File No. 120820

Committee Item No. 2
Board Item No. _____

# COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

**Committee:** Budget and Finance Committee **Date** 09/05/2012

**Board of Supervisors Meeting** **Date** _____

| Cmte | Board | |
|---|---|---|
| ☐ | ☐ | Motion |
| ☐ | ☐ | Resolution |
| ☒ | ☐ | Ordinance |
| ☒ | ☐ | Legislative Digest |
| ☒ | ☐ | Budget and Legislative Analyst Report |
| ☐ | ☐ | Legislative Analyst Report |
| ☐ | ☐ | Youth Commission Report |
| ☐ | ☐ | Introduction Form (for hearings) |
| ☒ | ☐ | Department/Agency Cover Letter and/or Report |
| ☐ | ☐ | MOU |
| ☐ | ☐ | Grant Information Form |
| ☐ | ☐ | Grant Budget |
| ☐ | ☐ | Subcontract Budget |
| ☐ | ☐ | Contract/Agreement |
| ☐ | ☐ | Form 126 – Ethics Commission |
| ☐ | ☐ | Award Letter |
| ☐ | ☐ | Application |
| ☐ | ☐ | Public Correspondence |

**OTHER** **(Use back side if additional space is needed)**

| | | |
|---|---|---|
| ☐ | ☐ | |
| ☐ | ☐ | |
| ☐ | ☐ | |
| ☐ | ☐ | |
| ☐ | ☐ | |
| ☐ | ☐ | |
| ☐ | ☐ | |
| ☐ | ☐ | |

**Completed by:** Victor Young **Date** August 31, 2012
**Completed by:** Victor Young **Date** _____

[Setting San Francisco's Property Tax Rate and Establishing Pass-Through Rate for Residential Tenants - FY2012-2013]

**Ordinance providing revenue and levying property taxes at a combined rate of $1.1691 on each $100.00 valuation of taxable property for the City and County of San Francisco, San Francisco Unified School District, San Francisco Community College District, Bay Area Rapid Transit District, and Bay Area Air Quality Management District, and establishing pass-through rate of $0.0810 per $100.00 of assessed value for residential tenants pursuant to Chapter 37 of the Administrative Code for the fiscal year ending June 30, 2013.**

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

**SECTION 1**. Under and pursuant to the laws of the State of California and in conformity therewith a tax is hereby levied for the fiscal year ending June 30, 2013, on all property, real and personal, in the City and County of San Francisco, except such property as is by law exempt from taxation, in the sum of $1.0085 on each $100.00 valuation of said taxable property as the same appears upon the secured assessment roll of the said City and County for said fiscal year, which said sum as aforesaid is hereby apportioned in accordance with the provisions of Section 16.106 of the Charter to the funds and accounts and for the purpose designated as follows;

For the General Fund to meet the expenses of the City and County of San Francisco not subject to said limitations of Section 16.106 of the Charter, including the cost of elections, the construction, maintaining and improving streets, sewers and buildings, parks, squares, playgrounds and libraries, obligations imposed by the State Legislative or Constitutional

enactment and obligations imposed by the vote of the People of the City and County of San Francisco, the rate of $ 0.8192 [1]

| | |
|---|---|
| For the Library Preservation Fund, the rate of | 0.0250 |
| For the San Francisco Children's Fund, the rate of | 0.0300 |
| For the Open Space Acquisition Fund, the rate of | 0.0250 |
| For the County Superintendent of School, the rate of | 0.0010 |
| For the General Obligation Bond Fund, the rate of | 0.1083 |
| **TOTAL City and County of San Francisco** | **$1.0085** |

[1] Includes an estimated 0.2533 for the State-mandated tax shift to the Educational Revenue Augmentation Fund.

