File No. 120407

Committee Item No. 13
Board Item No. 22

COMMITTEE/BOARD OF SUPERVISORS

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Completed by: Victor Young **Date** July 19, 2012
Completed by: Victor Young **Date** 7-26-12

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

Ame .nent of the Whole
in Committee. 7/18/12

FILE NO. 120407 ORDINANCE NO.

[Business and Tax Regulations and Police Codes - Parking Tax Exemption for Special Parking Events Operated by Volunteers on SFUSD Property]

Ordinance amending the San Francisco Business and Tax Regulations Code, Article 9, by amending Section 604 and adding Section 608 to exempt a limited number of special parking events operated by ~~the volunteers of~~volunteer led non-profit organizations on SFUSD property for the sole benefit of San Francisco public schools and earning less than $10,000 in gross revenue per event from Rent, from the requirement to pay parking tax and other requirements, establishing Special School Parking Event Permits issued by the Tax Collector and making findings; and amending the San Francisco Police Code by amending Section 1215 to~~exempt said organizations from the requirement to obtain a commercial parking permit, establishing an alternative permitting process~~ exclude from the definitions of Parking Garage and Parking Lot special event parking on SFUSD property operated by a Qualified Nonprofit pursuant to a Special School Parking Event Permit, and establishing a sunset date.

Note: Additions are *single-underline italics Times New Roman*; deletions are ~~*strikethrough italics Times New Roman*~~. Board amendment additions are double underlined. Board amendment deletions are ~~strikethrough normal~~.

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 Article 9, Section 604 and adding Section 608, to read as follows:

SEC. 604. COLLECTION OF TAX BY OPERATOR; RECEIPT TO OCCUPANT; RULES FOR COLLECTION SCHEDULES.

(a) Every Operator maintaining a place of business in this City and County as provided in Section 603 herein, and Renting parking space in a Parking Station in this City and County to an Occupant who is not exempted under Section 606 *or Section 608* of this Article or

elsewhere in this Code, shall at the time of collecting the Rent from the Occupant, collect the Parking Tax from the Occupant and on demand shall give to the Occupant a Receipt that meets the requirements of Article 22 of this Code. In all cases in which the Parking Tax is not collected by the Operator, as aforesaid, the Operator shall be liable to the Tax Collector of the City and County for the amount of Parking Tax due on the amount of taxable Rent collected from the Occupant under the provisions of this Article the same as though the Parking Tax were paid by the Occupant. In all cases of transactions upon credit or deferred payment, the remittance or payment of Parking Tax to the Tax Collector may be deferred in accordance therewith, and the Operator shall be liable therefore at the time and to the extent that such credits are paid or deferred payments are made in accordance with the rate of tax owing on the amount thereof.

(b) Unless the Operator can provide an explanation or other sufficient proof that the Enforcing Agency in its sole discretion deems to be credible to establish the validity of a claim for a Lost Ticket or an otherwise Unaccounted Ticket (as those terms are defined in Section 2201 of Article 22 of this Code), every Lost Ticket and Unaccounted Ticket shall be considered as a full value Parking Ticket for which the Operator is liable for transmitting to the City the full value of the Parking Tax and surcharge required under this Code applicable to the highest maximum daily rate charged for any parking space without discount, except that an Operator shall be allowed an Unaccounted Ticket Ratio of 1.5 percent for each Parking Station that it operates (as that term is defined and used in Article 22 of this Code) in a reporting period, for which the Operator may not be liable for failure to remit the Parking Tax.

(c) The Operator shall have the burden of explaining and establishing the validity of Lost Tickets and Cancelled Transactions, as those terms are defined in Article 22 of this Code. The Enforcing Agency may consider a verifiable statement signed by the Occupant claiming a Lost Ticket that includes the Occupant's name, address, telephone number, the

Occupant's Motor Vehicle license plate number, the time of entry and the time of exit as sufficient proof of a valid Lost Ticket transaction. An Operator shall maintain a log of all Lost Tickets and Cancelled Transactions. The Enforcing Agency may consider in its sole and absolute discretion an Operator's log of Cancelled Transactions or Lost Ticket transactions that includes the cashier or attendant's name and/or Log File identification number who processed the Transaction, the date and time of the Transaction, and a credible reason for processing the transaction as a Lost Ticket transaction.

