



## **“Let’s Go SD” Ballot Initiative: County-wide Sales Tax for SANDAG**

*April 2024*

### **Rationale for Position:**

Among the primary concerns the Association has with the measure is that its design results in ballot box budgeting. We at the SDCTA oppose ballot box budgeting. Even if, however, the measure were not ballot box budgeting, the regressivity of sales taxes likewise, concerns the Association. The measure claims to provide transportation infrastructure to service low-income taxpayers, yet low-income taxpayers already take on a disproportionate share in financing transportation infrastructure through fuel taxes. This sales tax measure is much more likely than other less regressive and potentially more equitable financing structures to push further San Diego households into poverty.

**Title:** “Let’s Go SD!”

**Type:** Citizens’ Initiative

**Vote:** General Presidential Election in November 2024

**Status:** On the ballot

**Issue:** Sales tax

**Description:** To finance portions of the Regional Transportation Plan

**Fiscal Impact:** Approximately \$300 million per year

### **Background**

“Let’s Go! San Diego”, or the San Diego County Improvement Measures for Traffic Relief, Infrastructure, and Safety Ordinance, is a campaign introduced by a coalition aiming to make transportation improvements in San Diego County. The measure specifically outlines eight goals: reducing traffic congestion and improving freeway flow, expanding public transit to add routes, keeping the transport system safe, reducing air pollution and preserving natural habitats, increasing affordability of public transportation, creating construction jobs, creating and maintaining fire evacuation routes, and funding road repairs.<sup>1</sup>

“Let’s Go! San Diego” required about 116,000 signatures to be put on the ballot for November 2022 and has already submitted 165,000 signatures to the County Registrar of Voters. If 116,000

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<sup>1</sup> “San Diego Transportation Measure 10-28-21 FINAL Submitted Version.” Let’s Go! San Diego, October 28, 2021. <https://www.dropbox.com/s/bu60goupnp9eh9a/San%20Diego%20Transportation%20Measure%2010-28-21%20FINAL%20Submitted%20Version.pdf?dl=0>



of these signatures are verified and the measure is qualified for the ballot, it needs a 51% majority, as it is a citizen's initiative.<sup>2</sup>

There is no projected revenue amount given in the full text of the Ordinance, and the funds are appropriated to the San Diego County Regional Transportation Commission. They are allocated for the following purposes: 50% for transit capital projects, 27% for road and highway traffic flow and commuter safety capital projects, 12% for transit operations and maintenance for the Metropolitan Transit System and North County Transit District, 7% for local streets, road maintenance, and active transportation, 2% for rail transit service repair, rehabilitation, and replacement, and at most 2% for general administrative services.<sup>3</sup> However, SANDAG has projected that \$21.6 billion will be collected from countywide sales taxes approved both this year and in 2028.<sup>4</sup>

The measure, as written, requires the funding of these specific items:

1. Upgrades and improvements to the I-5 North Coast Corridor rail line to prevent bluff collapse, and to increase rail route safety and reliability
2. Rail connector to San Diego International Airport
3. Rail system extension from South County to Kearny Mesa
4. Infrastructure upgrades for express service on South County rail lines
5. Creating a system of rapid routes/transit connections between population and job centers, including Mission Valley, Sorrento Valley, La Mesa, Escondido, South County, and the Border
6. Road and highway grade separations, pedestrian safety, stormwater infrastructure, active transportation, and related habitat preservation projects
7. Safety, mobility, amenities, and security enhancements at transit stops
8. Fire evacuation routes on State Route 67 and other roadways in fire prone areas
9. Bridge safety repair and retrofits
10. Highway maintenance, improvements, and connectivity projects on State Routes 56, 76, 78, 94, 125, and Interstates 5, 8, 15, 805
11. High occupancy vehicle lanes and traffic congestion reduction programs throughout the County
12. Expanding electric vehicle infrastructure, including electric vehicle charging stations, and acquisition of electric zero emission buses

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<sup>2</sup> Keatts, Andrew. "Transit Backers Drop Signatures for November Ballot Measure." Voice of San Diego, May 16, 2022.

<https://voiceofsandiego.org/2022/05/16/transit-backers-drop-signatures-for-november-ballot-measure/>

<sup>3</sup> "San Diego Transportation Measure 10-28-21 FINAL Submitted Version."

<sup>4</sup> Keatts, Andrew. "The Other Big Tax Expectations in SANDAG's New Plan." Voice of San Diego, December 9, 2021.

