

August 1, 2018

Dear Ballot Simplification Committee members,

I am writing on behalf of the LPSF to ask you to consider the following changes to the draft ballot summary language for the “Additional Business Taxes to Fund Homeless Services” ballot measure:

1) I encourage you to include a statement in the Proposal section informing voters that this measure would prohibit the Board from reducing existing spending on programs purportedly for the homeless (in actuality I suspect most of the money goes toward administration), and to name the current dollar amount of that spending (the “Base Amount”).

Rationale: According to the text of the legislation, *“Monies in the Our City, Our Home Fund shall not be spent to supplant existing programs funded by the City for homeless programs, **which shall continue to be funded, at a minimum, at the Base Amount.**”* [emphasis added]

2) In the “Proposal” section, I urge you to reword the sentence *“Proposition \_\_\_\_ would deposit this additional tax revenue into a separate fund serving homeless people and preventing homelessness,”* to read, *“Proposition \_\_\_\_ would deposit this additional tax revenue into a separate fund serving homeless people and those deemed by officials to be at risk of homelessness.”*

Similarly in the “A YES vote means” section, I urge you to replace the term “prevent homelessness” with “those at risk of homelessness”, so that the section reads, *“If you vote ‘yes’, you want to impose additional business taxes to create a fund to support services for homeless people and those deemed by officials to be at risk of homelessness.”*

Rationale: This measure most assuredly will NOT prevent homelessness. Sadly, homelessness will continue to exist in San Francisco whether it passes or not, at least so long as government policies continue to create a housing shortage and keep prices and rents high.

3) In the “Proposal” section, I urge you to reword the sentence, “ At least 50 percent for services to help homeless people secure permanent housing;” to read, “At least 50 percent for services to help homeless people secure long-term housing;”

Rationale: Unless “permanent” is defined in the “Words You Need To Know” to mean something other than what the dictionary says the word means, the dictionary definition should apply when the term is used. Unless homeless people would be provided permanent housing which they would own or would be guaranteed the right to occupy until they die, it does not apply here, and “long-term” (as opposed to the “short-term shelter” type housing mentioned elsewhere in the Proposal section) is a less misleading term.

4) In the “The Way It Is Now” section, the final sentence reads, “*San Francisco voters must approve increases to tax revenue spending limits.*” I urge you to replace this language with, “*Increasing tax revenue spending limits requires San Francisco voter approval.*”

Rationale: This minor change would avoid language that could be read as saying that increasing spending limits is something voters *must* do.

5) Regarding the sentence in the “Proposal” section, “An advisory committee would monitor the fund”, I urge that this sentence be modified to inform voters who would appoint the members of this committee, or strike the sentence altogether.

Rationale: These spending oversight committees appear to serve little purpose other than to give voters a false sense of security that the money will be wisely spent (and perhaps to provide politicians with minor patronage positions to fill). When was the last time we heard about someone on such a committee blowing the whistle on inappropriate spending? If the Ballot Simplification Committee is declining to list administrative spending in its description of various proposals on the grounds that such spending is presumed, then I think the argument can be equally made that the presence of some kind of rubber-stamp “oversight” committee is also presumed and thus

also does not merit mentioning.

6) This is important, so I am going to ask once again in writing for the record: I urge that voters be informed that businesses may pass up to the entire amount of any taxes imposed on them along to customers in the form of higher prices and/or employees in the form of lower wages and/or benefits, decreased hours, etc., just as voters are informed when some costs imposed on property owners may be passed along to tenants in the form of higher rents. If you believe you are prohibited from informing voters of this in the ballot summary, I urge the committee to draft a letter to the controlling legal authority formally requesting the authority to do so in the name of full disclosure.

Rationale: This kind of pass-through by businesses of taxes and other costs imposed on them by government is a reality, and it should be properly acknowledged so that voters can take it into consideration when deciding whether or not to approve a new tax, regulation, or mandate.

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Thank you for making whichever of these recommended changes you choose to make.

Love & Liberty,

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## **Additional Business Taxes to Fund Homeless Services\***

**Digest** by the Ballot Simplification Committee

**Status:** Approved digest

**On:** Tuesday, July 31, 2018

**Members:** Packard, Anderson, Patterson, Raveche

**Deadline to Request Reconsideration:** 5 p.m. on Wednesday, August 1

**The Way It Is Now:** The City collects a tax on gross receipts from many businesses operating in San Francisco. The current maximum tax rates on gross receipts range from 0.16 percent to 0.65 percent.

Certain businesses with more than \$1 billion in gross receipts, 1,000 employees nationwide, and administrative offices in San Francisco pay an administrative office tax based on their payroll instead of gross receipts. For those businesses, the tax rate is 1.4 percent of their payroll expense.

Some businesses, including certain nonprofit organizations, banks and insurance companies, are exempt from these taxes.

San Francisco voters must approve increases to tax revenue spending limits.

**The Proposal:** Proposition \_\_\_\_ would impose additional business taxes:

- For businesses that pay a gross receipts tax, an additional tax of 0.175 percent

to 0.690 percent on those gross revenues in San Francisco over \$50 million;

- For businesses that pay the administrative office tax, an additional tax of 1.5 percent of their payroll expense in San Francisco.

These additional taxes would not apply to:

- Certain nonprofit organizations and businesses exempt from local taxation, such as banks and insurance companies;
- Revenues that are exempt from the gross receipts tax; and
- Revenues from commercial rents that are subject to the City’s Early Care and Education Commercial Rents Tax.

The Board of Supervisors would determine each fiscal year how to distribute the funds from these additional taxes, within these limits:

- At least 50 percent for services to help homeless people secure permanent housing;
- At least 25 percent for mental health services specifically designed for homeless people with severe behavioral health issues;
- Up to 15 percent for services for people who have recently become homeless or are at risk of becoming homeless; and
- Up to 10 percent for services to help homeless people secure short-term shelter and access to hygiene programs.

Proposition \_\_\_ would deposit this additional tax revenue into a separate fund serving homeless people and preventing homelessness. The fund would be administered by the Mayor and Board of Supervisors. An advisory committee would monitor the fund.

Proposition \_\_\_ would increase the City’s annual tax revenue spending limit for four years.

**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.

**A "NO" Vote Means:** If you vote “no,” you do not approve these additional business taxes

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