July 24, 2026

The Ballot Simplification Council
1 Dr. Carlton B. Goodlett Place
City Hall, Room 48
San Francisco, CA 94102

RE: Parcel Tax to Fund Muni Operations

Dear Chair Packard and Members Bella, Paxton, Pon and Wong,

We appreciate the opportunity to provide the Ballot Simplification Council (BSC) with additional factual information to support our request to add a phrase to the Approved Digest related to accountability requirements set forth in the measure.

The Parcel Tax to Fund Muni Operations includes four accountability measures.

1. The first accountability measure is the requirement of **an annual audit conducted by a third party.** Under Federal and State law, as a recipient of Federal and State funds, the SFMTA is required to complete an annual audit by an independent auditor, consistent with generally accepted auditing standards. These audits would include audits of the revenue and expenditure of this tax. This audit is part of regular government processes and does not impose a new requirement. This requirement can be found in Section 1 (h) of the legal text:

   "Other than the costs of administration, the revenue from the parcel tax imposed by this measure is required to go to the SFMTA for transit operations expenses and thus the revenue will be part of the SFMTA's operating budget. ***Under Federal and State law, as a recipient of Federal and State funds, the SFMTA is required to complete an annual audit by an independent auditor, consistent with generally accepted auditing standards. These audits would include audits of the revenue and expenditure of this tax."***

2. The second accountability measure is a requirement that an annual report be submitted by the Controller's Office to the Board of Supervisors that contains the amount of money collected, expended and the status of what is being funded. This is a new requirement that goes above and beyond regular reporting requirements for a public agency. By adding another layer of transparency and direct access by our elected leaders to view fund activities, this requirement ensures revenues will be spent in accordance with the measure. This requirement can be found in Section 1810 (c) of the legal text:

   "(c) Commencing with a report filed no later than February 15, 2029, covering the Fiscal Year ending on June 30, 2028, ***the Controller shall file annually with the Board of Supervisors, by February 15 of each year, a report containing the amount of monies collected in and expended from the Stronger Muni Fund during the prior Fiscal Year, the status of any project required or authorized to be funded by this Section 1810,*** *and such other information as the Controller, in the Controller's sole discretion, shall deem relevant to the operation of this Article 18."*

3. The third accountability measure is an efficiency review. This is a new requirement that goes beyond regular reporting requirements. The measure requires the SFMTA to conduct or participate in an independent review that catalogues the cost savings measures that the agency has performed since Fiscal Year 2022-23. This includes actions that can be implemented in the near-term to enhance Muni services with existing services, cost saving measures, and an assessment of development strategies to increase the value of SFMTA's property assets. This requirement can be found in Section 1811 of the legal text:

   "Subject to the fiscal provisions of the Charter, ***the SFMTA must conduct or participate in a financial efficiency review conducted by a third-party consultant that identifies: (a) cost-saving measures implemented since Fiscal Year 2022-2023, (b) early action strategies that would assist SFMTA in delivering increased or improved service and enhanced customer experiences with existing resources, (c) cost-saving measures to reduce one-time and ongoing fixed and variable costs, and (d) a comprehensive assessment of development financing strategies to maximize the value of SFMTA's real property assets.*** *The study must consider administrative, operating, and capital costs, must be completed by April 1, 2028, and must be submitted and presented to the SFMTA Board of Directors."*

4. The fourth accountability measure is the requirement to form a citizen's oversight committee to review the revenues and expenditures of the tax. While this requirement has been used in the past for other tax measures, it is not a legal requirement or part of regular government processes. This would create another layer of oversight, transparency and accountability. This requirement can be found in Section 1812 of the legal text:

   "By the first date that funds are appropriated from the Stronger Muni Fund, the SFMTA Board of Directors shall designate a citizens' group to review the revenues and expenditures of the Tax at a minimum of every two years, consistent with the budget process in Charter Section 8A.106."

There is precedent for the BSC to include language on accountability measures in the ballot digest.

In the "Additional Parcel Tax of City College" digest that was finalized by this committee on July 29, 2022, it included the following phrases:

> *"City College must submit an expenditure plan to the Mayor and Board of Supervisors."*
>
> "*Proposition ___ would require the City Controller to perform annual audits for the first five years of the tax and periodically thereafter."*
>
> "*Proposition ___ would require City College to establish an independent oversight committee to ensure that tax revenues are used only for designated purposes*."

In the "Parcel Tax for San Francisco Unified School District" digest that was finalized by this committee on February 27, 2018, it included the following phrases:

> *"Proposition ___ would require the City Controller to prepare an annual report on how these funds are spent."*
>
> *"It would also require an independent committee to oversee how the School District is spending these funds."*

It is important for the public to know that Muni will be good stewards of their tax dollars and that there are guardrails in place to ensure the revenue from this measure will be spent solely on Muni service and to administer the tax. Given the additional accountability measures written into the measure and the existing precedent for including this language in the ballot digest, we propose two options (in **bolded** text) for your consideration to be added to this digest.

Option 1: In The Way It Is Now section, consider adding: ***Federal and State law requires an annual audit by an independent auditor which includes an audit of the revenue and expenditure of this tax***.

And after this phrase: Revenues from the tax would only be used for Muni service and administering the tax. ***An annual report to the Board of Supervisors, oversight by a citizens' group, and an efficiency review would be required***.

Option 2*:* And after this phrase: Revenues from the tax would only be used for Muni service and administering the tax. ***In addition to the annual audit by an independent auditor that is required by Federal and State law, an annual report to the Board of Supervisors, oversight by a citizens' group, and an efficiency review would be required.***

Thank you for your consideration of our request. If you have any questions about this proposal, please reach out Katie Angotti at Kathryn.Angotti@sfmta.com.

Sincerely,

Julie Kirschbaum
Director of Transportation