(d) The Tax Collector shall have the power to adopt rules and regulations prescribing methods and schedules for the collection and payment of the tax and such methods and schedules shall provide that the fractional part of 1 cent shall be disregarded unless it amounts to 1/2 of 1 cent or more, in which case the amount (determined without regard to the fractional part of 1 cent) shall be increased by 1 cent.

SEC. 608. SPECIAL SCHOOL PARKING EVENT PERMITS.

(a) Findings. The Board of Supervisors of the City and County of San Francisco hereby finds and determines that:

(1) San Francisco Business and Tax Regulations Code Articles 6, 9 and 22 require that Occupants of Parking Stations pay a 25 percent tax that is collected and remitted to the City by parking Operators. Operators must register with the City and meet other parking Operator requirements.

(2) San Francisco Police Code Section 1215 requires that Commercial Parking Operators obtain an annual permit.

(3) Special parking events on San Francisco Unified School District (SFUSD) property, operated by the volunteers of non-profit organizations, such as Parent Teacher Associations and Parent Teacher Organizations constitute a beneficial activity to supplement SFUSD school revenues that have been drastically reduced by State budget cuts.

(4) Requiring parent volunteers to register as parking Operators is a burden on the volunteer organizers of these events who are staging them for the sole benefit of the SFUSD schools.

(5) Therefore, in order for volunteer organizers to be able to reap the full benefit of their efforts and help the schools to better meet the needs of their students, the San Francisco Business and Tax Regulations Code and Police Code are amended to provide for Special School Parking Event Permits.

~~(a)~~(b) *No tax shall be imposed hereunder on Rent for the occupancy of parking space in parking stations at special school parking events, provided that the following requirements are met:*

(1) The parking activity is conducted on San Francisco Unified School District ("SFUSD") property.

(2) The parking activity is conducted by ~~the volunteers of an~~a volunteer led *organization having a formally recognized exemption from income taxation pursuant to Section 501(c)(3) of the Internal Revenue Code of 1986, as amended.*

(3) One hundred percent of the earnings from the parking activity are for the sole benefit of San Francisco public schools. No part of the organization's earnings from the parking activity may inure to the benefit of any private shareholder or individual.

(4) The organization holds a Special School Parking Event ~~p~~P*ermit issued by the* ~~Chief of Police~~Tax Collector *to conduct the parking activity* ~~that it shall~~, which must be *publicly display*ed *during the operation of the parking activity.*

(5) The gross revenue from the special school parking event does not exceed $10,000.

~~(b)~~(c) *The* ~~Chief of Police~~Tax Collector *or designee may issue up to a maximum of 150* ~~s~~Special ~~s~~S*chool* ~~p~~P*arking* ~~e~~E*vent* ~~p~~P*ermits annually* on a first come, first served basis, *to the President, Chief Administrative Officer, or the equivalent of* ~~eligible non-profit~~ the Second District PTA~~organizations in the City~~, *for distribution to* ~~their members~~qualifying organizations, *for the*

purpose of conducting special school parking events that meet the requirements of this Section. Each permit may be used to conduct only one special school parking event. Special *School Parking* Event *Permits are not transferrable and shall be valid only during the calendar year in which they are issued.* Any organization conducting a special school parking event must in advance of the event notify the Tax Collector of the date and location of the special school parking event and must have the permit available for inspection on-site during the event.

~~(c)~~(d) The Tax Collector shall prescribe the form of the Special School Parking Event Permit application. The Tax Collector or his or her designee shall determine whether an organization meets the requirements of this Section and is eligible to receive a permit. The Tax Collector shall not charge any fee to apply for or obtain a Special School Parking Event Permit.

