

Government Affairs Committee Third Quarter 2020 Update

STATE BALLOT & LEGISLATION

Policy/Issue	Description	Status / Timing
PROP 15 – SPLIT ROLL TAX <i>CA Tax on Commercial and Industrial Properties for Education and Local Government Funding Initiative</i>	The updated ballot initiative amends 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 approximately \$11-\$12 billion for schools with implementation costs estimated at \$1 billion. With over 1 million signatures, the measure will be on the November ballot. <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. 	November 3, 2020 Ballot
SB 939 - Commercial Tenancies & Evictions	Senator Scott Wiener’s bill to address the struggles of commercial retail tenants during COVID-19 which provided: <ul style="list-style-type: none"> A temporary moratorium on evictions during COVID-19 and 12-month period to pay unpaid rent. Procedures for renegotiating or terminating existing leases of tenants impacted by the public health protocols of COVID-19 such as restaurants, bars and other recreation establishments. 	Held in Committee – WILL NOT MOVE FORWARD.

LOCAL BALLOT & LEGISLATION

Policy/Issue	Description	Status / Timing
Real Property Transfer Tax Rate Increase San Francisco, CA	An initiative proposed by Supervisor Dean Preston for the November ballot; if passed, the measure would increase the transfer tax rate in connection with property transfers in excess of \$10,000,000: <ul style="list-style-type: none"> Increased tax from 2.75% to 5.5 % on transfers between \$10,000,000 to \$25,000,000; and Increased tax from 3% to 6% on transfers over \$25,000,000. 	Assigned to Budget and Finance Committee
Business and Tax Regulations Code Changes San Francisco, CA	Mayor London Breed and Supervisors Norman Yee, Aaron Peskin, Matt Haney and Sandra Lee Fewer have proposed 3 similar initiatives that will amend the business and tax regulations code to: <ul style="list-style-type: none"> Reduce annual business registration fee for those with less than \$1M in gross receipts. Increase small business exemption ceiling for gross receipts tax (“GRT”) to \$1.5M. Depending on the proposal, increase GRT on real estate to .399% - .49% for income between \$0 -\$5MM and 0.42% - .51% for income over \$5MM (both currently .285%). Repeal the Payroll Expense Tax Rate. Impose a new 3.5% general tax on the gross receipts related to leases of certain commercial space and 1% for leases of warehouse space for 10-15 years (with exclusions for certain income). This is subject to the final decision in the Howard Jarvis Taxpayers Association et al. v. City and County of San Francisco et al. case. Increase the City’s appropriations limit by the total revenues collected. Streamline permitting and inspection for businesses and modify zoning codes. 	Different versions are under review by various committees within the Board of Supervisors.
Healthy Buildings Ordinance San Francisco, CA	Sponsored by Supervisors Aaron Peskin, Ahsha Safai & Shamann Walton. <ul style="list-style-type: none"> 60-day measure to establish cleaning and disease prevention standards in hotels and office buildings (over 50,000 SF) to help contain COVID-19. Requires employee training related to these standards. Enforced by the Department of Public Health and allows civil remedies under State law. 	Passed by Board of Supervisors
Prop D - Vacancy Tax San Francisco, CA	Supervisor Aaron Peskin has led efforts to suspend the Vacancy Tax which was to be effective 1/1/2021.	Postponed until 1/1/2022.