

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

SAN FRANCISCO
FILED

SECTION 1. Title.

2022 MAY 12 PM 3: 37

This measure shall be known and may be cited as the “San Francisco Workforce Education and Reinvestment in Community Success Act.”

DEPARTMENT OF ELECTIONS

SECTION 2.

The Business and Tax Regulations Code is hereby amended by adding Article 38, consisting of Sections 3801 through 3815, to read as follows:

ARTICLE 38: San Francisco Workforce Education and Reinvestment in Community Success Act

Sec. 3801. Short Title.

This Article shall be known and may be cited as the “San Francisco Workforce Education and Reinvestment in Community Success Act” (hereinafter the “Act”).

Sec. 3802. Purpose and Intent.

The people of the City and County of San Francisco (hereinafter the “City”) find and declare that:

(a) City College of San Francisco (hereinafter “Community College”) is one of the City’s most valuable public assets. Every student should have access to a quality public higher education that prepares them to pursue their educational and career goals, and ultimately contribute to the future health and vitality of the City.

(b) In addition to serving transfer and degree-bound students, the Community College provides a wide breadth of high-demand vocational and workforce services that facilitate training and job placement for tens of thousands of predominantly part-time and non-credit students. The Community College is the cornerstone of the City’s workforce-training network and is a major resource for economic mobility for low- and middle-income families in the City.

(c) City funding for the Community College is an essential and valuable investment to ensure that the true community-college mission and responsibility for providing the City’s adult education are met. For years, the Community College has experienced steady enrollment due to increased demands for affordable education programs. The increased need for the Community College has not been met with an increase in funding. This measure intends to raise approximately \$45 million in the first year to ensure that the college adequately serves the student population.

(d) Because of the funding gap, the Community College is rapidly losing its ability to provide necessary services and workforce needs to support the City’s economic recovery from the coronavirus (“COVID-19”) pandemic. The COVID-19 pandemic has hit the communities that the Community College serves the hardest. As the City economy continues to recover from the COVID-19 pandemic, now is the time to invest in our communities to ensure that those hardest hit by the pandemic can access the resources needed to build back and thrive.

(e) It is the purpose and intent of this Act is to adopt a parcel tax that provides funding to support the Community College. Revenue raised by this Act will be used for Community College comprehensive educational programs – including basic skills programs, job training and placement programs, wraparound services to keep students in school and social justice and equity programs that promote leadership and educational attainment among the most vulnerable City residents.

Sec. 3803. Definitions.

For purposes of this Article, the following definitions shall apply:

(a) “Assessor” means the Assessor-Recorder of the City and County of San Francisco, or the Assessor-Recorder’s designee.

(b) “Building” means any structure having a roof supported by columns or by walls and designed for the shelter or housing of any person, chattel or property of any kind. The word “Building” includes the word “structure.”

(c) “City” means the City and County of San Francisco.

(d) “Community College” means the San Francisco Community College District.

(e) “Controller” means the Controller of the City and County of San Francisco, or the Controller’s designee.

(f) “Fiscal Year” means the period starting July 1 and ending on the following June 30.

(g) “Fund” means the San Francisco Workforce Education and Reinvestment in Community Success Fund.

(h) “Mixed Use Parcel” means parcels with one or more Residential Units in addition to one or more Non-Residential uses.

(i) “Non-Residential” means all Parcels that are not classified by this Act as Single Family Residential or Residential Unit Parcels, and shall include, but not be limited to, Parcels for industrial, commercial and institutional improvements, whether or not developed.

(j) "Owner" means the Person having title to real estate as shown on the most current official assessment role of the Assessor-Recorder of the City and County of San Francisco.

(k) "Parcel" means a unit of real estate, except a possessory interest, in the City with an Assessor's parcel number as shown on the most current official assessment roll of the Assessor on July 1 of the Fiscal Year for which the Tax is imposed. However, both of the following conditions shall apply:

(1) A Parcel created by a subdivision map approved in accordance with the Subdivision Map Act (Division 2 (commencing with Section 66410) of Title 7 of the California Government Code) shall be deemed to be a single assessment unit and shall not be deemed, on the basis of multiple Assessor's parcel numbers assigned by the Assessor, to constitute multiple assessment units.

