

Government Affairs Committee

March 2020 Legislative Highlights

STATE LEGISLATION

Policy/Issue	Description	Status / Timing
Prop 13 Split Roll Tax <i>CA Tax on Commercial and Industrial Properties for Education and Local Government Funding Initiative</i>	<p>The ballot initiative would amend the state constitution to require commercial and industrial properties (with certain exceptions) to be taxed based on current assessed market value. The tax would generate \$11-\$12 billion for schools with implementation costs estimated at \$1 billion.</p> <p>Current Ballot Measure:</p> <ul style="list-style-type: none"> \$2 million property value threshold for re-assessment. January 1, 2020 Effective Date. 2020/2021 Tax Base Year with re-assessment every 3 years and 3-year phase in. Property owners operating their own business on a majority of a property are exempt. Funds allocated to general fund. <p>Proposed Replacement Ballot Measure*:</p> <ul style="list-style-type: none"> \$3 million property value threshold for re-assessment. January 1, 2022 Effective Date. 2022/2023 Tax Base Year with re-assessment every 3 years and 3-year phase in. Small business delayed until 2025/2026 tax year. No exemption for owner – operators. Funds allocated to education. 	<p>November 3, 2020 Ballot*</p> <p>*A replacement ballot measure has been circulated to replace the current version. It is pending receipt of approximately 1 million signatures to replace the original.</p>

LOCAL LEGISLATION

Policy/Issue	Description	Status / Timing
PROPOSITION D <i>Vacancy Tax on Vacant Retail</i> San Francisco, CA	<p>Introduced by Supervisor Peskin, the proposal taxes properties with vacant retail storefront. Requires 2/3 vote to pass.</p> <ul style="list-style-type: none"> Taxes owners of ground floor space in any of the City's 30 commercial corridors (i.e. Divisadero Street in NoPa, Taraval Street in Sunset, 24th Street in Noe Valley, etc). The tax applies if storefront is vacant more than 182 days in a given year and taxed at \$250 per linear foot in year one, \$500 in year two and \$1,000 thereafter. Temporary carve outs for vacant space under renovation or in consideration for a conditional use permit. Funds would flow into a Small Business Assistance Fund. 	March 3, 2020 Ballot
PROPOSITION E <i>Limits on Office Development</i> San Francisco, CA	<p>Potential reduction to Prop M allocation. Requires simple majority to pass.</p> <ul style="list-style-type: none"> Linking Prop M large cap office allocation (875,000sf /year) to achieve City's affordable housing goals (2,042 units/year). In years where City's affordable housing production falls below the Regional Housing Needs Allocation goal, the space available for Prop M is reduced in same proportion. Central Soma Incentive Reserve creates conditions to fast track 1.7 million square feet of office in the pipeline that would borrow from future allocations. Office Jobs/Affordable Housing Balance Incentive Reserve would exempt office projects that provide certain levels of affordable housing as part of the development. 	March 3, 2020 Ballot
PROPOSITION C Lawsuit San Francisco, CA	<p>Proposition C, a ballot measure intended to help fund homeless services by imposing an average of .5% tax on gross receipts of companies with more than \$50 million in revenue is still tied up in court:</p> <ul style="list-style-type: none"> City of San Francisco has been collecting the tax as opposed to spending collections; the City maintains collected taxes in an escrow account. The suit argues the measure required a two-thirds vote, as opposed to a simple majority. 	Working Through Judicial Appeal System