<https://voiceofsandiego.org/2021/12/09/the-other-big-tax-expectations-in-sandags-new-plan/>



13. Road and highway grade separations, pedestrian safety, stormwater infrastructure, active transportation, and related habitat preservation projects
14. Local streets, road maintenance, and active transportation, which will be Local Return Funds to cities within San Diego County and the unincorporated areas of San Diego County for local road projects, including repaving streets, filling potholes, fixing storm drains, and active transportation projects
15. Keeping fares affordable or free for seniors, students, the disabled, and veterans
16. Frequency and service enhancements on bus routes and trolley lines
17. Enhancing transit stop safety and sanitation services
18. Developing transit emergency response plans to provide safety during community-wide emergencies
19. Repair, rehabilitation and replacement required to maintain reliable, safe, effective, and efficient rail transit services

“Let’s Go! San Diego” funds only part of SANDAG’s 2021 Regional Transportation Plan (RTP). The RTP was adopted on December 10, 2021, and “provides a long-term blueprint for the San Diego region that seeks to meet regulatory requirements, address traffic congestion, and create equal access to jobs, education, healthcare, and other community resources.”<sup>5</sup> The total expenses for the RTP are estimated at \$214 billion in year of expenditure dollars, with \$172 billion in revenues from 2021-2050. It is projected that the TransNet half cent sales tax through 2048 and the Transportation Development Act quarter-cent sales tax would bring in \$11.1 billion and \$4.7 billion in revenues, respectively.<sup>6</sup>

The RTP is fundamentally shaped around the 5 Big Moves outlined in the plan: Complete Corridors, Transit Leap, Mobility Hubs, Flexible Fleets, and the Next OS. The plan is designed to synchronize the 5 Big Moves to “deliver a fully integrated, world-class transportation system.”<sup>7</sup> Specifically, the Complete Corridors part of the 5 Big moves is designed to “provide a balance of dedicated, safe space for everyone, including freight vehicles and people who walk, bike, drive transit, and use Flexible Fleets”. The key features of Complete Corridors are Managed Lanes, Active Transportation and Demand Management (ATDM), smart infrastructure and connected vehicles, priority for transit, active transportation, and shared mobility services, curb management, and Electric Vehicle (EV) infrastructure.<sup>8</sup>

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<sup>5</sup> “2021 Regional Plan.” San Diego Forward. <https://sdforward.com/mobility-planning/2021-regional-plan>

<sup>6</sup> “Review of the Data, Methods, and Assumptions of SANDAG’s 2021 Regional Plan for Transportation.” San Diego Taxpayers Educational Foundation, January 2022. <https://static1.squarespace.com/static/5af07fd050a54f8fc370c748/t/61f06cb9479c6d75923989a6/1643146429158/20220125-SANDAG+Transportation+Paper-FINAL.pdf>

<sup>7</sup> “A Bold New Transportation Vision in 5 Big Moves.” San Diego Forward. <https://sdforward.com/mobility-planning/5-big-moves#:~:text=This%20vision%20is%20fundamentally%20shaped,Fleets%2C%20and%20the%20Next%20OS.>

<sup>8</sup> “Complete Corridors.” San Diego Forward. <https://www.sdforward.com/mobility-planning/complete-corridors>



The San Diego Taxpayers Educational Foundation (SDTEF) conducted a review of the data, methods, and assumptions of the RTP in January 2022 in which SDTEF found the plan to have been reasonably built, though the plan has inherent significant risks that need to be acknowledged. More extensive information on the SDTEF’s review can be found in Appendix A.

### **Ballot Box Budgeting**

The SDCTA defines ballot box budgeting as “any measure voted on by the people, whether put on the ballot by the people or an elected governmental body, that would limit a government body or elected officials’ ability to set budgeting priorities by tying their hands and permanently earmarking funds for a specific purpose.” The definition does not apply if the measure was put on the ballot by an elected body due to a legal obligation or if the measure identifies a new revenue source for funding.<sup>9</sup>

### **SDCTA’s Policy Regarding Tax Initiatives for the 2022 Election Cycle and General Evaluation Criteria for Tax Proposals**

In January 2022, SDCTA publicly announced specific considerations in reviewing tax proposals for the 2022 election cycle. SDCTA acknowledged that citizens’ initiatives, like “Let’s Go SD,” might not have the analytical staff—like an agency would— to provide the information the SDCTA requests to do a thorough evaluation against our standing evaluation criteria for tax measures.

In the particular case of citizen’s initiatives, like “Let’s Go SD”, in order to satisfy the SDCTA’s criterion that tax proposals should determine aggregate tax burden to anticipate impacts on households of a tax initiative, the SDCTA desires to understand the projected cost-of-living impacts for low-income (<80% area median income), moderate-income (80-120% area median income), and middle-class or wealthy (>120% area median income) households.

### **SDCTA Findings**

The source of funding for “Let’s Go! San Diego” is outlined in Section 3. Purpose and Intent, point (i) is as follows: “Impose a transaction and use tax, subject to approval by a majority vote of County voters, at a rate of one-half of one percent (.5%) within San Diego County, to fund

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<sup>9</sup> San Diego County Taxpayers Association. “SDCTA Definition of Ballot Box Budgeting.” San Diego County Taxpayers Association, February 20, 2003.  
<https://www.sdcta.org/policy-reports-main/2022/2/1/sdcta-definition-of-ballot-box-budgeting>



transportation priorities within the County by appropriating funds to the San Diego Regional Transportation Commission for purposes of funding transportation infrastructure projects.”<sup>10</sup> The funds received from this tax increase would be specifically earmarked for the funding of “Let’s Go! San Diego” transportation projects and limit the ability of a government body or elected officials to use these funds when setting project priorities to assure the effective and efficient completion of the plan, including the “Complete Corridors” priority.