(1) ~~Organizations that are issued permits under this Section 608~~The Second District PTA *shall keep and preserve business records, and make them available to the Tax Collector* ~~and Chief of Police,~~ *or* ~~their~~his or her *designee*~~s,~~ *as may be necessary to determine the organization's eligibility and use of the* ~~s~~*Special* ~~s~~*School* ~~p~~*Parking* ~~e~~*Event* ~~p~~*Permits, including all local, state and federal tax returns of any kind, for a period of 5 years from the date the permit is issued.*

(2) ~~Organizations that are issued permits under this Section~~The Second District PTA *shall submit annual returns on a form prescribed by the Tax Collector. Required data shall include the number of permits received from the* ~~Chief of Police~~Tax Collector, *the number of special school parking events conducted and the date of each event, the rate charged for parking at each event, and the dollar value of gross revenues for each event.*

(3) Upon the request of the Tax Collector ~~or the Chief of Police,~~ *or* ~~their~~his or her *designee*~~s,~~ ~~an organization~~ the Second District PTA *shall produce such business records at the Tax Collector's Office* ~~or Police Department, as applicable,~~ *during normal business hours for*

inspection, examination, and copying. Refusal to allow full inspection, examination, or copying of such records shall subject the organization to revocation of any existing permits and disqualify it from eligibility for ~~s~~*Special* ~~s~~*School* ~~p~~*Parking* ~~e~~*Event* ~~p~~*Permits in the future.*

~~(c)~~(e) *An organization that collects* ~~r~~*Rent for occupancy of parking space for a special school parking event pursuant to this Section 608 shall also be exempt from the requirement to obtain a certificate of authority from the Tax Collector pursuant to Section 6.6-1 (a) of* ~~this~~ *Article 6, or to execute a parking tax bond pursuant to Section 6.6-1 (g) of* ~~this~~ *Article 6, provided that the Operator demonstrates to the satisfaction of the Tax Collector that it meets all of the requirements in Section 608(a).*

~~(d)~~(f) *An organization that collects* ~~r~~*Rent for occupancy of parking space for a special school parking event pursuant to this Section 608 shall be exempted from the Revenue Control Equipment requirements in Article 22 of this Code*~~, except that such organizations must comply with the requirements of Section 2204 (b)(1)-(6).~~

~~(e)~~(g) *For each year for which the* ~~s~~*Special* ~~s~~*School* ~~p~~*Parking* ~~e~~*Event* ~~p~~*Permits authorized under this Section 608 are available, the Tax Collector shall submit an annual report to the Board of Supervisors that sets forth aggregate information regarding the dollar value of the gross revenues taken in each year, the number of permits issued, and the parking tax revenue foregone.*

~~(f)~~(h) *Termination Date. The exemption granted in this Ordinance shall expire by operation of law on December 31, 2015, and the City Attorney shall cause it to be removed from future editions of the Business and Tax Regulations Code unless the Board of Supervisors or the voters extends the exemption prior to December 31, 2015.* If the exemption in this Section expires under this subsection (h), the Tax Collector shall not issue any Special School Parking Event Permits after that expiration date.

~~(g)~~(i) *Severability. If any provision of this Ordinance or the application thereof to any person or circumstance is held invalid, the remainder of the Ordinance and the application of such provision to other persons or circumstances shall not be affected thereby.*

Section 2. The San Francisco Police Code is hereby amended by amending Section 1215, to read as follows:

SEC. 1215. COMMERCIAL PARKING PERMITS.

(a) **Definitions.** The following definitions shall apply in Police Code Sections 2.9, 2.26 and 1215 through 1215.7 and Business and Tax Regulations Code Section 22.

(1) **Chief of Police.** The Chief of the San Francisco Police Department, or designee.

(2) **Commercial parking permit.** A permit the Chief of Police issues under this Section to operate a parking garage or parking lot.

(3) **Covered crimes.** The crimes of assault, battery, burglary, robbery, theft including identity theft, receipt of stolen property, breaking or removing parts from a vehicle, malicious mischief to a vehicle, unlawful use or tampering by bailee of a vehicle, altering a vehicle identification, tax fraud or evasion, and any offense related to the use of alcohol, narcotics or controlled substances while operating or in connection with a vehicle, committed anywhere in the United States of America.