**SECTION 2.** Under and pursuant to the law of the State of California and in conformity therewith a tax is hereby levied for San Francisco Unified School District purposes for fiscal year ending June 30, 2013 on all property, real and personal in the City and County of San Francisco, except such property as is by law exempt from taxation, in the sum of $0.1145 on each $100.00 valuation of said taxable property as the same appears upon the secured assessment roll of the said City and County for said fiscal year, which said sum is hereby apportioned as follows;

| | |
|---|---|
| For General Operations, the rate of | $0.0770 |
| For General Obligation Bond Debt Service, the rate of | $0.0375 |
| **TOTAL San Francisco Unified School District** | **$0.1145** |

**SECTION 3.** Under and pursuant to the law of the State of California and in conformity therewith a tax is hereby levied for San Francisco Community College District purposes for

fiscal year ending June 30, 2013 on all property, real and personal in the City and County of San Francisco, except such property as is by law exempt from taxation, in the sum of $0.0334 on each $100.00 valuation of said taxable property as the same appears upon the secured assessment roll of the said City and County for said fiscal year, which said sum is hereby apportioned as follows;

| | |
|---|---|
| For General Operations, the rate of | $0.0144 |
| For General Obligation Bond Debt Service, the rate of | $0.0190 |
| **TOTAL San Francisco Community College District** | **$0.0334** |

**SECTION 4.** Under and pursuant to the law of the State of California and in conformity therewith a tax is hereby levied for Bay Area Rapid Transit District purposes for fiscal year ending June 30, 2013 on all property, real and personal in the City and County of San Francisco, except such property as is by law exempt from taxation, in the sum of $0.0106 on each $100.00 valuation of said taxable property as the same appears upon the secured assessment roll of the said City and County for said fiscal year, which said sum is hereby apportioned as follows;

| | |
|---|---|
| For General Operations, the rate of | $0.0063 |
| For General Obligation Bond Debt Service, the rate of | $0.0043 |
| **TOTAL Bay Area Rapid Transit District** | **$0.0106** |

**SECTION 5.** Under and pursuant to the law of the State of California and in conformity therewith a tax is hereby levied for Bay Area Air Quality Management District purposes for fiscal year ending June 30, 2013 on all property, real and personal in the City and County of San Francisco, except such property as is by law exempt from taxation, in the sum of $0.0021 on each $100.00 valuation of said taxable property as the same appears upon the secured

assessment roll of the said City and County for said fiscal year, which said sum is hereby apportioned as follows;

| | |
|---|---|
| For General Operations, the rate of | $0.0021 |
| **TOTAL Bay Area Air Quality Management District** | **$0.0021** |

**SECTION 6.** The combined property tax rate for the City and County of San Francisco, San Francisco Unified School District, San Francisco Community College District, Bay Area Rapid Transit District, and Bay Area Air Quality Management District, as set forth above, shall therefore be $1.1691 on each $100.00 valuation of said taxable property.

**SECTION 7.** Pursuant to Chapter 37.3(a)(6)(A) and (B) and (C) of the San Francisco Administrative Code, the Board of Supervisors hereby determines that the aforesaid rate includes the property tax pass-through rate of residential tenants of $0.0810 per $100 of assessed value which is attributable to three factors; 1) 100% of the City's general obligation bonds approved by voters between November 1, 1996 and November 30, 1998; 2) 50% of the City's general obligation bonds approved by voters after November 14, 2002; and 3) 50% of San Francisco Unified School District or San Francisco Community College District's general obligation bonds approved by voters after November 1, 2006, thus payable within the fiscal year ending June 30, 2013.

**SECTION 8**. The rate for the City and County of San Francisco General Obligation Bond Fund accommodates a collection fee of 0.25% of the fund collected for the purpose of General Obligation Bond debt service. An amount sufficient to pay this fee is hereby appropriated within the General Obligation Bond Fund and the Controller is hereby authorized to pay this fee into the General Fund from the General Obligation Bond Fund.

