File No. 120713

Committee Item No. 14
Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

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Committee: Budget and Finance Sub-Committee **Date** 7/18/12

Board of Supervisors Meeting **Date** _____

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Completed by: Victor Young **Date** July 13, 2012
Completed by: Victor Young **Date** _____

An asterisked item represents the cover sheet to a document that exceeds 25 pages.
The complete document can be found in the file.

SAN FRANCISCO
FILED
2012 JUN 19 PM 4:18
DEPARTMENT OF ELECTIONS

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BOARD OF SUPERVISORS
SAN FRANCISCO
2012 JUN 19 PM 4:22

PROPOSED INITIATIVE ORDINANCE TO BE SUBMITTED BY THE MAYOR TO THE VOTERS AT THE NOVEMBER 6, 2012 ELECTION.

[Under Charter Section 3.100(16) this measure must be submitted to the Board of Supervisors and filed with the Department of Elections no less than *45 days prior* to deadline for submission of such initiatives to the Department of Elections set in Municipal Elections Code Section 300(b)]

[Business and Tax Regulations Code – Increase Real Property Transfer Tax on Transfers of $1 Million or Greater.]

Ordinance amending the San Francisco Business and Tax Regulations Code, Article 12-C, Real Property Transfer Tax, by amending Section 1102, to increase the Real Property Transfer Tax on transfers of $1 million or greater.

NOTE: Additions are *single-underline italics Times New Roman*; deletions are ~~*strike-through italics Times New Roman*~~.

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

Section 1. The San Francisco Business and Tax Regulations Code is hereby amended by amending Section 1102, to read as follows:

SEC. 1102. TAX IMPOSED.

There is hereby imposed on each deed, instrument or writing by which any lands, tenements, or other realty sold within the City and County of San Francisco shall be granted, assigned, transferred or otherwise conveyed to, or vested in, the purchaser or purchasers, or any other person or persons, by his or her or their direction, when the consideration or value of the interest or property conveyed (not excluding the value of any lien or encumbrances remaining thereon at the time of sale) (i) exceeds $100.00 but is less than or equal to $250,000.00, a tax at the rate of $2.50 for each $500.00 or fractional part thereof; or (ii) more than $250,000.00 and less than $1,000,000.00, a tax at the rate of $3.40 for each $500.00 or

fractional part thereof for the entire value or consideration, including, but not limited to, any portion of such value or consideration that is less than $250,000.00; or (iii) at least $1,000,000.00 and less than $5,000,000.00, a tax at the rate of ~~*$3.75*~~*$4.75* each $500.00 or fractional part thereof for the entire value or consideration, including, but not limited to, any portion of such value or consideration that is less than $1,000,000.00; or (iv) at least $5,000,000.00 and less than $10,000,000.00, a tax at the rate of ~~*$10.00*~~*$11.00* for each $500.00 or fractional part thereof for the entire value or consideration, including, but not limited to, any portion of such value or consideration that is less than $5,000,000.00; or (v) at least $10,000,000.00 and above, a tax at the rate of ~~*$12.50*~~*$13.50* for each $500.00 or fractional part thereof for the entire value or consideration, including but not limited to, any portion of such value or consideration that is less than $10,000,000.00. The People of the City and County of San Francisco authorize the Board of Supervisors to enact ordinances, without further voter approval, that will exempt rent-restricted affordable housing, as the Board may define that term, from the increased tax rate in subsections (iv) and (v).

SUBMITTED.

Date: 6/19/2012

EDWIN M. LEE
Mayor, City and County of San Francisco

Office of the Mayor
City & County of San Francisco

Edwin M. Lee

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2012 JUN 19 PM 4:17
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2012 JUN 19 PM 4:14
BY AK

June 19, 2012

Mr. John Arntz
Department of Elections
City Hall, Room 48
San Francisco, CA 94102

Dear Mr. Arntz:

To create a permanent stream of revenue for affordable and workforce housing in our City, I have proposed creating a new San Francisco Housing Trust Fund for consideration by the voters this November. The San Francisco Housing Trust Fund will be considered by the Board of Supervisors later this month and in July for placement on the November 2012 ballot.

Though the Housing Trust Fund will draw from diverse revenue sources, including a portion of hotel tax revenue and revenue generated through the retirement of the former Redevelopment Agency's debt, the measure also proposes a new general fund set-aside for housing that will require $13 million annually in new revenue.

We have worked hard these last two years to put San Francisco on a financially responsible path, with pension reform and other structural reforms to our budget. Fiscal prudence and continued good stewardship of City finances, therefore, require that the creation of a new general fund set-aside be paired with the creation of equivalent new revenue. To that end, I am placing on the ballot an increase of 0.2% on the City's real estate transfer tax on properties sold for more than $1 million, for consideration by the voters this November. This increase in the real estate transfer tax is estimated to generate $13 million annually in new revenue.

I have also proposed a measure with Board of Supervisors President David Chiu for the November 2012 ballot that would reform San Francisco's business tax structure and generate $13 million in new general fund revenue through an increase in business license/registration fees. This and other business tax reform measures will also be considered by the Board of Supervisors for placement on the November 2012 ballot.

I am confident that the Board of Supervisors and I will continue to work together towards achieving consensus around a single business tax reform measure to bring to the voters this November, one that will end San Francisco's tax on jobs and generate new revenue needed to help fund new affordable and workforce housing in our City, a critical need for our residents and businesses alike. Though I place this measure on the November 2012 ballot with my signature as Mayor, under the City Charter, I may also remove it. Therefore, once we achieve a consensus business tax reform measure for November, I intend to remove this real estate transfer tax from the ballot. I look forward to continuing to work with the members of the Board of Supervisors, business leaders, housing advocates and the community towards creating new jobs and housing for our City's residents.

Sincerely,

Edwin M. Lee
Mayor

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