

August 5, 2016

Re: Allocation of Hotel Tax Funds in Local Elections Digest

Dear Committee Members Packard, Anderson, Fasick, Fraps, Jorgensen:

We are writing to respectfully request that the Committee consider the following additions to the "Allocation of Hotel Tax Funds in Local Elections" digest. We have attached a "track changes" version of the digest that reflects the language we request for these suggested changes:

1. We request that the first paragraph in the "**The Way It Is Now**" section include:

- Language that clarifies that the hotel tax is an existing tax, originally enacted in 1961 with specific allocations to provide funding for the arts, and later low-income housing, and is paid for by guests of the hotels.

Rationale: This would make explicit that the hotel tax is currently in place and paid for by visitors to San Francisco hotels, and ensures there be no confusion about this being a new tax, tax increase, or a tax paid by San Francisco residents.

- Language that clarifies that the hotel tax revenue used to be separated for the allocations but is now sent to the General Fund to be allocated by the Board.

Rationale: This would also put the proposed changes in context with the history of the hotel tax and clarify for voters that this is not a new system of allocations, does not raise any taxes, and is only a reallocation of existing revenue sources.

- Language modified to reflect the same tense throughout the paragraph.

Rationale: This is to match and standardize the tense usage throughout the Digest.

2. We request that the second paragraph in the "**The Way It Is Now**" section

- Grammatically match the paragraphs that follow

Rationale: The paragraph's use of verbs ending in -ing do not match the paragraphs that follow which use present tense. This is would match and standardize the tense usage throughout the Digest.

- Include language to specify youth, community, and arts education programming as part of the Arts Commission's purview.

Rationale: The Arts Commission grants funding specifically designated for youth and community programming and arts education and our proposed change reflects that.

3. We request that language be added to the fourth paragraph of the "**The Way It Is Now**" section to

- Expand the purview of the Grants for the Arts Program.

Rationale: This would allow voters to understand how Grants for the Arts spends its allocation in a manner consistent with the explanation for the Arts Commission and, as described later in the "Proposal" Section, for the Ending Family Homelessness Fund.

- Make the paragraph grammatically consistent with the explanation for the Arts Commission.

Rationale: This is to match and standardize the tense usage throughout the Digest.

4. We request that language be added to the first paragraph in the “**Proposal**” section to
- Clarify that only a portion of the current base tax will be allocated.
Rationale: This makes explicit for the voter that only a portion of the base tax will be dedicated to the allocations that are then outlined below.
 - List out the main purposes of the funding and separate that from the agencies receiving the funding.
Rationale: It is critical for the voter to understand that the agencies receiving the funding intend to apply that to specific purposes. Currently the Digest lists the agencies as the purpose, that could serve to confuse the voter on how the funding will be applied.
5. We request that language be added in the second paragraph in the “**Proposal**” section pertaining to the Ending Family Homelessness Fund to
- Clarify that this funding is new but not exclusive.
Rationale: There are other city agencies currently providing some services for family homelessness, and the clarifications would help voters understand that the funding, while new, is not the only source of funding for those services.
 - Simplify the use of the funds and reflect the purpose of their use.
Rationale: This makes explicit what the services funded are aiming to achieve and lists out some of the specific services working that serve families and how those services .
6. We request that the “**A "YES" Vote Means**” section of the digest indicate add language clarifying that a portion of the current base tax will be allocated.
Rationale: This makes explicit for the voter that only a portion of the base tax will be dedicated to the allocations that are then outlined below.

Thank you for your consideration and for all of your time and effort devoted to the work of the committee.

Sincerely,
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Allocation of Hotel Tax Funds Digest Change Requests in “Track Changes” Form:

The Way It Is Now: The City currently imposes a hotel tax on the ~~operation of hotels~~ rental of hotel rooms in San Francisco. The hotel tax, paid for by the hotels’ guests, consists of an 8% base tax and an additional 6% tax surcharge ~~on the rental of hotel rooms~~. From 1961 until 2013, revenue from the hotel tax was allocated towards the arts, and later low-income housing. Since 2013, the hotel tax revenue is directly deposited into the General Fund, which the Board ~~may~~ allocates the money from the hotel tax for any public purpose.

The Arts Commission is a City agency that receives funding from the General Fund. The Arts Commission’s ~~functions include funding funds~~ arts, youth, community, and arts education programs, ~~approving~~ approves the designs of City-owned structures, and ~~overseeing~~ oversees City-owned cultural centers and the selection of art in City buildings and public spaces.

The City’s War Memorial and Performing Arts Center (“War Memorial”) consists of the War Memorial Opera House, Davies Symphony Hall, Herbst Theatre, the Green Room, and Zellerbach Rehearsal Hall. The Board allocates money from the General Fund to maintain and operate the War Memorial.

The ~~City’s~~ Grants for the Arts Program is a City agency that receives funding from the General Fund. The Grants for the Arts funds non-profit arts and cultural organizations, cultural festivals, and neighborhood arts programming. ~~The Board allocates money from the General Fund to this Program.~~

The City allocates money each year to maintain, improve, and operate the Moscone Center, which is the City’s convention and exhibition complex located in the South of Market neighborhood.

The Proposal: Proposition ___ would require the Board to allocate annually a portion of the money raised by the existing 8% base tax on the rental of hotel rooms for arts and cultural programs and to end family homelessness. The funds would go to these specific ~~purposes~~ agencies: the Arts Commission would receive 2.9%; the War Memorial would receive 5.8%; the Grants for the Arts Program would receive 7.5% by 2020; the Cultural Equity Endowment Fund would receive 7.5% by 2020; and the Moscone Center would receive up to 50%.

This measure would also establish the Ending Family Homelessness Fund, which each year would receive 6.3% of the money raised by the existing base tax. The City would use this new Fund to ~~expand---~~ but not replace— programs that will prevent families from becoming homeless, and establish sufficient exits from homelessness for those families who lack housing. These will be achieved by funding dedicated to provide housing subsidies and ~~case management programs~~ support services to help homeless families ~~find housing and stabilize in their current housing; move into permanent housing and remain stable in their new homes;~~ provide increased homelessness prevention services ~~to~~ for low-income families ~~that who~~ are at-risk of becoming homeless; and develop, rehabilitate, and acquire new housing for homeless families.

This measure would also establish the Neighborhood Arts Program Fund, which each year would receive 6% of the money raised by the base tax by 2020. The City would use this Fund to provide money and assistance to non-profit organizations that establish or improve affordable facilities for artists and arts organizations. The City would also provide money from this Fund to artists and non-profit organizations to create art experiences in San Francisco. The Arts Commission would administer this Fund.

Money raised by the base tax that is not allocated for any of the above purposes and is not spent on tax administration and refunds, would be deposited into the General Fund.

A "YES" Vote Means: If you vote “yes,” you want the City to allocate annually a portion of the money raised by the existing base tax on the rental of hotel rooms for these specific purposes agencies: the Arts Commission would receive 2.9%; the War Memorial would receive 5.8%; the Grants for the Arts Program would receive 7.5% by 2020; the Cultural Equity Endowment Fund would receive 7.5% by 2020; and the Moscone Center would receive up to 50%. You also want to establish the Ending Family Homelessness Fund, to which the City would allocate annually 6.3% of the money raised by the base tax; and establish the Neighborhood Arts Program Fund, to which the City would allocate annually 6% of the money raised by the base tax.

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