Prepared By:

Controller

Approved As to Form:

Dennis J Herrera, City Attorney

BY: _____

Deputy City Attorney

FILE NO. 120820

# LEGISLATIVE DIGEST

[Setting San Francisco's Property Tax Rate and Establishing Pass-Through Rate for Residential Tenants – FY2012-2013]

**Ordinance providing revenue and levying property taxes at a combined rate of $1.1691 on each $100.00 valuation of taxable property for the City and County of San Francisco, San Francisco Unified School District, San Francisco Community College District, Bay Area Rapid Transit District, and Bay Area Air Quality Management District, and establishing pass-through rate of $0.0810 per $100.00 of assessed value for residential tenants pursuant to Chapter 37 of the Administrative Code for the fiscal year ending June 30, 2013.**

## Existing Law

San Francisco's combined property tax rate and pass-through rate for residential tenants is adopted annually. Article XIII A of the California Constitution and Sections 93 and 100 of the California Revenue and Taxation Code fix the base property tax rate at $1.0000 on each $100 valuation of taxable property. The portion of the property tax rate above the fixed amount varies each year based on the anticipated debt service requirements related to voter-approved general obligation bonds.

The Board of Supervisors adopted and approved Ordinance Numbers 192-11, 183-11, 184-11, and 185-11 on September 20, 2011 for Fiscal Year 2011-2012. Those Ordinances established that fiscal year's combined property tax rate of $1.1718 on each $100 valuation of taxable property within the City and County of San Francisco. Ordinance 192-11 also established the property tax pass-through rate of residential tenants of $0.0600 per $100 of assessed value based upon the criteria defined in Chapter 37.3(a)(6)(A) and (B) and (C) of the San Francisco Administrative Code.

## Amendments to Current Law

This legislation would update the combined property tax rate to $1.1691 on each $100 valuation of taxable property within the City and County of San Francisco to reflect the change in anticipated debt service requirements, including a 0.25% administrative allowance to reimburse costs of collection, for Fiscal Year 2012-2013. The legislation also updates the property tax pass-through rate of residential tenants to $0.0810 per $100 of assessed value.

## Background Information

California Government Code Section 29100 requires the Board of Supervisors to adopt the composite property tax rate for the City and County of San Francisco, San Francisco Unified School District, San Francisco Community College District, Bay Area Rapid Transit District, and Bay Area Air Quality Management District for the fiscal year on or before October 3 of each year. Section 3.3 of the City and County of San Francisco's Administrative Code requires the property tax rate be adopted by the last working day of September. This legislation fulfills both of those requirements.

CITY AND COUNTY OF SAN FRANCISCO OFFICE OF THE CONTROLLER

Ben Rosenfield
Controller

Monique Zmuda
Deputy Controller

July 24, 2012

The Honorable Angela Calvillo
Clerk of the Board of Supervisors
City and County of San Francisco
City Hall, Room 244
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Attention: Budget & Finance Committee

**Re: FY 2012-13 Property Tax Rate Ordinance**

Dear Ms. Calvillo:

I am submitting an ordinance for consideration to amend the tax levy for FY 2012-13. This ordinance includes the following:

- Property Tax Levy for City and County;
- Property Tax Levy for Unified School District;
- Property Tax Levy for Community College District, and
- Property Tax Levy for Bay Area Rapid Transit District
- Property Tax Levy for Bay Area Air Quality Management District
- Pass-through rate of residential tenants pursuant to Chapter 37 of the Administrative Code

Section 3.3 of the Administrative Code requires the property tax rate be adopted by the last working day of September. Because of the Board of Supervisors' recess schedule, I hereby request these items be scheduled for the Budget & Finance Committee meeting no later than September 5, 2012 in order to satisfy this requirement.

Please contact James Whitaker, Property Tax Manager, at 415-554-7593 if you have questions regarding this matter.

