

# Government Affairs Committee Fourth Quarter 2020 Update

## STATE BALLOT & LEGISLATION

Policy/Issue	Description	Status / Timing
<b>Prop 15—Split Roll Tax</b>  <i>CA Tax on Commercial and Industrial Properties for Education and Local Government Funding Initiative</i>	<p>Ballot initiative that 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 approximately \$11-\$12 billion for schools with implementation costs estimated at \$1 billion.</p> <ul style="list-style-type: none"> <li>• \$3 million property value threshold for re-assessment.</li> <li>• 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.</li> <li>• No exemption for owner operators.</li> </ul>	11/3/2020 Ballot
<b>Prop 21—Rent Control</b>	<p>Ballot initiative that would replace the existing rental control law (Costa-Hawkins Rental Housing Act). The new law would:</p> <ul style="list-style-type: none"> <li>• Allow local governments to impose rent control on housing units over 15 years old.</li> <li>• Allow local governments to adopt limits on annual rent increases that differ from the current statewide limits.</li> <li>• Allow landlords to increase rental rates by 15% over three years at the start of a new tenancy.</li> <li>• Exempt landlords who own no more than two units.</li> </ul>	11/3/2020 Ballot

## LOCAL BALLOT & LEGISLATION

Policy/Issue	Description	Status / Timing
<b>Prop I—Real Estate Transfer Tax Increase</b> San Francisco, CA	<p>Ballot initiative that would <u>double</u> the real estate transfer tax rate on commercial and residential properties valued at more than \$10,000,000:</p> <ul style="list-style-type: none"> <li>• Increase tax from 2.75% to 5.5% on transfers between \$10MM–\$25MM; and</li> <li>• Increase tax from 3% to 6% on transfers over \$25MM.</li> </ul>	11/3/2020 Ballot
<b>Prop F—Business Tax Changes</b> San Francisco, CA	<p>Ballot initiative that would overhaul the city’s business tax system:</p> <ul style="list-style-type: none"> <li>• Reduce annual business registration fee for those with less than \$1MM in gross receipts.</li> <li>• Increase small business exemption ceiling for gross receipts tax (“GRT”) to \$1.5MM.</li> <li>• Depending on the proposal, increase GRT on real estate to 0.399%–0.49% for income between \$0–\$5MM and 0.42%–0.51% for income over \$5MM (both currently 0.285%).</li> <li>• Repeal the payroll expense tax beginning in 2021.</li> <li>• 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 <i>Howard Jarvis Taxpayers Association v. City and County of San Francisco</i> case.</li> <li>• Increase the City’s appropriations limit by the total revenues collected.</li> <li>• Streamline permitting and inspection for businesses and modify zoning codes.</li> </ul>	11/3/2020 Ballot
<b>Healthy Buildings Ordinance</b> San Francisco, CA	<p>The Board of Supervisors adopted permanent legislation to establish cleaning and disease prevention standards in hotels and office buildings (over 50,000 SF) to help contain Covid-19.</p> <ul style="list-style-type: none"> <li>• Requires employee training related to these standards.</li> <li>• Enforced by the Department of Public Health and allows civil remedies under State law.</li> </ul>	Passed 9/29/2020
<b>Plan Bay Area—Work From Home Mandate</b>	<p>The Metropolitan Transportation Commission has proposed including a “Work From Home Mandate” as part of Plan Bay Area 2050. The proposal would require large office-based employers (25 or more employees) to have at least 60% of their employees telecommute on any given day.</p>	Plan Bay Area 2050 expected to be adopted Summer 2021