

Additional Business Taxes to Fund Homeless Services*

Digest by the Ballot Simplification Committee

Status: Final 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.

Increasing tax revenue spending limits requires San Francisco voter approval.

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.

Proposition ___ would deposit this additional tax revenue into a dedicated fund serving homeless people and preventing homelessness. The Board of Supervisors would determine each fiscal year how to distribute the additional funds from these new taxes, within these limits:

- At least 50 percent to secure permanent housing for homeless people;
- 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 to secure short-term shelter and access to hygiene programs for homeless people.

The fund would be administered by the Mayor and Board of Supervisors. An advisory committee would monitor the fund.

**Working title, for identification only. The Director of Elections determines the title of each local ballot measure; measure titles are not considered during Ballot Simplification Committee meetings.*

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 dedicated 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.