Sincerely,

Ben Rosenfield
Controller

CC: Victor Young, Budget & Finance Committee Clerk

CITY AND COUNTY OF SAN FRANCISCO OFFICE OF THE CONTROLLER

Ben Rosenfield
Controller

Monique Zmuda
Deputy Controller

July 24, 2012

The Honorable Edwin Lee
Mayor, City and County of San Francisco
City Hall, Room 200
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

The Honorable Board of Supervisors
City and County of San Francisco
City Hall, Room 244
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Dear Ladies and Gentlemen:

I am submitting herewith an annual ordinance which formally adopts those portions of the property tax rate for fiscal year 2012-2013 which the City and County of San Francisco administers. The Bay Area Rapid Transit District (BART) also adopts a debt service tax rate for their combined three county service area. The rate shown below includes the estimated rate for BART, which is slated for adoption at BART's August Board meeting. The composite property tax rate for fiscal year 2012-2013 is projected to be $1.1691 for each $100 of assessed value, a decrease of $0.0027 or 0.23 percent from the $1.1718 rate established for fiscal year 2011-2012. The overall rate decrease is attributable primarily to lower debt service requirements to be funded by property taxes for the City and County of San Francisco for fiscal year 2012-2013. Based on a $1.1691 rate, the average tax bill for a home previously assessed at $500,000 in fiscal year 2011-2012 will go from $5,776.97 last fiscal year to $5,880.57 in fiscal year 2012-2013, a $103.60 or 1.79 percent increase. The respective tax rates by accruing entity are as follows:

| | Tax Rate Ordinance | Estimated State Shift | Effect After State Shift |
|---|---|---|---|
| San Francisco Community College District (includes 0.0190 debt service) | $0.0334 | 0.0400 | $0 .0734 |
| San Francisco Unified School District (includes 0.0375 debt service) | 0.1145 | 0.2133 | 0.3278 |
| CCSF - General Fund | 0.8192 | (0.2533) | 0.5659 |
| CCSF - Library Preservation Fund | 0.0250 | | 0.0250 |
| CCSF - Children's Fund | 0.0300 | | 0.0300 |
| CCSF - Open Space Acquisition Fund | 0.0250 | | 0.0250 |
| CCSF - Bond Interest and Redemption Fund | 0.1083 | | 0.1083 |
| CCSF - County Superintendent of Schools | 0.0010 | | 0.0010 |
| Bay Area Air Quality Management District | 0.0021 | | 0.0021 |
| BART District General Fund | 0.0063 | | 0.0063 |
| Total excluding BART District Debt Service | $1.1648 | | $1.1648 |
| BART Debt Service (Estimate) | 0.0043 | | 0.0043 |
| Total Combined Tax Rate | $1.1691 | | $1.1691 |

The property tax rate reflects anticipated debt service requirements pertaining to voter-approved general obligation bonds, including a 0.25% administrative allowance to reimburse costs of collection. Attachment A is a Property Tax Rate History table for the City and County beginning in fiscal year 1989-1990. Attachment B provides the anticipated fiscal year 2012-2013 general obligation bond debt service schedule (principal and interest) relevant to the property tax rate calculations.

For fiscal year 2012-2013, the pass-through rate for residential tenants is $0.0810 per $100 of assessed value, or 8.1 cents per $100 of assessed value. The pass-through rate is comprised of 3 factors as outlined in Chapter 37.3 of the San Francisco Administrative Code: 1) 100% of the City's general obligation bonds approved by voters between November 1, 1996 and November 30, 1998; 2) 50% of the City's general obligation bonds approved by voters after November 14, 2002; and 3) 50% of the San Francisco Unified School District or San Francisco Community College District's general obligation bonds approved by voters after November 1, 2006.

Except for a consumer price index adjustment which is capped at the lesser of inflation or 2.00% under Proposition 13, individual assessments change only when property is sold, transferred or otherwise improved. For fiscal year 2012-2013, the consumer price index adjustment authorized by the State is 2.00%. As shown in Attachment C, the combination of a tax rate of $1.1691 for each $100 of assessed value and the 2.00% consumer price index adjustment that increases the assessed value of the example residence from $500,000 in fiscal year 2011-2012 to $510,000 in fiscal year 2012-2013 results in a $103.60 property tax increase.

