

G

Sales Tax

Shall the City increase its local sales tax by 0.50% for up to 10 years to fund public safety programs and programs for children and seniors, unless the State increases its sales tax by either 1.0% before November 30, 2011 or 0.75% before January 1, 2016?

YES ← 
NO ← 

Digest by the Ballot Simplification Committee

The Way It Is Now: Prior to July 1, 2011, San Francisco had a sales tax rate of 9.5%. On July 1, 2011, this rate decreased by 1.0% when the State allowed a portion of its sales tax to expire.

San Francisco now has an 8.5% sales tax with two main parts:

- 7.25% in State taxes, of which the City receives about 1.0%; and
- 1.25% in special district taxes that fund the Bay Area Rapid Transit District (BART), the San Francisco Unified School District, the San Francisco Community College District, and the San Francisco County Transportation Authority.

State law allows the City to increase its local sales tax up to an additional 0.75%, with voter approval.

The Proposal: Proposition G would increase the sales tax rate in San Francisco by 0.50% (one-half of one percent), for a total tax of 9.0%. The City would use half of the funds from the tax increase to pay for public safety programs and the other half for programs for children and seniors. The Board of Supervisors may change this distribution of funds with a two-thirds vote, but it could not use these funds for any other purposes.

If the voters approve Proposition G, the City would start collecting this additional local sales tax on April 1, 2012.

The new local sales tax would apply for 10 years unless the State sales tax is changed in the following ways:

- if the State increases its sales tax by 1.0% before November 30, 2011, then the additional 0.50% local sales tax would not go into effect and the City would not collect it;
- if, before January 1, 2016, the State increases its sales tax by 0.75% or more, then the City would stop collecting the additional 0.50% local sales tax; and
- if, after January 1, 2016, the State increases its sales tax by 0.75% or more, Proposition G would require the Board of Supervisors to hold a public hearing on whether the City should continue to collect the additional 0.50% local sales tax.

This measure requires approval by two-thirds of the votes cast.

A “YES” Vote Means: If you vote “yes,” you want the City to increase its local sales tax by 0.50% (one-half of one percent) for up to 10 years to fund public safety programs and programs for children and seniors, unless the State increases its sales tax in one of the ways specified above.

A “NO” Vote Means: If you vote “no,” you do not want to make these changes.

Controller’s Statement on “G”

City Controller Ben Rosenfield has issued the following statement on the fiscal impact of Proposition G:

Should this ordinance be approved, in my opinion, it would result in an annual tax revenue increase to the City of an estimated \$15 million in fiscal year 2011-2012, during which it would be effective for one fiscal quarter.

Beginning in fiscal year 2012-2013 the tax rate would be effective for the entire year and the measure would result in an estimated \$60 million in annual tax revenue. Annual sales tax revenues are projected to grow after 2012 subject to economic conditions. The funds would be used for public safety, children’s and senior programs.

The measure would amend the City’s Business Tax and Regulations Code to increase the local sales tax rate by 0.5% (one-half of one percent), to a total rate of 9.0%, as of April 2012, for a period of ten years. In effect, the City tax rate would replace half of the one percent reduction in the State sales tax rate that expired in July 1, 2011. The measure further requires that if the State reinstates a sales tax of 0.75% or more before January 1, 2016, the City would stop collecting this 0.5% amount, and would hold a public hearing on the issue if the State reinstates a sales tax after that date.

How “G” Got on the Ballot

On August 2, 2011, the Board of Supervisors voted 11 to 0 to place Proposition G on the ballot. The Supervisors voted as follows:

Yes: Avalos, Campos, Chiu, Chu, Cohen, Elsbernd, Farrell, Kim, Mar, Mirkarimi, Wiener.

No: None.

This measure requires 66²/₃% affirmative votes to pass.

Arguments for and against this measure immediately follow. The full text begins on page 183.
Some of the words used in the ballot digest are explained on page 36.