni Equity Strategy Overview <small>(moved from Jan 6)</small>
2/3/2026	Board Workshop <small>(will include community feedback, policy review)</small>
2/17/2026	Capital Budget Update <small>(moved from Jan 20)</small>
3/3 or 3/17/2026	Muni Equity Strategy Approval
4/7/2026	Budget Hearing (Operating & Capital)
4/21/2026	Budget Approval (Operating & Capital)

Comments? Questions?