Sincerely,

Ben Rosenfield
Controller

Attachments:

A - Property Tax Rate History
B - Debt Service Requirements
C - Comparative Property Tax Bill

# Attachment A

## Property Tax Rate History
## City and County of San Francisco

| Fiscal Year | Prop 13 Tax Rate | San Francisco G.O. Bonds Tax Rate | Schools & Special Districts G.O. Bonds Tax Rate | Combined Secured Property Tax Rate | % Change From Prior Year |
|---|---|---|---|---|---|
| 1990 - 1991 | 1.0000 | 0.0606 | 0.0294 | 1.0900 | 0.00% |
| 1991 - 1992 | 1.0000 | 0.0917 | 0.0293 | 1.1210 | 2.84% |
| 1992 - 1993 | 1.0000 | 0.1200 | 0.0300 | 1.1500 | 2.59% |
| 1993 - 1994 | 1.0000 | 0.1221 | 0.0279 | 1.1500 | 0.00% |
| 1994 - 1995 | 1.0000 | 0.1354 | 0.0276 | 1.1630 | 1.13% |
| 1995 - 1996 | 1.0000 | 0.1367 | 0.0273 | 1.1640 | 0.08% |
| 1996 - 1997 | 1.0000 | 0.1564 | 0.0266 | 1.1830 | 1.64% |
| 1997 - 1998 | 1.0000 | 0.1643 | 0.0257 | 1.1900 | 0.59% |
| 1998 - 1999 | 1.0000 | 0.1449 | 0.0201 | 1.1650 | -2.10% |
| 1999 - 2000 | 1.0000 | 0.1277 | 0.0013 | 1.1290 | -3.08% |
| 2000 - 2001 | 1.0000 | 0.1348 | 0.0012 | 1.1360 | 0.62% |
| 2001 - 2002 | 1.0000 | 0.1236 | 0.0004 | 1.1240 | -1.05% |
| 2002 - 2003 | 1.0000 | 0.1167 | 0.0003 | 1.1170 | -0.62% |
| 2003 - 2004 | 1.0000 | 0.1068 | 0.0002 | 1.1070 | -0.90% |
| 2004 - 2005 | 1.0000 | 0.1284 | 0.0156 | 1.1440 | 3.35% |
| 2005 - 2006 | 1.0000 | 0.1201 | 0.0199 | 1.1400 | -0.35% |
| 2006 - 2007 | 1.0000 | 0.0966 | 0.0384 | 1.1350 | -0.43% |
| 2007 - 2008 | 1.0000 | 0.1037 | 0.0373 | 1.1410 | 0.53% |
| 2008 - 2009 | 1.0000 | 0.1053 | 0.0577 | 1.1630 | 1.93% |
| 2009 - 2010 | 1.0000 | 0.1084 | 0.0506 | 1.1590 | -0.34% |
| 2010 - 2011 | 1.0000 | 0.1121 | 0.0519 | 1.1640 | 0.43% |
| 2011 - 2012 | 1.0000 | 0.1147 | 0.0571 | 1.1718 | 0.67% |
| 2012 - 2013 | 1.0000 | 0.1083 | 0.0608 | 1.1691 | -0.23% |

