

## HOMELESSNESS GROSS RECEIPTS TAX ORDINANCE

Be it ordained by the People of the City and County of San Francisco:

Section 1. The Business and Tax Regulations Code is hereby amended by adding Article 28 consisting of Sections 2801 through 2814, to read as follows:

### **ARTICLE 28: HOMELESSNESS GROSS RECEIPTS TAX ORDINANCE**

#### **SEC. 2801. SHORT TITLE.**

This Article 28 shall be known as the "Homelessness Gross Receipts Tax Ordinance," and the tax it imposes shall be known as the "Homelessness Gross Receipts Tax."

#### **SEC. 2802. FINDINGS AND PURPOSES.**

(a) San Francisco is experiencing a housing crisis of historic proportions that has led to a major humanitarian and public health crisis in large-scale homelessness for which the City has insufficient resources to address.

(b) The Homelessness Gross Receipts Tax will fund the "Our City, Our Home Fund." Consistent with the analysis of the Department of Homelessness and Supportive Housing ("HSH") it is the intentions of the voters in adopting Article 28 to house at least 4,000 homeless people and expand shelter beds by 1,000 within five years, fund legal assistance and rent subsidies to keep San Franciscans housed, and fund

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intensive mental health and substance abuse services to move the City's most severely impaired individuals off the streets.

(c) In December, 2017 Donald Trump signed the "Tax Cuts and Jobs Act" into law which reduced the federal corporate tax rate from 35% to 21%, a 14% reduction. By comparison, this measure would be an average of less than a half of a percent tax for the gross receipts of San Francisco businesses over \$50 million.

(d) The San Francisco 2017 Homeless Count & Survey found that over 7,000 people in the City experience homelessness at any one time. According to HSH, as of April, 2018, the City has approximately 2,500 temporary shelter beds for the homeless population and there have been over 1,000 people on the waitlist for shelter each night. The intent of the voters in adopting Article 28 is to eliminate the waiting period for shelter.

(e) For years San Franciscans have witnessed individuals with severe mental illnesses wandering City streets. One purpose of this Article 28 is to fund intensive mental health care and substance abuse treatment facilities linked to housing placement to ensure severely mentally ill and drug addicted people are able to exit homelessness. The intent of the voters in adopting Article 28 is to provide care sufficient to move all those San Franciscans with severe behavioral health issues out of homelessness.

(f) Multiple studies have shown significant cost savings when cities invest in permanently affordable housing, thus reducing needs usage of hospitals, jails, and inpatient treatment facilities. The intent of voters in adopting Article 28 is to reduce overall costs for the City.

(g) According to HSH, one in twenty-five public school students in San Francisco is homeless. This has a devastating effect on their educational outcomes and development. This Article 28 is intended to reduce family homelessness by more than 85%.

(h) Approximately half of homeless people became homeless when they were less than 25 years old, according to the San Francisco 2017 Homeless Count & Survey. The intentions of voters in Article 28 is to ensure young homeless people are able to move into stable housing and avoid becoming chronically homeless adults.

(i) This crisis of homelessness affects both homeless people and their housed neighbors. San Franciscans should not have to step over homeless people or walk out their doors and see tents on sidewalks, and homeless people should not be forced to live in these conditions. The intent of voters in adopting Article 28 is to significantly decrease the visible presence of homeless people and tent encampments on City streets by eliminating chronic homelessness.

(j) HSH recently released a strategic framework describing its five-year goals for reducing street homelessness and ending family homelessness and has instituted a new system to coordinate services. According to HSH, the City needs increased revenue both to achieve these important goals and to address the problem more completely.

(k) The Housing First model creates a foundation of stability for formerly homeless individuals by providing permanent supportive housing as a springboard for resolving and treating issues that may have precipitated a person's first encounter with homelessness, or which may have come as a result of being forced to survive on the street. The intent of voters in adopting Article 28 is to provide the resources to implement a Housing First model.