(4) **Entertainment Establishment.** Any building, space, or structure operating under a "Place of Entertainment" permit issued pursuant to San Francisco Police Code section 1070 *et seq.*

(5) **Parking garage.** Any building or structure, or any portion of a building or structure, where members of the public may park or store motor vehicles for a charge. This definition does not include (A) any parking garage in a residential building or development that

provides parking for a charge as a convenience or amenity for residents or their guests only~~.~~, and (B) any parking garage on San Francisco Unified School District property where a Qualified Nonprofit makes special event parking available to members of the public for a charge, pursuant to a Special School Parking Event Permit under Article 9, Section 608 of the Business and Tax Regulations Code.

(6) **Parking lot.** Any outdoor or uncovered space, including any plot, place, lot, parcel, yard or enclosure, or any portion of such a space, where members of the public may park or store motor vehicles for a charge. This definition does not include (A) any outdoor or uncovered space that is part of a residential building or development that provides parking for a charge as a convenience or amenity for residents or their guests only~~.~~, and (B) any outdoor or uncovered lot on San Francisco Unified School District property where a Qualified Nonprofit makes special event parking available to members of the public for a charge, pursuant to a Special School Parking Event Permit under Article 9, Section 608 of the Business and Tax Regulations Code.

(7) **Person.** Any individual, firm, company, corporation, partnership, joint venture, association, organization or other legal entity. When Sections 1215 through 1215.6 require person to provide or list a name, the person must provide or list any prior names and aliases.

(8) **Prevailing Party.** Prevailing Party has the same meaning as set forth in California Code of Civil Procedure Section 1032, or any successor provision. "Prevailing Party" includes the City in actions where the City obtains an injunction and/or civil penalties or other monies under Sections 1215 through 1215.6 or under State law.

(9) **Qualified Nonprofit.** A volunteer led organization having a formally recognized exemption from income taxation pursuant to Section 501(c)(3) of the Internal

Revenue Code of 1986, as amended, and with a mission of benefiting one or more San Francisco public schools.

(b) **Permit Requirement.** A person may not operate a parking garage or parking lot, directly or indirectly, unless the person holds a commercial parking permit issued by the Chief of Police. This Section requires a separate commercial parking permit for each parking garage and parking lot. The Chief of Police shall close immediately any parking garage or parking lot operating without the required commercial parking permit.

(c) **Annual Permit.** Each commercial parking permit shall authorize the permittee to operate the permitted parking garage or parking lot for one year from the date the Chief of Police issues the permit, unless the Chief of Police suspends or revokes the permit. Each commercial parking permit shall expire by operation of law at the end of the one-year period. Notwithstanding Section 2.10 of the Police Code, a permittee wishing to operate beyond the one-year permit term must obtain a new commercial parking permit before the existing permit expires.

~~(d) Any organization that meets the requirements of Section 608 of Article 9 of the Business and Tax Regulations Code shall be exempt from the requirement to obtain a commercial parking permit under this Section 1215, for each special school parking event conducted by its members for which it has applied for and obtained a special school parking event permit ("School Parking Permit") from the Chief of Police or his or her designee. It shall be unlawful for any organization or its members to hold a special school parking event in the City and County of San Francisco without first obtaining a School Parking Permit from the Chief of Police or his or her designee.~~

~~(1) The form of such School Parking Permit application shall be prescribed by the Chief of Police or his or her designee and be consistent with this Ordinance and Section 608 of Article 9 of the Business and Tax Regulations Code.~~

~~(2) The Chief of Police or his or her designee shall determine whether an organization meets the requirements of Section 608 of Article 9 of the Business and Tax Regulations Code.~~

~~(3) The Chief of Police or his or her designee shall issue no more than 150 School Parking Permits annually, on a first-come first-serve basis. More than one School Parking Permit can be issued to an organization at a time.~~

~~(4) There shall be no fee charged to apply for or obtain a School Parking Permit.~~

~~(5) No School Parking Permit shall be issued under this Section subsequent to the expiration of Section 608 of Article 9 of the Business and Tax Regulations Code. All School Parking Permits issued under this Section shall expire and become void when Section 608 expires.~~

~~(6) This subsection (d) shall expire by operation of law on December 31, 2015 and the City Attorney shall cause it to be removed from future editions of the Police Code unless the Board of Supervisors or the voters extends the exemption in Section 608 prior to December 31, 2015.~~

Section 3. Effective Date. This ordinance shall become effective 30 days from the date of passage.

