

Real Estate Transfer Tax*

Digest by the Ballot Simplification Committee

Status: Draft for Consideration

On: Tuesday, August 2, 2016

Members: Packard, Anderson, Fasick, Fraps, Jorgensen

Word count: *(suggested 300-word limit)*

Deadline to Request Reconsideration: TBD

The Way It Is Now: The City collects a transfer tax on most sales of real estate in San Francisco. The tax also applies to leases with a term of 35 years or more. The tax rate usually depends on the real estate's sale price. The current transfer tax rates are:

Sale Price of Real Estate	Tax Rate
More than \$250,000 and less than \$1,000,000	0.68%
At least \$1,000,000 and less than \$5,000,000	0.75%
At least \$5,000,000 and less than \$10,000,000	2.00%
At least \$10,000,000	2.50%

The City places money collected from this tax into the City's General Fund.

When an entity such as a corporation or partnership changes ownership, the entity must pay a transfer tax on the real estate it owns.

State law limits the amount of revenue, including tax revenue, the City can receive each year. State law authorizes San Francisco voters to approve increases to this limit for a maximum of four years.

The Proposal: Proposition ___ would increase the transfer tax rate for real estate with a sale price of more than \$5 million, including leases of 35 years or more:

Sale Price of Real Estate	Proposed Tax Rate
At least \$5,000,000 and less than \$10,000,000	2.25%
At least \$10,000,000 and less than \$25,000,000	2.75%
At least \$25,000,000 and above	3.00%

Proposition ___ further clarifies that when an entity such as a corporation or partnership changes ownership, the entity must pay a transfer tax on the real estate it owns.

Proposition ___ would also increase the City's annual tax revenue spending limit for four years by the amount of additional taxes collected under the proposed rate increases.

**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.*

A "YES" Vote Means: If you vote "yes," you want to increase the transfer tax rate:

- to 2.25% for sales of real estate worth \$5 million to \$10 million;
- to 2.75% for sales of real estate worth \$10 million to \$25 million; and
- to 3.00% for sales of real estate worth \$25 million or more.

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