# Attachment B

## CITY AND COUNTY OF SAN FRANCISCO
## Debt Service Requirements - General Obligation Bonds
## Comparative Statement - Fiscal Year 2012-2013 and 2011-2012

| Bond Description | FY 2012-2013 Principal | FY 2012-2013 Interest | FY 2012-2013 Total | FY 2011-2012 Total | INCREASE/ ( DECREASE ) |
|---|---|---|---|---|---|
| GENERAL CITY | | | | | |
| 1994 UMB Program - Seismic Safety, Series 2007A (1st to 7th draw) | 1,076,718 | 1,334,035 | 2,410,753 | 908,531 | 1,502,222 |
| 1994 UMB Program - Seismic Safety, Series 2007A 5th draw | - | - | - | 1,194,470 | (1,194,470) |
| 1994 UMB Program - Seismic Safety, Series 2007A 8th draw (Estimate) | 45,000 | 103,639 | 148,639 | 446,677 | (298,038) |
| 1995 Steinhart Aquarium Improvement, Series 2005F | - | - | - | 2,286,025 | (2,286,025) |
| 1996 Affordable Housing, Series 2001D | - | - | - | 1,332,263 | (1,332,263) |
| 1997 San Francisco Unified School District, Series 2003B | - | - | - | 2,109,450 | (2,109,450) |
| 1997 Zoo Facilities, Series 2002A | - | - | - | 453,008 | (453,008) |
| 1997 Zoo Facilities, Series 2005H | - | - | - | 585,038 | (585,038) |
| 1999 Laguna Honda Hospital, Series 2005A | - | - | - | 11,382,250 | (11,382,250) |
| 1999 Laguna Honda Hospital, Series 2005I | - | - | - | 4,896,531 | (4,896,531) |
| 2000 Branch Library Facilities Improvement, Series 2002B | - | - | - | 1,680,619 | (1,680,619) |
| 2000 Branch Library Facilities Improvement, Series 2005G | - | - | - | 2,657,244 | (2,657,244) |
| 2000 Branch Library Facilities Improvement, Series 2008A | - | - | - | 2,356,306 | (2,356,306) |
| 2000 California Academy of Sciences, Series 2004B | 1,230,000 | 1,118,706 | 2,348,706 | 614,838 | 1,733,868 |
| 2000 California Academy of Sciences, Series 2005E | - | - | - | 6,200,706 | (6,200,706) |
| 2000 Neighborhood Recreation and Park Facilities Improvement, 2003A | - | - | - | 1,501,926 | (1,501,926) |
| 2000 Neighborhood Recreation and Park Facilities Improvement, 2004A | - | - | - | 5,256,969 | (5,256,969) |
| 2008 Clean and Safe Neighborhood Parks 2008B | 1,635,000 | 1,600,181 | 3,235,181 | 3,232,981 | 2,200 |
| 2008 Clean and Safe Neighborhood Parks 2010B | 1,970,000 | 768,125 | 2,738,125 | 2,736,875 | 1,250 |
| 2008 Clean and Safe Neighborhood Parks, BAB 2010D | - | 1,956,703 | 1,956,703 | 1,956,703 | - |
| 2008 Clean and Safe Neighborhood Parks, BAB 2011 (Estimate) | - | - | - | 6,964,200 | (6,964,200) |
| 2008 Clean and Safe Neighborhood Parks, 2012 | 2,195,000 | 2,158,276 | 4,353,276 | | 4,353,276 |
| 2008 San Fancisco General Hospital Improvement Bonds, Series 2009A | 4,245,000 | 5,388,788 | 9,633,788 | 10,157,188 | (523,400) |
| 2008 San Fancisco General Hospital Improvement Bonds, Series 2010A | 9,595,000 | 3,745,963 | 13,340,963 | 13,342,963 | (2,000) |
| 2008 San Fancisco General Hospital Improvement Bonds, BAB Series 2010C | - | 9,540,977 | 9,540,977 | 9,540,977 | - |