Section 4. This section is uncodified. In enacting this ordinance, the Board intends to amend only those words, phrases, paragraphs, subsections, sections, articles, numbers, punctuation, charts, diagrams, or any other constituent part of the Business and Tax Regulations Code and the Police Code that are explicitly shown in this legislation as additions,

deletions, Board amendment additions, and Board amendment deletions in accordance with the "Note" that appears under the official title of the legislation.

APPROVED AS TO FORM:
DENNIS J. HERRERA, City Attorney

By: _____
JEAN H. ALEXANDER
Deputy City Attorney

FILE NO.120407

LEGISLATIVE DIGEST

[Business and Tax Regulations and Police Codes – Parking Tax Exemption for Special Parking Events Operated by Volunteers on SFUSD Property]

Ordinance amending the San Francisco Business and Tax Regulations Code, Article 9, by amending Section 604 and adding Section 608 to exempt a limited number of special parking events operated by ~~the volunteers of~~volunteer led non-profit organizations on ~~SFUSD property for the sole benefit of San Francisco public schools and earning less~~ than $10,000 in gross revenue per event from Rent, from the requirement to pay parking tax and other requirements, establishing Special School Parking Event Permits issued by the Tax Collector and making findings; and amending the San Francisco Police Code by amending Section 1215 to~~exempt said organizations from the requirement to obtain a commercial parking permit, establishing an alternative permitting process~~ exclude from the definitions of Parking Garage and Parking Lot special event parking on SFUSD property operated by a Qualified Nonprofit pursuant to a Special School Parking Event Permit, and establishing a sunset date.

Existing Law

Article 9 of the Business and Tax Regulations Code imposes a tax on the ~~r~~Rent of every occupancy of parking space in a ~~p~~Parking ~~s~~Station in the City and County. The ~~p~~Parking ~~s~~Station ~~o~~Operator must collect the tax from the ~~o~~Occupant along with the ~~r~~Rent for the parking space. (Section 604)

Under Article 6 of the Business and Tax Regulations Code the Operator is required to hold a Certificate of Authority ("COA") to collect the tax and must obtain a parking tax bond. (Section 6.6-1) The ~~o~~Operator remits the tax to the Tax Collector monthly. (Section 6.9-3)

Article 22 of the Business and Tax Regulations Code imposes ~~r~~Revenue ~~c~~Control ~~e~~Equipment ("RCE") requirements on all parking stations based on size and mode of operation. (Sections 2203-2211)

Article 17 of the Police Code requires that Operators obtain a commercial parking permit. (Section 1215)

Amendments to Current Law

This Ordinance will establish special school parking event permits ("Special School Parking Event Permits") to exempt from the parking tax a limited number of special parking events conducted on San Francisco Unified School District property by the volunteers of a

501(c)(3) organization. Organizations that qualify for Special School Parking Event Permits will also be relieved from the obligation to obtain a COA and bond.

The ~~Chief of Police~~Tax Collector will issue Special School Parking Event Permits to the Second District Parent Teacher Association ("PTA") for parking activity that meets the following criteria:

- The event parking must be conducted by a volunteer~~s of a~~ led 501(c)(3) organization.
- The earnings must be for the sole benefit of San Francisco public schools.
- A maximum of 150 School Parking Permits will be issued annually.
- ~~The event must comply with RCE requirements for small attended parking stations.~~
- Gross revenues from parking may not exceed $10,000 for each parking event.

Organizations that are issued Special School Parking Event Permits will be required to report gross revenues on all permits annually to the Tax Collector. The exemption will sunset in 2015, unless extended by the Board of Supervisors or the voters.

Amendments have been made to this Ordinance to reflect changes to Section 1215 of the Police Code, that were enacted subsequent to the introduction of this Ordinance.