(l) It is the intention of the voters in adopting Article 28 to ensure that (1) homelessness funding for existing and future programs continues at the current base year levels without utilizing monies or resources from the Our City, Our Home Fund, and (2) tax proceeds from the Homelessness Gross Receipts Tax be used to fund the programs set forth in Section 2810.

### **SEC. 2803. DEFINITIONS.**

Unless otherwise defined in this Article 28, the terms used in this Article shall have the meanings given to them in Articles 6 and 12-A-1 of the Business and Tax Regulations Code, as amended from time to time.

### **SEC. 2804. IMPOSITION OF TAX.**

(a) Except as otherwise provided in this Article 28, for the privilege of engaging in business in the City, the City imposes an annual Homelessness Gross Receipts Tax on each

person engaged in business in the City that receives or is a member of a combined group that receives, more than \$50,000,000 in total taxable gross receipts.

(b) If, after applying any rules or elections used to assign receipts to a business activity in Section 953.9 of Article 12-A-1, a person or combined group derives gross receipts from business activities described in only one of Sections 953.1 through 953.7 of Article 12-A-1, inclusive, the Homelessness Gross Receipts Tax shall be calculated by applying to the person or combined group's taxable gross receipts in excess of \$50,000,000 the following percentage that corresponds to the person or combined group's business activities, as described in Sections 953.1 through 953.7 of Article 12-A-1, inclusive:

<u>Business Activity Set</u>	<u>Tax Rate</u>
<u>Section 953.1</u>	<u>.175%</u>
<u>Section 953.2</u>	<u>.500%</u>
<u>Section 953.3</u>	<u>.425%</u>
<u>Section 953.4</u>	<u>.690%</u>
<u>Section 953.5</u>	<u>.475%</u>
<u>Section 953.6</u>	<u>.600%</u>
<u>Section 953.7</u>	<u>.325%</u>

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(c) If, after applying any rules or elections used to assign receipts to a business activity in Section 953.9 of Article 12-A-1, a person or combined group derives gross receipts from business activities described in more than one of Sections 953.1 through 953.7 of Article 12-A-1, inclusive, the taxable gross receipts and rate or rates of tax to be applied to that person or combined group shall be determined as follows:

(1) The taxable gross receipts shall be determined on an aggregate basis in numbered order of Sections 953.1 through 953.7, inclusive, i.e., the taxable gross receipts for

business activities described in Section 953.1 of Article 12-A-1 should be determined first, Section 953.2 of Article 12-A-1 second, and so on;

(2) The rates in subsection (b) shall apply to the gross receipts from the corresponding sets of business activities described in Sections 953.1 through 953.7 of Article 12-A-1, inclusive, except that the rate shall be 0% for the first \$50,000,000 of the person or combined group's total taxable gross receipts from all taxable business activities;

(3) Whether the 0% rate for the first \$50,000,000 of the person or combined group's total taxable gross receipts from all taxable business activities applies to any set of business activities after the first shall be determined by adding to the taxable gross receipts from that set of business activities all of the taxable gross receipts from all previous sets of business activities; and

(4) The Homelessness Gross Receipts Tax for the person or combined group shall be the sum of the liabilities for each set of business activities determined under subsections (1) through (3).

(d) Notwithstanding any other subsection of this Section 2804, every person engaging in business within the City as an administrative office, as defined in Section 953.8 of Article 12-A-1, shall pay an annual homelessness administrative office tax measured by its total payroll expense, as defined in Section 953.8(f) of Article 12-A-1, that is attributable to the City. If a person is a member of a combined group, then its tax shall be measured by the total payroll expense of the combined group attributable to the City. Such combined group shall pay only the homelessness administrative office tax, and not the tax imposed under other subsections of this Section 2804, but a person or combined group may be liable for both the administrative office tax imposed by Section 953.8 of Article 12-A-1 and the homelessness administrative office tax imposed by this subsection (d). The homelessness administrative office tax rate for each tax year is 1.5%. Unless specified otherwise, this homelessness administrative office tax shall be considered part of the Homelessness Gross Receipts Tax for all purposes.

