

## 7-29-20 David Pilpel BSC Executive Compensation Tax Reconsideration Request

I hereby request reconsideration of the Approved Digest for the ballot measure with the working title "Business Tax Based on Comparison of Top Executive's Pay to Employees' Pay". I have included the text adopted by the Committee with my alternate language as tracked changes. I recommend these changes to increase accuracy and clarity.

**The Way It Is Now:** The City collects a tax on gross receipts (Gross Receipts Tax) from some businesses in San Francisco at a rate [that varies] from 0.16% to 0.65% of their San Francisco gross receipts, depending on the type of business.

Businesses with more than \$1 billion in annual gross receipts, 1,000 employees nationwide and administrative offices in San Francisco do not pay the Gross Receipts Tax and pay an administrative office tax (Administrative Office Tax) at a rate of 1.4% of their San Francisco payroll expense instead.

State law limits the amount of money, including money from taxes, that the City can spend each year. State law allows San Francisco voters to increase the limit for up to four years.

**The Proposal:** Proposition \_ is an ordinance that would create a new tax on some businesses in San Francisco whose highest-paid managerial employee (Top Executive Pay) earns more than 100 times the median compensation paid to their employees in San Francisco (Median Employee Pay).

- Businesses that pay the Gross Receipts Tax would pay an additional tax at a rate of 0.1% to 0.6% of its San Francisco gross receipts if its Top Executive Pay is more than 100 times its Median Employee Pay. Some small businesses would not pay this additional tax.
- Businesses that pay the Administrative Office Tax would pay an additional tax at a rate of 0.4% to 2.4% of its San Francisco payroll expense if its Top Executive Pay is more than 100 times its Median Employee Pay.

Proposition \_ would increase the City's annual spending limit by the amount of additional taxes collected under the proposed tax. The increased limit would last for four years.

**A "YES" Vote Means:** If you vote "yes," you want to create a new tax on some businesses in San Francisco whose highest-paid managerial employee earns more than 100 times the median compensation paid to their employees in the City, and increase the City's annual spending limit for four years.

**A "NO" Vote Means:** If you vote "no," you do not want to make these changes.

That's what I have on this one. Thanks. DP