Background Information

Many San Francisco schools hold special parking events on San Francisco Unified School District ("SFUSD") property. The parking events are operated by the volunteers of non-profit organizations, such as Parent Teacher Associations ("PTAs") and Parent Teacher Organizations ("PTOs"), to raise supplemental revenue for the schools to compensate for budget shortfalls. Currently, the San Francisco Business and Tax Regulations Code requires that the organizations collect parking tax on the ~~r~~Rent charged for parking at these events. This imposes an financial burden on the fundraising activity, which is conducted for the sole benefit of SFUSD schools. Amending the existing law will allow the schools to reap the full benefit of their efforts and to better meet the needs of their students.

Item 13 File 12-0407 *(Continued from July 18, 2012)*	**Departments:** Treasurer/Tax Collector Police Department

EXECUTIVE SUMMARY

Legislative Objective

- The proposed ordinance would amend the City's Business and Tax Regulations Code Article 9, by adding Section 608 to exempt a limited number of special events operated by the volunteers of nonprofit organizations on San Francisco Unified School District (SFUSD) property for the sole benefit of San Francisco public schools that earn less than $10,000 in gross parking revenue per event, from paying the City's Parking Tax and related requirements, and establishing Special School Parking Event permits to be issued by the Tax Collector's Office. The proposed ordinance would also amend the City's Police Code Section 1215 to exempt said organizations from the requirement of obtaining commercial parking operator permits, and would establish a sunset date of December 31, 2015.

Key Points

- Under the proposed Amendment of the Whole, Parking Taxes would not be required to be collected or remitted by operators of special school events if: (a) parking is conducted on SFUSD property; (b) the parking activity is provided by a volunteer-led Section 501(c)(3) nonprofit organization; (c) 100% of the parking earnings are for the sole benefit of SFUSD, and (d) gross revenues from the school parking event do not exceed $10,000.

- Under the proposed ordinance, the Tax Collector could issue a maximum of 150 Special School Parking Event permits annually, on a first-come, first-serve basis at no charge to the President, Chief Administrative Officer or equivalent official at the Second District PTA for distribution to qualifying organizations. Such qualifying organizations would also be exempt from (a) obtaining a Certificate of Authority from the Tax Collector, (b) a Parking Tax bond, (c) Tax Collector revenue control requirements, and (d) obtaining a commercial parking permit, as currently required.

Fiscal Impacts

- Assuming a maximum of 150 Special School Parking Event permits are issued annually and each Special School Parking Event generates the maximum $10,000, the City would forgo an estimated $300,000 of annual Parking Tax revenues. In addition, if the maximum 150 Special School Parking Event permits are issued each year, the proposed ordinance would result in the City forgoing an additional $189,300 of annual fee revenue. Together, this would result in a maximum forgone loss of $489,300 annually in revenues to the City.

- However, it should be noted that, fundraising events that are sponsored by the PTA to benefit the San Francisco Unified School District at SFUSD locations are not currently paying the above-noted Parking Taxes or fees to the City, although City Code provisions currently require that these Parking Taxes and fees be paid.

Recommendation

- Approval of the proposed ordinance is a policy decision for the Board of Supervisors.

MANDATE STATEMENT/ BACKGROUND

Mandate Statement

In accordance with Charter Section 2.105, all legislative acts shall be by written ordinance, approved by the Board of Supervisors.

Background

In accordance with the City's Business and Tax Regulations Code, the City's Parking Tax rate is currently 25 percent. In accordance with Article 9, Section 604 of the City's Business and Tax Regulations Code, every operator maintaining a place of business in San Francisco that includes renting of parking spaces shall collect Parking Taxes from the occupants, or otherwise be liable to the City's Tax Collector for the amount of Parking Tax due each month. In addition, Article 6 of the City's Business and Tax Regulations Code requires each parking operator to obtain a Certificate of Authority (COA) from the City's Tax Collector in order to collect the City's Parking Taxes and to obtain a Parking Tax bond, and Article 22 imposes specified revenue control equipment requirements on parking operators.

