

LEGISLATIVE DIGEST

[Initiative Ordinance - Business and Tax Regulations Code - Three-Quarter Cent Sales Tax Increase]

Ordinance amending the Business and Tax Regulations Code to impose a transactions (sales) and use tax at the rate of three-quarters of one percent (0.75%) for a period of 25 years, to be administered by the State Board of Equalization in accordance with Parts 1.6 and 1.7 of Division 2 of the California Revenue and Taxation Code; and increasing the City's appropriations limit by the amount of the tax increase for four years from November 8, 2016; and directing submission of the tax for voter approval at the November 8, 2016 general municipal election.

Existing Law

Existing Article 12-D of the Business and Tax Regulations Code, known as the "Uniform Local Sales and Use Tax Ordinance of the City and County of San Francisco," establishes and implements a sales tax on retailers for the privilege of selling tangible personal property at retail in the City. Article 12-D incorporates provisions identical to those of the Sales and Use Tax Law of the State of California. Existing law, Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code and Section 7285 of Part 1.7 of Division 2, authorize the City to adopt an additional local retail transactions (sales) and use tax.

Amendments to Current Law

This ordinance would add Article 12-E, the San Francisco Transactions and Use Tax Ordinance, to the Business and Tax Regulations Code, to impose a transactions (sales) and use tax at a rate of 0.75% for 25 years. The City's combined sales and use tax rate would be 9.25%. The tax is a general tax and the proceeds of the tax would be deposited in the General Fund.

This ordinance would increase the City's annual appropriations limit under Article XIII B of the California Constitution by the aggregate sum collected by the levy of the San Francisco Transactions and Use Tax imposed by the ordinance, for four years. This ordinance would also require the Director of Elections to assign successive letter designations to the Charter Amendment bearing Board of Supervisors' File No. 160581 and this ordinance.

Background Information

This tax may only be imposed upon a majority vote of the people. Currently, the combined state and local sales and use tax rate in the City is 8.75%. The 0.25% of the state component of the tax imposed under Article XIII, section 36 of the California Constitution will expire December 31, 2016, reducing the combined rate to 8.5%.

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