There are no emergency provisions in the measure that would allow the board to direct resources elsewhere, should circumstances or priorities of the region’s transportation needs change. The region is required to update the Regional Transportation Plan every four years, and if the next plan has a different direction, then the measure as written would severely limit the governing board’s ability to finance an optimal transportation network.

This measure does not permit the data-driven analysis and board debate that ought to govern the direction of scarce resources. Supposing that SANDAG in the future does not have the myriad other revenue streams required to complete the RTP, then SANDAG faces significant scarcity – and this measure effectively disenfranchises the public by disallowing the staff to make recommendations based on their urban planning expertise and for the board to consider such expertise in making resource-constrained budgetary decisions.

It is important to note that this is not a new revenue source, as SANDAG already has a transaction and use tax in place here through TRANSNET and its extension. Furthermore, as the RTP cannot be financed from a single revenue source alone, this measure lacks the benefit of coordinated effort in seeking other sources of revenue to complete the plan in its entirety. If there were coordinated efforts, this would make this initiative subject to a two-thirds approval with current case law in California. While the Association lauds the effort and initiative of those who developed this measure, it necessarily – to avoid a higher approval benchmark – cannot benefit from the analytical expertise of the staff of SANDAG, which creates the risk that a group of well-meaning citizens have written a poorly structured financing proposal. If the measure were able to finance entirely the projects in the RTP, the Association would be less concerned about the measure’s “ballot box budgeting” characteristic, but it does not do so. This is what makes this analytically different from a school bond, for instance, where a single tax proposal finances a complete set of projects.

The Association has other important concerns.

Section 3 of the measure states that the Ordinance will be kept in place until voters choose to end it. Given that there is no sunset to the Ordinance, this creates additional concerns regarding the

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<sup>10</sup> “San Diego Transportation Measure 10-28-21 FINAL Submitted Version.”



open-endedness of the measure. The oversight committee also does not include, which has been an appropriate historical norm, a taxpayer representative in its membership. It delineates a labor union member and an environmental justice community member, but the oversight committee construct lacks the perspective of a taxpayer association as has been the case with TRANSNET and its extension and, for educational projects, all school bonds as required by California statute.

It is also generally accepted that sales taxes are highly regressive. The reader can refer to previous analyses of sales tax initiatives by the SDCTA to find the various academic literature that conclude sales taxes are regressive. Since “Let’s Go SD” is a sales tax, the SDCTA anticipates it would have a disproportionate impact on taxpayers who are lower-income. Given the length of time it would typically take to complete the projects delineated in the initiative — many of which are intended to service low-income taxpayers— a low-income household would have this disproportionate burden while awaiting many years for a presumptive benefit.

Furthermore and as noted in the Appendix, fuel taxes are also highly regressive. Low-income taxpayers are already disproportionately burdened in one of the main revenue streams intended to finance transportation infrastructure, and so it seems *prima facie* that the “Let’s Go SD” initiative—had it also been written to repeal fuel taxes in addition to the levy of sales taxes—might have been able to limit the concentration of regressive taxes to finance RTP projects. But it does not, and therefore low-income taxpayers are being asked to accept increased regressivity, and this policy risks pushing more low-income taxpayers into perpetual poverty.

## **Proponents**

Supporters include:

- San Diego County Democratic Party
- San Diego County Building & Construction Trades Council
- Environmental Health Coalition
- Climate Action Campaign
- SD 350
- Center on Policy Initiatives
- Circulate San Diego
- American Federation of Teachers Local 1931
- San Diego Education Association
- International Brotherhood of Electrical Workers Local 569
- San Diego Carpenters Union Local 619
- San Diego Laborers Union Local 89



- San Ysidro Chamber of Commerce
- Preserve Calavera
- San Diego Housing Federation
- Green New Deal at UCSD
- Triton Lobby Corps
- San Diego County Supervisor Nora Vargas
- San Diego City Councilmember Raul Campillo
- La Mesa City Councilmember Colin Parent

## Opponents

Opponents argue that “raising the sales tax would hurt working-class and low-income families and, ultimately, not set out on what it is promising to do – which is pay for the SANDAG project.”<sup>11</sup>

Opponents include:

- Reform California
- El Cajon Mayor Bill Wells

Carl DeMaio, chairman of Reform California, is “...preparing a campaign to block the ballot measure at the polls and defeat it. He’s pushing a city and county-wide campaign to vote ‘no.’”<sup>12</sup>

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<sup>11</sup> Hernandez, Sophia and Jermaine Ong. “Group proposes San Diego County sales tax hike to help fund SANDAG transportation project.” ABC10 News San Diego, May 11, 2022.  
<https://www.10news.com/news/local-news/group-proposes-san-diego-county-sales-tax-hike-to-help-fund-sandag-transportation-project>

<sup>12</sup> Hernandez and Ong.



## **Appendix A**

SANDAG SDTEF Review:

<https://www.sdcta.org/studies-feed/sandag-2021-regional-transportation-plan>