(2) A Parcel that has not been subdivided in accordance with the Subdivision Map Act (Division 2 (commencing with Section 66410) of Title 7 of the California Government Code) may be deemed to constitute a separate assessment unit only to the extent that the Parcel has been previously described and conveyed in one or more deeds separating it from all adjoining property.

If the Parcel identified pursuant to subsection (k)(1) or (k)(2) is not consistent with the property's identification by Assessor's parcel number, it shall be the responsibility of the Parcel owner to provide the Tax Collector with written notice of the correct Assessor's parcel number of taxable Parcels pursuant to this Section 3803 within ninety (90) days after the date of the initial tax bill containing the Tax.

(l) "Person" means an individual, firm, partnership, joint venture, association, social club, fraternal organization, joint stock company, corporation, estate, trust, business trust, receiver, trustee, syndicate, or any other group or combination acting as a unit.

(m) "Possessory Interest" as it applies to property owned by any agency of the government of the United States, the State of California, or any political subdivision thereof, means possession of, claim to, or right to the possession of, land or improvements and shall include any exclusive right to the use of such land or improvements.

(n) "Residential Unit" means a Building or portion of a Building designed for or occupied exclusively by one family. For the purposes of this Act, the definition of "family" is incorporated from San Francisco Planning Code section 102.

(o) "Single Family Residential" means a parcel zoned for single-family residences, whether or not developed.

(p) "Square Feet" means the total number of square feet measured between the principal exterior surfaces of enclosed fixed walls of every floor of a building. For undeveloped non-residential parcels, square footage shall be measured by the square footage of the parcel.

(q) “Tax” means the San Francisco Workforce Education and Reinvestment in Community Success Parcel Tax imposed by this Article.

(r) “Tax Collector” means the Tax Collector of the City and County of San Francisco, or the Tax Collector’s designee.

Sec. 3804. Imposition of Parcel Tax.

(a) For each year beginning in fiscal year 2023-2024 there is hereby imposed a special tax on all Owners of parcels in the City and County of San Francisco for the purposes described in Section 3809. The tax imposed by this Section shall be assessed on the Owner unless the Owner is by law exempt from taxation, in which case the tax imposed shall be assessed to the holder of any Possessory Interest in such parcel, unless such holder is also by law exempt from taxation. The tax is imposed as of July 1 of each year on the person who owned the parcel on that date. The tax shall be collected at the same time, by the same officials, and pursuant to the same procedures as the one percent (1%) property tax imposed pursuant to Article XIII A of the California Constitution.

The tax hereby imposed shall be set as follows subject to adjustment as provided in subdivision (c):

| Property Type | Annual Rate |
|---|--------------------|
| Single Family Residential | \$150 |
| Residential – 1 Residential Unit | \$150 |
| Residential – 2 or More Residential Units | \$75 per unit |
| Non-Residential, under 5,000 Square Feet | \$150 |
| Non-Residential, 5,000 – 24,999 Square Feet | \$1,250 |
| Non-Residential, 25,000 – 100,000 Square Feet | \$2,500 |
| Non-Residential, over 100,000 Square Feet | \$4,000 |

(b) The Assessor shall calculate the Tax for Mixed Use Parcels, subject to adjustment as provided in subdivision (c), by taking the sum of the following:

(1) The Tax on Residential Units in the parcel as set by subdivision (a), if the parcel was solely Residential Units, multiplied by the number of Residential Units in the parcel; and

(2) The Tax on the Non-Residential area based on square footage as set by subdivision (a), if calculated based on square footage of the parcel used for Non-Residential.

(c) Commencing with Fiscal Year 2024-2025, the Tax shall be adjusted annually in accordance with the San Francisco All Items Consumer Price Index for All Urban Consumers (CPI-U) as reported by the U.S. Department of Labor's Bureau of Labor Statistics, provided that the Tax shall not be increased by more than two percent (2%) each year.