(e) "Taxable gross receipts" means a person or combined group's gross receipts, not excluded under Section 2805, attributable to the City. The person or combined group's gross receipts that are attributable to the City shall be determined in the same manner as in Article 12-A-1, as amended from time to time.

(f) If the voters adopt any measure adding a business activity category in Section 953.7.5 of Article 12-A-1 at the November 6, 2018 consolidated general election, any receipts from business activities described in that Section 953.7.5 shall be assigned, for purposes of this Article 28, to one or more of Sections 953.1 through 953.7 of Article 12-A-1, inclusive, as if Section 953.7.5 were not added to Article 12-A-1.

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**SEC. 2805. EXEMPTIONS AND EXCLUSIONS.**

(a) An organization that is exempt from income taxation by Chapter 4 (commencing with Section 23701) of Part 11 of Division 2 of the California Revenue and Taxation Code or Subchapter F (commencing with Section 501) of Chapter 1 of Subtitle A of the Internal Revenue Code of 1986, as amended, as qualified by Sections 502, 503, 504, and 508 of the Internal Revenue Code of 1986, as amended, shall be exempt from taxation under this Article 28, only so long as those exemptions continue to exist under state or federal law.

(b) For only so long as and to the extent that the City is prohibited from imposing the Homelessness Gross Receipts Tax, any person upon whom the City is prohibited under the Constitution or laws of the State of California or the Constitution or laws of the United States from imposing the Homelessness Gross Receipts Tax shall be exempt from the Homelessness Gross Receipts Tax.

(c) For purposes of this Article 28, gross receipts shall not include receipts that are excluded from gross receipts for purposes of the gross receipts tax imposed by Article 12-A-1, and also shall not include receipts subject to a gross receipts tax on commercial rents imposed as a result of a measure adopted by the voters of San Francisco in the June 5, 2018 election.

**SEC. 2806. COMBINED RETURNS.**

(a) Persons subject to the Homelessness Gross Receipts Tax shall file returns at the same time and in the same manner as returns filed for the gross receipts tax imposed by Article 12-A-1, including the rules for combined returns under Section 956.3, as amended from time to time.

(b) If a person is subject to the Homelessness Gross Receipts Tax but is not required to file a gross receipts tax return under Article 12-A-1, such person or combined group's Homelessness Gross Receipts Tax return shall be filed at the same time and in the same manner as if such person or combined group were required to file a gross receipts tax return under Article 12-A-1.

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(c) For purposes of this Article 28, a lessor of residential real estate is treated as a separate person with respect to each individual building in which it leases residential real estate units, notwithstanding Section 6.2-15 of Article 6, as amended from time to time, or subsection (a) of this Section 2806. This subsection (c) applies only to leasing residential real estate units within a building, and not to any business activity related to other space, either within the same building or other buildings, which is not residential real estate. The Tax Collector is authorized to determine what constitutes a separate building and the number of units in a building.

**SEC. 2807. TAX COLLECTOR AUTHORIZED TO DETERMINE GROSS RECEIPTS.**

The Tax Collector may, in his or her reasonable discretion, independently establish a person or combined group's gross receipts within the City and establish or reallocate gross receipts among related entities so as to fairly reflect the gross receipts within the City of all persons and combined groups.

**SEC. 2808. CONSTRUCTION AND SCOPE OF THE HOMELESSNESS GROSS RECEIPTS TAX ORDINANCE.**

(a) This Article 28 is intended to authorize application of the Homelessness Gross Receipts Tax in the broadest manner consistent with its provisions and with the California Constitution, the United States Constitution, and any other applicable provision of federal or state law.

(b) The Homelessness Gross Receipts Tax imposed by this Article 28 is in addition to all other City taxes, including the gross receipts tax imposed by Article 12-A-1, as amended from time to time. Accordingly, by way of example and not limitation, persons subject to both the Homelessness Gross Receipts Tax and the gross receipts tax shall pay both taxes. Persons exempt from either the gross receipts tax or the Homelessness Gross Receipts Tax, but not both, shall pay the tax from which they are not exempt.