In addition, in accordance with Article 17, Section 1215 of the City's Police Code, the Chief of Police is responsible for issuing commercial parking permits to operators of parking garages and parking lots, where vehicles are parked for a charge.

DETAILS OF PROPOSED LEGISLATION

The proposed ordinance would amend the City's Business and Tax Regulations Code Article 9, by adding Section 608 to exempt a limited number of special events operated by volunteer-led nonprofit organizations on San Francisco Unified School District (SFUSD) property for the sole benefit of San Francisco public schools that earn less than $10,000 in gross parking revenue per event, from paying the City's Parking Tax and other related requirements, and provide that such Special School Parking Event permits be issued by the Tax Collector's Office. The proposed ordinance would also amend the City's Police Code Section 1215 to exempt said organizations from the requirement of obtaining commercial parking operator permits. The proposed ordinance would expire on December 31, 2015, unless the Board of Supervisors or the voters extends the proposed Parking Tax exemption.

Specifically, the new Section 608 of the Business and Tax Regulations Code would provide that no Parking Taxes would be required to be collected and remitted by the operators of special school events if:

- Parking is conducted on San Francisco Unified School District (SFUSD) property;

- Parking activity is provided by a volunteer-led Section 501(c)(3) nonprofit organization;
- 100% of the parking revenues are for the sole benefit of San Francisco public schools and gross revenues from the school parking event do not exceed $10,000;
- The Tax Collector could issue a maximum of 150 Special School Parking Event permits annually, on a first-come, first-serve basis at no charge to the President, Chief Administrative Officer, or equivalent official at the Second District PTA[1] for distribution to eligible organizations for conducting the special school parking events.
- Each Special School Parking Event Permit would (a) be valid for one school parking event, (b) not be transferable, and (c) be valid only during the calendar year issued. Prior to the event, the organization must notify the Tax Collector regarding the specified date and location of the Special School Parking Event and have the permit publicly displayed and available for inspection on-site.

The proposed new Section 608 of the Business and Tax Regulations Code would also:

- Require the Tax Collector to prescribe the Special School Parking Event permit application, determine whether an organization meets the specified requirements and not charge any fees for applying for or obtaining such Special School Parking Event permits.
- Provide that such qualified nonprofit organizations would also be exempt from (a) obtaining a Certificate of Authority from the Tax Collector, (b) a Parking Tax bond, or (c) Tax Collector revenue control requirements, as currently required.

In addition, the proposed ordinance would amend Section 1215(d) of the Police Code to exempt those nonprofit organizations which have applied for and obtained Special School Parking Event permits from obtaining a commercial parking permit, as currently required.

Under the proposed ordinance, the Second District PTA would be required to (a) maintain and make available business and tax records for five years from the date the Special School Parking permit was issued, which would be available to the Tax Collector to determine the organization's eligibility and use of the special school parking permits, and (b) submit annual returns on a form prescribed by the Tax Collector that identifies the number of permits received, dates of the parking events conducted, parking rates charged for each event, and gross revenues collected for each event.

In addition, the Tax Collector would be required to annually submit a report to the Board of Supervisors that identifies (a) the number of permits issued, (b) total gross parking revenues realized by the nonprofit organizations, and (c) total Parking Tax revenues forgone.

[1] The Second District of the California State Parent Teacher Association (PTA) is the PTA umbrella organization for San Francisco and is the only nonprofit organization specifically identified in the proposed ordinance.

FISCAL ANALYSIS

According to Mr. Greg Kato, the Policy and Legislative Manager for the Treasurer/Tax Collector's Office, and as shown in Table 1 below, assuming the maximum 150 Special School Parking Event permits are issued annually and that each Special School Parking Event generates the maximum $10,000, the City would forgo an estimated $300,000 of annual Parking Tax revenues.

Table 1: Maximum Forgone Annual Parking Tax Revenues

Maximum Revenue Per Event*	$10,000
Current Parking Tax Rate	25%
Maximum Parking Tax Revenue Per Event	$2,000
Maximum Special School Parking Event Permits per Year	150
Maximum Forgone Annual Parking Tax Revenues	**$300,000**

* Based on total parking revenues of $10,000, $8,000 is assumed to be the actual parking rent, and $2,000 or 25% is assumed to be the Parking Tax.

