

Member, Board of Supervisors  
District 9



City and County of San Francisco

## HILLARY RONEN

July 30, 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](mailto:publications@sfgov.org)

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

Dear Chair Carr and Members of the Ballot Simplification Committee:

I would like to communicate my deep appreciation 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.

In studying this measure, I conclude that tax law in San Francisco is quite complicated, and I share your desire to ensure voters know exactly how it would work. I respectfully request the following changes to the digest for the reasons stated below.

In sum, I request clarity in the language to ensure voters are aware that only the top business earnings are taxed, and that no individuals would be taxed by this measure.

#### **Recommendation I**

Under **“The Way It is Now”**, I suggest clarifying that the current top tax rate for businesses is above \$25 million, to make it clear that this new initiative is creating a new top tier of above \$50 million.

Suggested New Language (underline denotes additional language)

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 is for ~~on~~ gross receipts above \$25 million with a range from 0.16% to 0.65%, depending on the type of business activity.

#### **Recommendation II**

Under **“The Proposal”** I feel it may confuse voters by indicating there are two new taxes by

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inferring that the same business may get double taxed, when the measure is structured as one tax that has variable rates depending on the type of business.

Suggested New Language

### **The Proposal:**

Proposition \_\_\_ would impose additional business taxes: (removed “two”)

### **Recommendation III**

Under “**The Proposal**” I suggest clarifying that this new measure creates a new tier with higher rates for businesses with gross receipts above \$50 million annually. I believe it is important for voters to know that this measure targets a particular group of maximum earning businesses and modifies the current tier structure in SF tax code by adding a new tier at the top end.

Suggested New Language (underline denotes additional language)

The Proposal:

Proposition \_\_\_ would impose additional business taxes:

- By creating a new rate tier of above \$50 million, businesses that already pay the gross receipts tax, will have an additional tax of 0.175% to 0.690%, depending on the type of business activity, on gross revenues in San Francisco.

### **Recommendation IV**

The current language regarding the payroll tax needs to be clarified to ensure voters understand that companies already pay the payroll tax, and that they would only pay this if their earnings were over a billion if this new measure passes.

Suggested New Language

- For businesses with gross receipts over \$1 billion that already pay the administrative office tax, an additional tax of 1.5% of their payroll expense in San Francisco

### **Recommendation V**

I believe it is critical that voters understand that individuals will not be taxed by this measure. I recommend inserting that language.

Suggested New Language

These additional taxes would not apply to:

- Individual tax payers
- Certain non-profit organizations and businesses already exempt from local taxation, such as banks and insurance companies;

- Revenues that are already exempt from the gross receipts tax.
- Revenues from commercial rents ...

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 fluid and cursive, with the first name "Hillary" and the last name "Ronen" clearly legible.

Supervisor Hillary Ronen  
San Francisco Board of Supervisors