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**SEC. 2809. ADMINISTRATION OF THE HOMELESSNESS GROSS RECEIPTS TAX ORDINANCE.**

Except as otherwise provided under this Article 28, the Homelessness Gross Receipts Tax Ordinance shall be administered pursuant to Article 6 of the Business and Tax Regulations Code, as amended from time to time, including all penalties and other charges imposed by that Article.

**SEC. 2810. DEPOSIT OF PROCEEDS; EXPENDITURE OF PROCEEDS.**

(a) All monies collected under the Homelessness Gross Receipts Tax Ordinance shall be deposited to the credit of the Our City, Our Home Fund, established in Administrative Code Section 10.100-164. The Fund shall be maintained separate and apart from all other City funds and shall be subject to appropriation. Any balance remaining in the Fund at the close of any fiscal year shall be deemed to have been provided for a special purpose within the meaning of Charter Section 9.113(a) and shall be carried forward and accumulated in the Fund for the purposes described in subsection (b)(3).

(b) Subject to the budgetary and fiscal provisions of the Charter, monies in the Our City, Our Home Fund shall be appropriated on an annual or supplemental basis and used exclusively for the following purposes:

(1) Up to 3% of the proceeds of the Homelessness Gross Receipts Tax distributed in any proportion to the Tax Collector and other City departments, for administration of the Homelessness Gross Receipts Tax and administration of the Our City, Our Home Fund for the following purposes:

(A) Payment of the administrative expenses of collecting the Homelessness Gross Receipts Tax;

(B) Payment for City oversight of the expenditures described in this subsection (b); and

(C) Payment for City expenses providing support for the Our City, Our Home Oversight Committee, including but not limited to payments for the needs assessments described in Section 2810(e)(2)(B).

(2) Refunds of any overpayments of the Homelessness Gross Receipts Tax, including any related penalties, interests, and fees.

(3) All remaining amounts for the following purposes, in the following percentages, which amounts shall include the costs of administering the programs described.

(A) **Permanent Housing Expenditures.** At least 50% to the Mayor's Office of Housing and Community Development ("MOHCD"), or its successor agency, for uses consistent with the Homelessness Gross Receipts Tax Ordinance that help Homeless adults, families, or youth, including but not limited to Homeless persons with mental illness or addiction, permanently exit homelessness and secure permanent housing. Every reasonable effort shall be made to ensure that Homeless persons with barriers to housing, including but not limited to a lack of identification and documentation, are able to access housing made available under this subsection (A). Uses under this subsection (A) shall be limited to:

(i) Short-term rental subsidies, expenditures for which shall be limited to no more than 12% of this subsection (A). For purposes of this subsection (i), "short-term" means a period that is five years or less.

(ii) Construction, acquisition, rehabilitation, lease, preservation, and operation of permanent supportive housing units. For purposes of this subsection (ii), "permanent supportive housing" means housing that provides a rental subsidy and onsite supportive services for formerly Homeless adults, families, and youth.

(iii) Acquisition, rehabilitation, master lease, and operation of SRO Buildings, or portions thereof, newly acquired or master leased on or after January 1, 2019, and the associated protection of extremely low- and very low-income households, especially households with seniors, veterans, persons with disabilities, or immigrants. Existing, higher-income households may retain occupancy in SRO Buildings, under the program's goal of preventing displacement. Any vacant unit in an SRO Building may be used for the purpose of housing Homeless individuals or families. Long-term rental subsidies shall be an eligible use of funds under this subsection (iii). For purposes of this subsection (iii) the following terms shall have the following meanings:

(aa) "Area Median Income" means the area median income for the United States Department of Housing and Urban Development ("HUD") Metro Fair Market Rent Area ("HFMA") that includes San Francisco, as published annually by MOHCD, adjusted for household size. If HFMA data is unavailable, MOHCD shall calculate area median income using other publicly available and credible data.

(bb) "Extremely low- and very low-income households" means households that earn up to 50% of Area Median Income.