The proposed ordinance would also exempt Special School Parking Event permit holders from (a) obtaining commercial parking operator permits from the Police Department, which are projected to cost $762[2] per year, and (b) paying revenue control equipment fees to the Tax Collector, which currently cost $500 per year. As shown in Table 2 below, if the maximum 150 Special School Parking Event permits are issued each year, the proposed ordinance would result in the City forgoing an additional $189,300 of annual fee revenue.

Table 2: Maximum Forgone Annual Commercial Parking Operator Permit Fees and Revenue Control Equipment Fees

Annual Commercial Parking Operator Permit Fees	$762
Maximum Special School Parking Event Permits per Year	150
Maximum Forgone Annual Commercial Parking Operator Fees	**$114,300**
Annual Revenue Control Equipment Fees	$500
Maximum Special School Parking Event Permits per Year	150
Maximum Forgone Annual Revenue Control Equipment Fees	**$75,000**
Total Annual Forgone Fees	**$189,300**

Together, the proposed ordinance is projected to result in a maximum forgone loss of $489,300 in revenues annually to the City ($300,000 plus $189,300). However, it should be noted that, fundraising events that are sponsored by the PTA to benefit the San Francisco Unified School District at SFUSD locations are not currently paying the above-noted Parking Taxes or fees to the City, although City Code provisions currently require that these Parking Taxes and fees be paid.

[2] An ordinance to increase commercial parking operator permit fees charged by the Police Department from $455 to $762 is currently pending before the Board of Supervisors (File 12-0597).

In addition, the Treasurer/Tax Collector's Office would be responsible for administering the proposed Special School Parking Event permit program, which Mr. Kato advises would result in minor additional operating expenses, which would be absorbed in the Tax Collector's Office existing budget.

RECOMMENDATION

Approval of the proposed ordinance is a policy decision for the Board of Supervisors.

Harvey M. Rose

cc: Supervisor Chu
Supervisor Avalos
Supervisor Kim
President Chiu
Supervisor Campos
Supervisor Cohen
Supervisor Elsbernd
Supervisor Farrell
Supervisor Mar
Supervisor Olague
Supervisor Wiener
Clerk of the Board
Cheryl Adams
Mayor Lee
Controller
Kate Howard

OFFICE OF THE MAYOR
SAN FRANCISCO

EDWIN M. LEE
MAYOR

RECEIVED
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SAN FRANCISCO
2012 APR 24 PM 3:57
BY

TO: Angela Calvillo, Clerk of the Board of Supervisors

FROM: for Mayor Edwin M. Lee

RE: Business and Tax Regulations and Police Codes – Parking Tax Exemption for Special Parking Events Operated by Volunteers on SFUSD Property

DATE: April 24, 2012

Attached for introduction to the Board of Supervisors is the ordinance amending Article 9 of the San Francisco Business and Tax Regulations Code by 1) amending Section 604 and adding Section 608 to exempt a limited number of special parking events operated by the volunteers of non-profit organizations on SFUSD property for the sole benefit of San Francisco public schools and earning less than $10,000 in gross revenue per event from Rent, from the requirement to pay parking tax and other requirements; and 2) amending the San Francisco Police Code by amending Section 1215 to exempt said organizations from the requirement to obtain a commercial parking permit, establishing an alternative permitting process, and establishing a sunset date.

Please note this item is cosponsored by Supervisors Mar, Wiener, Chiu, Farrell, Chu, Olague, Kim, Campos, Cohen, and Avalos.

Should you have any questions, please contact Jason Elliott (415) 554-5105.

cc. Supervisor Eric Mar
Supervisor Scott Wiener
Supervisor David Chiu
Supervisor Mark Farrell
Supervisor Carmen Chu
Supervisor Christina Olague
Supervisor Jane Kim
Supervisor David Campos
Supervisor Malia Cohen
Supervisor John Avalos

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