



Propositions J & K: FAQ

What are Props J and K and how are they related?

Prop J is a charter amendment that dedicates the funding from the Prop K sales tax measure. Prop K, which increases our sales tax by a modest amount to 9.25%, is expected to generate \$155.1 million in the first full year; Prop J dedicates \$50 million of that to a homelessness fund and approximately \$100 million to a transportation improvement fund.

What happens if Prop J passes and Prop K doesn't?

Prop J provides a "kill switch," which gives the Mayor until January 1, 2017, to nullify one or both funds in the case that Prop J passes and Prop K does not.

What about if Prop K passes and Prop J doesn't?

The revenue would go into the General Fund and be allocated each year by the mayor and the Board of Supervisors.

Isn't Prop K (a sales tax) regressive?

The regressive nature of a sales tax is mitigated because they don't apply to essential spending like housing, utilities, and groceries. Additionally, Prop K is progressive because the services it funds - housing and homelessness solutions, and transportation - will greatly benefit those who are the most disadvantaged in San Francisco.

Where will the money from Prop K go?

The money from Prop K goes into San Francisco's General Fund. Prop J then dedicates the revenue generated by Prop K to homelessness and transportation programs.

Doesn't San Francisco already have a really high sales tax rate?

San Francisco's sales tax actually falls in the middle of California's largest cities, and is lower than most of our neighboring cities: Oakland, Berkeley, Emeryville and Fremont are at 9.5%; San Mateo at 9.25%; and Daly City at 9%.

We already spend lots of money on transportation and homelessness, why are we putting more towards it?

In 2013, Mayor Ed Lee convened a Transportation 2030 Task Force to determine what San Francisco needs to do to improve its transportation system and prepare it for major population and employment growth. The task force found that the city needed to invest **\$10 billion in the transportation system** and that there was only \$3.7 billion available. Props J and K will help San Francisco generate the revenue we need to fix and improve our roads and transit.

The city currently spends \$241 million to address homelessness. However, a large portion of addressing homelessness is **preventing** San Francisco residents from becoming

homeless in the first place. Props J & K would increase our budget for homelessness programs by 20%, and would help provide shelter for families, build at least 2 Navigation Centers, and deliver mental health and substance abuse programs.

Why are there two measures? Is that just a trick to get around a specific tax with 2/3 voter approval?

No, passing a general sales tax and dedicating the funds from that tax through a charter amendment is an established practice that has been used by counties around California to avoid the state's high vote threshold to dedicate a tax to a specific purpose. In 2012, San Francisco updated our business tax to be a gross receipts tax (Prop E) and used the additional money create a Housing Trust Fund for affordable housing (Prop C). Santa Clara County has also used this approach in the past.

What will these measures do to address transportation inequities among low-income community members?

At least \$12.4 million/year is dedicated to improving Muni service on routes that serve low-income, transit-dependent communities and to keeping fares low for low-income youth, seniors, and people with disabilities. Additionally, the SFMTA recently adopted a Muni Service Equity Strategy, which identifies underserved neighborhoods and ways to improve access to public transportation.

Why not get transportation funding through other sources?

A sales tax is an effective way of raising money because it's easy to administer, it has the potential to generate steady and significant revenue quickly, and small increases tend not to hinder consumer spending. The transportation task force considered other revenue measures, but they are tough to pass and generate less money than a ½ cent sales tax.

Additionally, San Francisco, like many of our neighbors, as an established practice of using sales tax revenues to pay for transportation investments. The first transportation-dedicated sales tax measure was passed in the 1980s, we have a track record of tying sales tax to transportation effectively.

Because homelessness is a pressing issue for San Francisco, and state changes will result in a ¼ cent of the sales tax expiring on January 1, 2017, policymakers decided to recapture that ¼ cent for homelessness programs.

Who is opposed Props J & K?

SaveMuni is the primary opposition to J & K. In contrast, Props J and K are endorsed by city leaders of all political stripes, the San Francisco Democratic Party, newspapers such as the San Francisco Chronicle and San Francisco Bay Guardian, and a broad coalition of housing and homelessness organizations and transportation advocates.

How is J & K related to Prop Q?

They are not related - unlike Prop Q, which does not provide funds for programs that will serve our homeless residents, Props J & K would not only generate \$150 million/year in funding (\$50 million for homelessness programs, \$100 million for transportation), but also guarantee that the money is spent on providing housing and services for those who need it most.