(d) The Tax shall take effect on July 1, 2023 for Fiscal Year 2023-2024, and shall continue in effect for each Fiscal Year thereafter until June 30, 2043, after which date it shall expire by operation of law.

Sec. 3805. Exemptions.

(a) The following Parcels shall be exempt from the Tax:

(1) Parcels on which no ad valorem property tax is levied for the Fiscal Year.

(2) Parcels in which an individual who is sixty-five (65) years of age or older before July 1 of the Fiscal Year owns a beneficial interest, where such homeowner occupies the Parcel as the homeowner's principal residence.

(b) To claim an exemption from the Tax under subsection (a)(2), the owner must submit an application to the Tax Collector by the deadline set by the Tax Collector. The application shall be accompanied by such evidence as the Tax Collector deems necessary to determine eligibility for the exemption. The Tax Collector shall prepare forms for this purpose. Exemptions granted under subsection (a)(2) shall be automatically renewed in subsequent Fiscal Years absent a change in a material fact. Owners of Parcels receiving an exemption under subsection (a)(2) shall notify the Tax Collector if the Parcel no longer qualifies for the exemption.

Sec. 3806. Collection.

(a) The Tax shall be collected by the City in two approximately equal installments in the same manner and on the same dates as established by law for the collection of ad valorem property taxes. The collection of the Tax shall be subject to the regulations and procedures governing the collection of ad valorem property taxes by the City, including, without limitation, the imposition of penalties, fees, and interest on the failure to remit or the delinquent remittance of the Tax, and refunds of Taxes, penalties, fees, and interest.

(b) The Tax Collector is charged with the responsibility of overseeing the collection and receipt of the proceeds of the Tax.

Sec. 3807. Regulations.

The Tax Collector is authorized to promulgate rules and regulations to implement this Article 38.

Sec. 3808. Deposit of Moneys Collected.

All monies collected under this Article 38 shall be deposited to the credit of the San Francisco Workforce Education and Reinvestment in Community Success Fund, established in Administrative Code Section 10.100-74, which shall be a category four fund under Administrative Code Section 10.100-1. 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 Section 3809.

Sec. 3809. Expenditure Of Proceeds.

(a) Monies in the Fund shall be appropriated on an annual or supplemental basis and used exclusively for the following purposes:

(1) Up to one percent (1%) of the proceeds of the Tax, in any proportion to the Tax Collector and other City Departments, for the actual costs of the administration of the Tax and for the actual costs of the administration of the Fund.

(2) Refunds of any overpayments of the Tax, including any related penalties, interest, and fees.

(3) The City shall transfer the remaining amounts to the Community College, which shall use these proceeds only for the following purposes:

(A) Twenty-five percent (25%) of the funds for wraparound services and programs that support student enrollment, basic needs, retention, job placement and completion of educational goals.

(B) Twenty-five percent (25%) of the funds for foundational programs that address the basic-skills needs of City residents including, but not limited to, supporting proficiency in the English language, technology use, obtaining United States citizenship, and transitional studies.

(C) Twenty-five percent (25%) of the funds for workforce development programs that support the job training, experience and placement of students into new or transitional careers and job opportunities.

(D) Twenty-five percent (25%) of the funds for equity and social justice programs that support the academic success and leadership development of historically underrepresented students.

(b) No more than one-half of one percent (.5%) of the amount allocated to the Community College in subsection (a)(3) shall be expended on actual costs for general administrative services including contractual services, salaries, wages, benefits, and overhead necessary to carry out the administrative responsibilities mandate by this Act.

(c) The purposes set forth in this section shall constitute the specific purposes of the Act, which are specific and legally binding limitations on how the proceeds of the tax can be spent. The proceeds of the Tax shall be used only for such purposes and shall not fund any program or project other than those set forth herein.

(d) The Controller shall, with every disbursement made to the Community College pursuant to this Article 38, require the Community College to verify in writing that it will use the funds only for the purposes set forth in subsection (a)(3).