(cc) "Long-term" means a period that is longer than five years.

(dd) "Master lease" means a nonprofit or governmental entity leasing dedicated housing units from a property owner and, in turn, leasing those units to residents.

MOHCD shall enter into an agreement with HSH, or its successor agency, that requires at least 20% of the total amounts appropriated under this subsection (A) be used for the purposes described in this subsection (A) that support Homeless youth aged 18 through 29, and at least 25% of the total amounts appropriated under this subsection (A) be used for the purposes described in this subsection (A) that support Homeless families with children under age 18 at the time of entry into housing.

(B) **Homeless Shelter Expenditures.** Up to 10% to HSH, or its successor agency, for uses consistent with the Homelessness Gross Receipts Tax Ordinance that help Homeless adults, families, or youth, including but not limited to Homeless persons with mental illness or addiction, secure short-term residential shelter, including but not limited to funding navigation centers and shelters, and to fund Hygiene Programs. For purposes of this subsection (B), "Hygiene Programs" means any program that provides bathrooms, handwashing stations, and/or showers intended for use by those who do not have access to those facilities.

(C) **Homelessness Prevention Expenditures.** Up to 15% to MOHCD and/or HSH, or their successor agencies, for the provision of services to those at risk of becoming Homeless or who recently have become Homeless. These services are limited to providing financial, utility, and/or Rental Assistance; flexible funding (e.g., security deposit, expenses necessary to maintain housing); short-term case management; conflict mediation; legal representation in eviction cases; connection to mainstream services (e.g., services from agencies outside of the homeless assistance system, such as public benefit agencies); housing search assistance; and assistance to newly Homeless families and individuals to identify immediate alternate housing arrangements. Every reasonable effort shall be made to ensure that financial assistance is available in a timely manner to avoid evictions or displacements.

(D) **Mental Health Expenditures for Homeless Individuals.** At least 25% to the Department of Public Health (“DPH”) for the creation of a new mental health services program or programs that are specifically designed for Homeless people severely impaired by behavioral health issues. Such uses shall be limited to:

(i) Intensive street-based mental health services and case management;

(ii) Assertive outreach services;

(iii) Mental health and substance abuse treatment, including medications;

(iv) Peer support;

(v) Residential and drop-in services; and

(vi) Specialized temporary and long-term housing Rental Assistance, housing linkage, and referrals into supportive housing with continued intensive case management and mental health services that follow people from homelessness into housing.

Nothing in this subsection (D) shall prevent DPH from using allocations pursuant to this subsection (D) to acquire or lease facilities to provide the mental health services described herein.

(E) **Determination of Appropriations; Remaining Amounts.** The Board of Supervisors shall determine how much to appropriate to each of Sections 2810(b)(3)(A) through (D), in accordance with those Sections. Any amounts remaining in the Our City, Our Home Fund at the end of any fiscal year shall be held in the Our City, Our Home Fund to be added to amounts available for appropriation under Section 2810(b)(3) in any future year.

(c) Commencing with a report filed no later than February 15, 2020, covering the fiscal year ending on June 30, 2019, the Controller shall file annually with the Board of Supervisors, by February 15 of each year, a report containing the amount of monies collected in and expended from the Our City, Our Home Fund during the prior fiscal year, the status of any project required or authorized to be funded by this Section 2810, and such other information as

the Controller, in the Controller's sole discretion, shall deem relevant to the operation of this Article 28.

(d) **Appropriations May Not Supplant Existing Expenditures.** Monies in the Our City, Our Home Fund shall be expended only for Eligible Programs. 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. All funds unexpended from the Our City, Our Home Fund shall be held in the Our City, Our Home Fund and may be expended on Eligible Programs in any future fiscal year in which other expenditures from the Our City, Our Home Fund may be made. For purposes of this subsection (d):

(1) "Base Amount" means the Controller's calculation of the amount of City appropriations (not including appropriations from the Our City, Our Home Fund and exclusive of expenditures funded by private funding or funded or mandated by state or federal law) for Eligible Programs for the fiscal year ending June 30, 2018.

