

Vacancy Tax*

Digest by the Ballot Simplification Committee

Status: Final digest

On: Tuesday, November 26, 2019

Members: Packard, Anderson, Girardin, Patterson

Deadline to Request Reconsideration: 4 p.m. on Wednesday, November 27

The Way It Is Now: The City and County of San Francisco (City) does not tax owners or tenants that keep commercial property vacant.

City voters must approve increases in tax revenue spending limits.

The Proposal: Proposition __ would tax owners or tenants that keep ground floor retail or other commercial space vacant in some areas of the City. The tax, starting January 1, 2021, would be based on two factors:

- The number of feet facing the street of ground level commercial space that owners or tenants have kept vacant; and
- How long that commercial space has been kept vacant.

Owners would be taxed only if a commercial space has been kept vacant for more than 182 days in a calendar year. Vacant days do not include limited periods when certain permits have been applied for or issued, or a fire or natural disaster has made a commercial space unusable.

When tenants or subtenants have kept a commercial property vacant for more than 182 days in a calendar year, they would be taxed instead of owners. Tenants or subtenants that have a two-year or longer lease agreement and operated a business in the leased space for at least 183 days in a row would not be taxed for keeping the space vacant.

This vacancy tax would apply as follows:

- In 2021, owners or tenants would be taxed \$250 per street-facing foot;
- In 2022, owners or tenants would be taxed either \$250 or \$500 per street-facing foot if the space was kept vacant in the immediately preceding year; and
- In 2023 and later, owners or tenants would be taxed either \$250, \$500 or \$1,000 per street-facing foot depending on the number of immediately preceding years in a row the space was kept vacant.

This vacancy tax would not apply to certain nonprofit organizations.

These tax revenues would be used to assist small businesses in the City.

Proposition __ would increase the City's annual tax revenue spending limit for four years.

A "YES" Vote Means: If you vote "yes," starting January 1, 2021, you want the City to tax owners or tenants that keep ground floor retail or other commercial space vacant in some areas of the City and to use these revenues to assist small businesses.

A "NO" Vote Means: If you vote "no," you do not approve this tax.

**Working title, for identification only. The Director of Elections determines the title of each local ballot measure; measure titles are not considered during Ballot Simplification Committee meetings.*