



OFFICE OF THE CONTROLLER
CITY AND COUNTY OF SAN FRANCISCO

Ben Rosenfield
Controller
Todd Rydstrom
Deputy Controller

Ms. Angela Calvillo
Clerk of the Board of Supervisors
1 Dr. Carlton B. Goodlett Place Room 244
San Francisco, CA 94102-4689

July 16, 2020

RE: File nos. 200648 & 200656 – Ordinances amending the Business Tax & Regulations Code - Gross Receipts Tax

Dear Ms. Calvillo,

Should either of the proposed ordinances be approved by the voters, in my opinion, it would result in additional annual revenue to the City of approximately \$182 million annually on an ongoing basis beginning in fiscal year (FY) 2021-2022. Additionally, revenues would increase by a further \$288 million in FY 2021-22 and FY 2022-23 only. The proceeds would be deposited in the City's General Fund. **This represents our preliminary assessment of the measures, which may be amended. We will update our analysis as the legislative process progresses.**

The proposed ordinances would amend the city's existing Business and Tax Regulations Code in a number of significant ways, in some cases modifying or increasing tax rates, ending a tax (the Payroll Expense Tax), and consolidating or replacing other specific business taxes. The ordinance would increase the City's appropriations limit by the total revenues collected under Articles 12-A-1 and 36 of the Business and Tax Regulations Code for four years.

The above estimates reflect the change in revenues compared to the existing business tax code and the current availability of collected revenues under pending judicial action. It also includes an estimate of the likely revenue loss through the proposed repeal of the payroll expense tax. It is important to note that business taxes can vary significantly depending on economic conditions, and current estimates may not be predictive of future revenues.

Sincerely,

Michael Wylie FOR

Ben Rosenfield
Controller

Note: This analysis reflects our understanding of the proposal as of the date shown. At times further information is provided to us which may result in revisions being made to this analysis before the final Controller's statement appears in the Voter Information Pamphlet.