(2) "Eligible Programs" means all programs and expenditures described in Section 2810(b)(3).

(e) **Our City, Our Home Oversight Committee.**

(1) By February 28, 2019, the Board of Supervisors shall establish by ordinance the Our City, Our Home Oversight Committee ("Oversight Committee") to make recommendations to the Mayor and the Board of Supervisors to ensure that the Our City, Our Home Fund is administered in a manner consistent with the provisions of this Section 2810.

(2) The purpose of the Oversight Committee shall be to monitor and make recommendations in the administration of the Our City, Our Home Fund, to take steps to ensure that the fund is administered in a manner accountable to the community and consistent with the law, and to advise the Board of Supervisors on appropriations from the Our City, Our Home Fund. As part of this purpose, the Oversight Committee shall:

(A) Develop recommendations for prioritizing the use of funds appropriated from the Our City, Our Home Fund;

(B) By December 31, 2019, and every three years thereafter, conduct a needs assessment with respect to homelessness and Homeless populations, including but not limited to an assessment of available data on subpopulations with regard to race, family composition, sexual orientation, age, and gender served by the programs and expenditures described in Section 2810(b)(3), and make annual recommendations about appropriations from the Our City, Our Home Fund to the Board of Supervisors consistent with that needs assessment;

(C) Promote and facilitate transparency in the administration of the Our City, Our Home Fund.

(D) Promote implementation of the programs funded by the Our City, Our Home Fund in a culturally sensitive manner.

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(3) Voting Members.

(A) The Oversight Committee shall have nine voting members.

(i) Seats one, three, five, and seven shall be appointed by the Mayor under Charter Section 3.100(18).

(ii) Seats two, four, six, and eight shall be appointed by the Board of Supervisors.

(iii) Seat nine shall be appointed by the Controller.

(B) Eligibility.

(i) Seat one shall be an individual with experience with Homeless housing development or supportive housing services.

(ii) Seat two shall be an individual representing families with minor children residing in SRO Units or a family member residing in a SRO Unit.

(iii) Seat three shall be an individual with experience providing Homeless services.

(iv) Seat four shall be an individual who has experienced homelessness and also has experience advocating for Homeless people.

(iv) Seat five shall be an individual with mental health service and/or substance abuse expertise.

(v) Seats six and seven shall be individuals who have personally experienced homelessness.

(vi) Seat eight shall be an individual who has experience advocating on Homeless or mental health issues.

(vii) Seat nine shall be an at large seat.

(C) Term. The terms of the initial appointees to the Oversight Committee shall commence on the date of the first meeting of the committee, which shall occur when at least six members have been appointed and are present, but no later than February 28, 2019. The initial terms of odd numbered seats shall be three years, and two years following the initial three-year term. Even numbered seats shall have two-year terms.

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(4) The City shall provide adequate dedicated staffing to the Oversight Committee.

(5) The Oversight Committee shall meet at least six times during each fiscal year, except for the fiscal year ending June 30, 2019, during which the Oversight Committee shall meet at least twice.

(g) Nothing in this Section 2810 shall limit the authority of the Mayor and the Board of Supervisors to propose, amend, and adopt a budget under Article IX of the Charter.

(h) For purposes of this Section 2810:

(1) "Homeless" means an individual or family that lacks a fixed, regular, and adequate nighttime residence, and whose primary nighttime residence is one or more of the following: a shelter; a sidewalk or street; outdoors; a vehicle; a structure not certified or fit for human residence, such as an abandoned building; a couch used for sleeping in accommodations that are inadequate or overly crowded; a SRO Unit in which one or more family members are under the age of 18; a transitional housing program; or in such other location that is unsafe or unstable.

(2) “Single Room Occupancy (SRO) Unit” or “SRO Unit” means a dwelling unit or group housing room consisting of no more than one occupied room with a maximum gross floor area of 350 square feet and meeting the Housing Code’s minimum floor area standards. The unit may have a bathroom in addition to the occupied room. As a dwelling unit, it would have a cooking facility and bathroom. As a group housing room, it would share a kitchen with one or more other single room occupancy unit(s) in the same building and may also share a bathroom. A Single Room Occupancy Building (or “SRO Building”) is one in which at least 50% of the units are SRO Units.

