

# N

## Real Property Transfer Tax

Shall the City increase its real property transfer tax rate to 2.0% for sales and long-term leases of real property valued at \$5 million to \$10 million and to 2.5% for sales and long-term leases of real property valued at \$10 million or more?

YES ←   
NO ← 

### Digest by the Ballot Simplification Committee

**The Way It Is Now:** The City imposes a tax on the sale of real estate in San Francisco. The tax rate ranges from 0.5% to 1.5%, depending on the value of the real estate. The 1.5% rate applies to sales of \$5 million or more. The tax also applies to real estate leases with a term of 35 years or more.

Proceeds from the tax go into the City's General Fund.

**The Proposal:** Proposition N would increase the tax rate for the sale of real estate valued at more than \$5 million. For real estate sales of \$5 million to \$10 million, the rate would increase to 2.0%. For real estate sales of \$10 million or more, the rate would increase to 2.5%. These increases would also apply to real estate leases with a term of 35 years or more.

**A "YES" Vote Means:** If you vote "yes," you want to increase the tax rate to 2.0% for real estate sales and long-term leases of \$5 million to \$10 million and 2.5% for real estate sales and long-term leases of \$10 million or more.

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

### Controller's Statement on "N"

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

Should the proposed ordinance be approved by the voters, in my opinion, it will generate additional tax revenue for the City that can be used for any public purpose. The ordinance would increase the property transfer tax rate on transactions of properties with sale prices between \$5.0 million and \$10.0 million from 1.5% to 2%, and the rate on transactions of properties with sale prices over \$10.0 million from 1.5% to 2.5%.

Based on the actual pattern of transactions and revenues received by the City through the property transfer tax, had the proposed ordinance been in place during

the period from fiscal year 2000-2001 through fiscal year 2008-2009, it would have resulted in additional annual revenue ranging from \$6.0 million to \$90.0 million, with an average amount of \$36.0 million annually during that period.

While we estimate that the proposed ordinance would have resulted in average additional revenue of \$36.0 million per year in the recent past, it is important to note that this is the City's most volatile revenue source, and estimates based on prior years' activity may not be predictive of future revenues.

### How "N" Got on the Ballot

On July 27, 2010, the Board of Supervisors voted 8 to 3 to place Proposition N on the ballot.

The Supervisors voted as follows:

**Yes:** Supervisors Avalos, Campos, Chiu, Daly, Dufty, Mar, Maxwell and Mirkarimi.

**No:** Supervisors Alioto-Pier, Chu and Elsbernd.

**This measure requires 50%+1 affirmative votes to pass.**

Arguments for and against this measure immediately follow this page. The full text begins on page 188. Some of the words used in the ballot digest are explained on page 61.