Sec. 3810. Expenditure Plan.

(a) No later than April 1 of each year during the term of this Act, as a condition of receiving an appropriation or appropriations from the Fund, the Community College shall submit an expenditure plan for funding to be received from the Fund for the upcoming fiscal year to the Mayor and the Board of Supervisors, in response to the Controller's March fund estimate for the coming fiscal year.

(b) The plans shall include a budget for the expenditures, descriptions of programs and services, performance goals, target populations, hiring and recruitment plans for personnel, plans for matching or other additional funding, operating reserves, and any other matters that the Community College deems appropriate or the Mayor or the Board requests.

(c) The Mayor and the Board of Supervisors may request further explanation of items included in the plans, and the Community College shall respond in a timely manner to such inquiries. The Board may place appropriations provided for under this Act on reserve until it has received adequate responses to its inquiries.

Sec. 3811. Supplement To Existing Community College Funding.

(a) The People of the City and County of San Francisco find and declare that the Community College is a tremendous asset to the City. The Community College provides affordable degrees, life skills, and career and technical education opportunities to tens of thousands of students per year. It is a key part of the City's workforce training network and is a major resource for economic mobility for low- and middle-income families in the Bay Area. In adopting this Tax, the people of the City choose to provide additional City resources to supplement, and not supplant, City, State, Federal and other funding for the Community College.

(b) Consistent with subsection (a), the People of the City and County of San Francisco specifically find that their contributions to and disbursements from the special Fund authorized by this Article are discretionary expenditures by the City for the direct benefit of the students of the Community College, their families, and the community at large. In the event that the State attempts, directly or indirectly, to redistribute these expenditures to other jurisdictions or to offset or reduce State or Federal funding to the City College because of the contributions to and disbursements from the special Fund authorized by this Article, the City shall transfer said monies that would otherwise be distributed to the Community College each year from the special Fund to another fund as the Board of Supervisors may designate, to be spent for purposes which are substantially equivalent to the purposes set forth in this Article.

(c) This Tax is intended to be in addition to and not to replace any other monies provided by the City to the Community College.

Sec. 3812. Controller's Audit and Report.

(a) All disbursements from the Fund shall be subject to an annual audit for the first five fiscal years and then a periodic audit thereafter by the Controller. The Community College shall agree to such audits as a condition of receiving disbursements from the Fund.

(b) As part of the audit function, the Controller shall periodically review performance and cost benchmarks developed by the Community College including:

- (1) Fund dollars spent for services, materials, and supplies permitted under the Charter;
- (2) Fund dollars spent as reported to the City;
- (3) Supporting documentation of Fund expenditures; and
- (4) Progress towards established workload, efficiency and effectiveness measures.

(c) Commencing with a report filed no later than February 15, 2025, covering the fiscal year ending on June 30, 2024, 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 3809, and such other information as the Controller, in the Controller's sole discretion, shall deem relevant to the operation of this Article 38.

(d) The Mayor and the Board of Supervisors may suspend the City's disbursements under section 3809 in whole or in part for any year where the Controller certifies that the City College has failed to adopt audit recommendations made by the Controller.

Sec. 3813. Oversight.

An independent oversight committee appointed by the Board of Trustees of the Community College shall, starting with Fiscal Year 2024-2025, submit a report on at least an annual basis to the Mayor and Board of Supervisors evaluating whether the proceeds from the Tax are being properly expended for the purposes set forth in Section 3809(a)(3). If that oversight committee is unwilling or unable to perform this function for any reason, then the City may establish an oversight committee to submit a report on at least an annual basis to the Mayor and Board of Supervisors evaluating whether the proceeds from the Tax are being properly expended for the purposes set forth in Section 3809(a)(3).

Sec. 3814. Amendment of Ordinance.

(a) Except as provided for in subdivision (b), the Board of Supervisors may amend Article 38 by ordinance that furthers the purpose of this Act by a two-thirds vote and without a vote of the people as limited by Articles XIII A and XIII C of the California Constitution.