(3) “Rental Assistance” means rental subsidies or nonprofit housing operating subsidies that help Homeless people find housing and stabilize in housing in which they are the leaseholders.

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**SEC. 2811. AMENDMENT OF ORDINANCE.**

The Board of Supervisors may amend this Article 28 by ordinance by a two- thirds vote but only to further the Findings and intent as set for the in Section 2802.

**SEC. 2812. EFFECT OF STATE AND FEDERAL AUTHORIZATION.**

To the extent that the City’s authorization to impose or to collect any tax imposed under this Article 28 is expanded or limited as a result of changes in state or federal statutes, regulations, or other laws, or judicial interpretations of those laws, no amendment or modification of this Article shall be required to conform the taxes to those changes, and the taxes are hereby imposed in conformity with those changes, and the Tax Collector shall collect them to the full extent of the City’s authorization up to the full amount and rate of the taxes imposed under this Article.

**SEC. 2813. SEVERABILITY.**

(a) Except as provided in Section 2813(b), below, if any section, subsection, sentence, clause, phrase, or word of this Article 28, or any application thereof to any person or circumstance, is held to be invalid or unconstitutional by an unappealable decision of a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions or applications of this Article. The People of the City and County of San Francisco hereby declare that, except as provided in Section 2813(b), they would have adopted this Article 28 and each and every section, subsection, sentence, clause, phrase, and word not declared invalid or unconstitutional without regard to whether any other portion of this Article or application thereof would be subsequently declared invalid or unconstitutional.

(b) If the imposition of the Homelessness Gross Receipts Tax in Section 2804 is held in its entirety to be facially invalid or unconstitutional in a final unappealable court determination, the remainder of this Article 28 shall be void and of no force and effect, and the City Attorney shall cause it to be removed from the Business and Tax Regulations Code, and likewise cause Section 10.100-164 to be removed from the Administrative Code.

**SEC. 2814. SAVINGS CLAUSE.**

No section, clause, part, or provision of this Article 28 shall be construed as requiring the payment of any tax that would be in violation of the Constitution or laws of the United States or of the Constitution or laws of the State of California.

Section 3. The Administrative Code is hereby amended by adding Section 10.100-164, to read as follows:

**SEC. 10.100-164. OUR CITY. OUR HOME FUND.**

(a) Establishment of Fund. The Our City, Our Home Fund ("Fund") is established as a category four fund as defined in Section 10.100-1 of the Administrative Code, and shall receive

all taxes, penalties, interest, and fees collected from the Homelessness Gross Receipts Tax imposed under Article 28 of the Business and Tax Regulations Code.

(b) Use of Fund. Subject to the budgetary and fiscal provisions of the Charter, monies in the Fund shall be used exclusively for the purposes described in Section 2810(b) of Article 28 of the Business and Tax Regulations Code.

(c) Administration of Fund. As stated in Section 2810(c) of Article 28 of the Business and Tax Regulations Code, commencing with a report filed no later than February 15, 2020, covering the fiscal year ending June 30, 2019, the Controller shall file annually with the Board of Supervisors, by February 15 of each year, a report containing the amount of monies collected in and expended from the Fund during the prior fiscal year, the status of any project required or authorized to be funded by Section 2810, and such other information as the Controller, in the Controller's sole discretion, shall deem relevant to the operation of Article 28.

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Section 4. Appropriations Limit Increase. Pursuant to California Constitution Article XIII B and applicable laws, for four years from November 6, 2018, the appropriations limit for the City shall be increased by the aggregate sum collected by the levy of the tax imposed under this ordinance.

Section 5. Effective and Operative Date. The effective date of this ordinance shall be ten days after the date the official vote count is declared by the Board of Supervisors. This ordinance shall become operative on January 1, 2019.

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