

THE SUTTON LAW FIRM

August 1, 2018

VIA EMAIL ONLY

Chair Barbara Carr and Committee Members
San Francisco Ballot Simplification Committee
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

RE: Suggestions for “Additional Tax on Gross Receipts of Business to Fund Homeless Services” Measure Digest

Dear Chair Carr and Members of the Ballot Simplification Committee:

On behalf of the San Francisco Chamber of Commerce, we sincerely appreciate your hard work and dedication to creating an understandable explanation of the scope and effect of the “Additional Tax on Gross Receipts of Business to Fund Homeless Services” measure. We believe two additional points would significantly clarify the measure for the voters, and we respectfully ask that the Committee consider including them in the digest.

Suggestion #1: Include the following language in “The Way It Is Now”: “The City currently spends approximately 381.2 million dollars on homeless services or programs to prevent homelessness.”

The measure is a “special tax,” and therefore its funds are specifically dedicated to a particular purpose – homeless services. Because the tax revenue raised through this measure will go towards homeless services, context with regard to the amounts the City currently spends on homeless services is key. Stated differently, it is relevant for voters to know how much is currently spent on homeless services, in order for voters to assess what impact the amount of money raised through the measure will have. In fact, the law requires the City Attorney to include the amount of money to be raised – and thereby necessarily spent – by this measure within the ballot label which appears on the ballot.

Without providing voters information regarding the way it currently is, the numbers included in the ballot label will be nebulous to voters. It is the same logic that applies to telling voters the current rate businesses are taxed; voters need to know what the current law is in order to assess whether to support changing it. The number \$381.2 million was outlined in the Joint Departmental Analysis, and is a combination of what the Department of

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Homelessness, Department of Public Health, and Mayor's Office of Housing and Community Development estimate is currently spent on homeless services.

Suggestion #2: The digest refers to one of the taxes as an “administrative office tax,” when in actuality, it is a “payroll tax.” The phrase “administrative office tax” is very likely to confuse voters. The use of this terminology makes it seem as if the tax only applies to administrative offices, as opposed to what it really taxes, which is payrolls. The term “payroll tax” is a term of art that voters are far more likely to understand, and it actually describes what will be taxed – payrolls. Just as referring to the first tax as a “gross receipts tax” is appropriate in that it taxes gross receipts, referring to the second tax as a “payroll tax” is accurate and precise because payrolls are what will be taxed. In contrast, the term “administrative office tax” does not explain what the measure will actually tax. One of the triggers for the tax to apply is if the business’s administrative offices are located within the City, but it does not tax “administrative offices.” Just like a “sales tax” taxes a sale, a “property tax” taxes a property, and a “gross receipts tax” taxes gross receipts, the term used in the ballot digest should tell the voters what will actually be taxed. Therefore, we recommend and request that the Committee change the phrase “administrative office tax” to “payroll tax” throughout the digest.

Thank you very much for considering these suggestions, and if we may provide additional information, please don’t hesitate to contact us.

Sincerely,

A handwritten signature in black ink, appearing to read 'Matthew C. Alvarez', with a long horizontal flourish extending to the right.

Matthew C. Alvarez

MCA/lc
#1000.02