



Member, Board of Supervisors
District 6

City and County of San Francisco

JANE KIM

August 1, 2016

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

I am writing to respectfully request that the Committee consider the following clarification changes to the "Real Estate Transfer Tax" digest:

1. Add clarifying language to the digest title to indicate there is no change to the transfer tax for the majority of properties. Clarify by indicating in the title which properties are affected by the tax. (*This requested change was submitted to Department of Elections Director John Arntz and is included here for your information only*).

Rationale: Right now, the title is broad and non-specific and it implies a wholesale change of the real estate transfer tax. That is not an accurate depiction of the tax. It should be immediately clear to voters that the measure imposes changes only on certain real estate transfers, not all transfers. I would suggest a clearer title, "Real Estate Transfer Tax on Properties Over \$5 Million."

2. Remedy the inconsistency in the charts. Certain categories of sale prices are included in the first chart and not included in the second chart. To create consistency, in the chart under The Way It Is Now, remove Sale Prices of Real Estate "More than \$250,000 and less than \$1,000,000" and "At least \$1,000,000 and less than \$5,000,000." Alternatively, add these sale price categories to the chart under The Proposal.

Rationale: It is confusing to have the tax rates for certain Sale Prices of Real Estate stated in only the first chart. It is not clear to the voter what the effect of this measure would be on those categories that are listed in one chart but not the other. Because the measure does not change the transfer taxes for sale prices "More than \$250,000 and less than \$1,000,000" and "At least \$1,000,000 and less than \$5,000,000," there is no reason to include these in the chart. An alternative would be to make clear on the second chart that there is "**no change**" on properties within the two ranges listed above. Further the intent of the legislation would be more clear by adding a line in the description that "No property with a sale price of less than \$5 million would be impacted."



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3. Add language to indicate that a new tax rate category has been created for sale prices of real estate more than \$25 million.

Rationale: One feature of the measure is that it assigns the highest transfer tax rate for properties that exceed \$25 million. Previously, properties with sale prices of at least \$10 million had the highest transfer tax rate. It is important for voters to know that a new category was created, and that the highest tax rate did not increase by one half of a percent for all properties – it increased one quarter of a percent for some (\$10,000,000 and less than \$25,000,000) and one half of a percent only for properties \$25,000,000 and above.

4. Clarify that “real estate” impacted by this measure includes both commercial and residential real estate transfers.

Rationale: The transfer tax applies to both commercial and residential real estate yet this distinction is not mentioned in the draft digest. Voters should be aware that both categories of real estate are affected by the measure’s changes to the transfer tax.

Below, I have included the track changes version of these suggestions to assist your review and consideration. I appreciate your dedication to the committee and the important work you do. Thank you.

Sincerely,
Jane Kim, Supervisor, District 6

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Summary of Requested Changes:

1. Change to the **Title**: (request has been submitted to the Director of the Department of Elections, John Arntz):

Real Estate Transfer Tax on Properties Over \$5 Million

2. Change to the chart under **The Way It Is Now**:

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%

3. Clarify that no property under \$5 million would be affected:
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. No property with a sale price of less than \$5 million would be impacted:

4. Change to first sentence under **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, and create a separate tax rate for real estate with a sale price of more than \$25 million

5. Change to the first sentence under **The Way It Is Now**:
The City collects a transfer tax on most sales of residential and commercial real estate in San Francisco.

Change to first sentence under **The Proposal**:

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