(b) The Board of Supervisors shall not amend sections 3804, 3805, 3809, 3810 or 3812 without a vote of the people

Sec. 3815. Severability.

If any provision of this Article, or section or part thereof, or the applicability of any provision, section or part to any person or circumstances, is for any reason held to be invalid or unconstitutional, the remaining provisions, sections and parts shall not be affected, but shall remain in full force and effect, and to this end the provisions, sections and parts of this Article are severable. The voters hereby declare that this Article, and each section, provision and part, would have been adopted irrespective of whether any one or more provisions, sections or parts are found to be invalid or unconstitutional.

SECTION 3. Chapter 10 of the Administrative Code is hereby amended by adding Section 10.100-74 to Article XIII, to read as follows:

Sec 10.100-74. San Francisco Workforce Education and Reinvestment in Community Success Fund.

(a) Establishment of Fund. The San Francisco Workforce Education and Reinvestment in Community Success 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 San Francisco Workforce Education and Reinvestment in Community Success Parcel Tax imposed under Article 38 of the Business and Tax Regulations Code.

(b) Use of Fund. Monies in the Fund shall be used exclusively for the purposes described in Section 3809 of Article 38 of the Business and Tax Regulations Code.

SECTION 4. Effective Date.

The effective date of this ordinance shall be July 1, 2023.

SECTION 5. Increase in Appropriations Limit.

Pursuant to California Constitution Article XIII B and applicable laws, for four years from November 8, 2022, the appropriations limit for the City shall be increased by the aggregate sum collected by the levy of the tax imposed under Section 2 of this ordinance.

SECTION 6. Severability.

If any provision of this measure, or part thereof, or the applicability of any provision or part to any person or circumstances, is for any reason held to be invalid or unconstitutional, the remaining provisions and parts shall not be affected, but shall remain in full force and effect, and to this end the provisions and parts of this measure are severable. The voters hereby declare that this measure, and each portion and part, would have been adopted irrespective of whether any one or more provisions or parts are found to be invalid or unconstitutional.

SECTION 7. Conflicting Measures.

This measure is intended to be comprehensive. It is the intent of the People of the City and County of San Francisco that, in the event this measure and one or more measures relating to a special tax to fund the City College of San Francisco shall appear on the same ballot, the provisions of the other measure or measures shall be deemed in conflict with this measure. In the event that this measure receives a greater number of affirmative votes, the provisions of this measure shall prevail in their entirety, and all provisions of the other measure or measures shall be null and void. If this measure is approved by a majority of the voters but does not receive a greater number of affirmative votes than any other measure or measures appearing on the same ballot regarding a special tax to fund City College of San Francisco, then this measure shall take effect to the extent not in conflict with said other measure or measures.

SECTION 8. Liberal Construction.

This measure is an exercise of the initiative power of the People of the City and County of San Francisco to implement a special tax to fund the purposes set forth in the Act, and shall be liberally construed to effectuate these purposes.

SECTION 9. Municipal Affairs.

The People of the City and County of San Francisco hereby declare that providing funding to the City College of San Francisco through a parcel tax for the purposes set forth in this measure constitutes a municipal affair.

SECTION 10. Home Rule.

The authority to pass this measure is derived from San Francisco's home rule powers outlined in Section 1.101 and other applicable provisions of the Charter, and Article XI sections 5 and 6 of the California Constitution. The People of the City and County of San Francisco declare their intent that this citizen initiative be enacted, and the parcel tax be collected for the entire uninterrupted time period described herein, if this measure is approved by a simple majority of voters pursuant to *City and County of San Francisco v. All Persons Interested in the Matter of Proposition G* (2021) 66 Cal.App.5th 1058. To the extent that the California Constitution or state law is amended, after this measure is passed by voters, to change or create additional voting requirements to implement or to continue to implement this measure, the People of the City and County of San Francisco declare their intent that such amendments should be applied prospectively only and not apply to, or in any way affect, this measure.

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