

Ballot Simplification Committee - DRAFT for Consideration on Thursday, July 31, 2014

Additional Transfer Tax on Residential Property Sold Within 5 Years of Purchase
(working title only, subject to change)

THE WAY IT IS NOW:

The City collects a “transfer tax” on sales of most real property in San Francisco. The tax rate depends on the amount for which the property is sold. The lowest tax rate is 0.5%, for property sold for \$250,000 or less. The highest tax rate is 2.5%, for property sold for \$10,000,000 or more.

THE PROPOSAL:

Proposition ___ would create an additional tax on the sale of certain residential properties based on how long the seller has owned the property. The following table shows the tax rates that would apply:

Amount of Time Seller Has Owned the Property	Tax Rate
Less than one year	24%
One to two years	22%
Two to three years	20%
Three to four years	18%
Four to five years	14%

For example, if an owner buys a residential property and sells it less than one year later, the tax would be 24% of the amount for which the property was sold, plus the existing transfer tax.

This additional tax would not apply in the following circumstances:

- The property is a single-family residence;
- The property contains more than 30 separate residential units;
- The property is sold for an amount equal to or less than what the seller paid for the property;
- The property is sold within one year of the property owner’s death;
- The property is legally restricted to low- and middle-income households;
- The property is newly built housing;
- An owner of the property has used it as a primary residence for at least one year before the sale;
- The property contains no more than two dwelling units, and on or before July 1, 2014, the seller applied for a building permit for a project with a total construction cost of \$500,000 or more, and the last building permit for the project was issued no more than a year before the sale of the property; or
- The sale of the property is exempt from the existing transfer tax.

This measure would also authorize the Board of Supervisors to create additional exemptions from both the existing transfer tax and this proposed additional tax for properties that are subject to affordability-based restrictions.

A “YES” VOTE MEANS: If you vote "yes," you want the City to impose an additional tax on the transfer of certain residential property sold within five years of the prior transfer of the property, subject to certain exceptions.

A “NO” VOTE MEANS: If you vote “no,” you do not want the City to impose an additional tax on the transfer of certain residential property sold within five years of the prior transfer of the property, subject to certain exceptions.

word count: 424 [suggested word limit: 300]