

Member, Board of Supervisors
District 9



City and County of San Francisco

HILLARY RONEN

August 1, 2018

Barbara Carr and Members of the Ballot Simplification Committee
1 Dr. Carlton B. Goodlett Place
City Hall, Room 48
San Francisco, CA 94102
Via email to: publications@sfgov.org

Re: Our City Our Home Homeless Tax Measure (November, 2018)

Dear Chair Carr and Members of the Ballot Simplification Committee:

Thank you again for your hard and thoughtful work ensuring that voters have easily digestible and representative language to help with the very important privilege of casting a vote.

The latest version of the digest has wonderful modifications. However, I respectfully request one critical change to the "If you vote YES" section

We are deeply concerned that in reading this section voters will be misled into thinking that their local mom and pop shops would be impacted by this measure. It is of utmost importance that voters are aware that only the top business earnings are taxed. We believe this must be included in this section.

Current Language:

A "YES" Vote Means: If you vote "yes," you want to impose additional business taxes to create a fund to support services for homeless people and prevent homelessness.

Proposed Language:

A "YES" Vote Means: If you vote "yes," you want to impose additional business taxes on companies making more than \$50 million or \$1 billion depending on type, to create a fund to support services for homeless people and prevent homelessness.

We would prefer to have the tier floor identified in the language and there is precedence for this. Attached is the image from the voter handbook of the real estate transfer tax, which similarly targeted high end tax brackets, in that case the sale of high priced real estate. However, if this

language is not acceptable to you, we suggest an alternative compromise with less specific language, but that still notifies voters of this key information related to the measure.

Alternative Proposed Language:

A "YES" Vote Means: If you vote "yes," you want to impose additional business taxes on companies with the highest gross receipts to create a fund to support services for homeless people and prevent homelessness.

Thank you again for your consideration. If you have any questions, please feel free to contact my office at 415-554-5144.

Sincerely,

A handwritten signature in blue ink that reads "Hillary Ronen". The signature is written in a cursive, flowing style.

Supervisor Hillary Ronen
San Francisco Board of Supervisors



W

Real Estate Transfer Tax on Properties Over \$5 Million

Shall the City increase the transfer tax rate for sales of residential and commercial properties from 2% to 2.25% for sales from \$5 million up to \$10 million; from 2.5% to 2.75% for sales from \$10 million up to \$25 million; and from 2.5% to 3% for sales of \$25 million or more?

YES

NO

Digest by the Ballot Simplification Committee

The Way It Is Now: The City collects a transfer tax on most sales of residential and commercial real estate in San Francisco. The tax also applies to leases with terms 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 money collected from this tax goes into the City's General Fund.

When a business changes ownership, it must pay a transfer tax on the real estate it owns.

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

The Proposal: Proposition W 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. For property with a sale price of less than \$5 million, the current tax rate would not change. The proposed tax rates are:

Sale Price of Real Estate	Proposed Tax Rate
More than \$250,000 and less than \$1,000,000	0.68% (no change)
At least \$1,000,000 and less than \$5,000,000	0.75% (no change)
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	3.00%

Proposition W would also increase the state's limit on the City's annual tax revenue spending by the amount of additional taxes collected under the proposed rate increases. The increased limit would last for four years.

A "YES" Vote Means: If you vote "yes," you want to increase the transfer tax rate for sales of residential and commercial properties:

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

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

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

The above statement is an impartial analysis of this measure. Arguments for and against this measure immediately follow. The full text begins on page 310. Some of the words used in the ballot digest are explained starting on page 58.