| 2008 San Fancisco General Hospital Improvement Bonds, Series 2011 (Estimate) | - | - | - | 35,469,500 | (35,469,500) |
| 2008 San Fancisco General Hospital Improvement Bonds, Series 2012D (Estimate) | 39,920,000 | 4,759,719 | 44,679,719 | | 44,679,719 |
| 2009 Emergency Safety & Emergency Response, Series 2010E | - | - | - | 5,599,000 | (5,599,000) |
| 2010 Earthquake Safety & Emergency Response, Series 2010E | 1,850,000 | 3,745,750 | 5,595,750 | | 5,595,750 |
| 2010 Earthquake Safety & Emergency Response, Series 2012A | 5,145,000 | 6,342,750 | 11,487,750 | | 11,487,750 |
| 2010 Emergency Safety & Emergency Response, Series 2011 (Estimate) | - | - | - | 10,484,647 | (10,484,647) |
| 2010 Earthquake Safety & Emergency Response, Series 2012E (Estimate) | 1,255,000 | 837,217 | 2,092,217 | | 2,092,217 |
| 2011 Road Repaving and Street Safety S2012C | 2,245,000 | 2,209,100 | 4,454,100 | | 4,454,100 |
| 2011 General Obligation Bond Refunding Series 2011 R1 | 33,040,000 | 16,407,150 | 49,447,150 | | 49,447,150 |
| 2002 General Obligation Bond Refunding, Series 2002 R1 | - | - | - | 12,465,813 | (12,465,813) |
| 2004 General Obligation Bond Refunding, Series 2004 R1 | - | - | - | 151,800 | (151,800) |
| 2006 General Obligation Bond Refunding, Series 2006 R1 | 8,010,000 | 2,753,950 | 10,763,950 | 10,770,700 | (6,750) |
| 2006 General Obligation Bond Refunding, Series 2006 R2 | 4,485,000 | 1,294,823 | 5,779,823 | 5,808,423 | (28,600) |
| 2008 General Obligation Bond Refunding, Series 2008 R1 | 17,410,000 | 3,323,600 | 20,733,600 | 33,304,375 | (12,570,775) |
| 2008 General Obligation Bond Refunding, Series 2008 R2 | 3,255,000 | 1,365,488 | 4,620,488 | 4,620,488 | - |
| 2008 General Obligation Bond Refunding, Series 2008 R3 | - | 5,847,138 | 5,847,138 | 5,847,138 | - |
| SUB-TOTAL GENERAL CITY BEFORE NET PREMIUM & FEDERAL SUBSI | $ 138,606,718 | $ 76,602,078 | $ 215,208,796 | $ 218,316,622 | $ (3,107,826) |
| NET PREMIUM AVAILABLE FOR DEBT SERVICE PAYMENT | | | | | |
| 2008 San Fancisco General Hospital Improvement Bonds, Series 2010A | | $ - | - | $ (4,202,963) | $ 4,202,963 |
| 2008 Clean and Safe Neighborhood Parks 2010B | - | - | - | (861,875) | 861,875 |
| TOTAL NET BID PREMIUM | - | $ - | $ - | $ (5,064,838) | $ 5,064,838 |
| FEDERAL SUBSIDY AVAILABLE FOR DEBT SERVICE PAYMENT | | | | | |
| 2008 Clean and Safe Neighborhood Parks, BAB 2010D | - | $ (684,846) | $ (684,846) | $ (661,245) | $ (23,601) |
| Tobacco Settlement Revenue and SB1125 Reimbursement | (8,780,000) | $ (11,885,288) | $ (20,665,288) | | $ (20,665,288) |
| 2010 Emergency Saafety & Emergency Response Series 2010E | | $ - | $ - | $ (2,964,845) | $ 2,964,845 |
| 2008 San Fancisco General Hospital Improvement Bonds, BAB Series 2010C | - | (3,339,342) | (3,339,342) | (3,339,342) | - |
| Laguna Honda Hospital, Series 2005A,2005I & Refunding S2008 R3 | - | - | - | (10,000,000) | 10,000,000 |
| TOTAL FEDERAL SUBSIDY | (8,780,000) | $ (15,909,476) | (24,689,476) | (16,965,432) | (7,724,044) |
| SUB-TOTAL GENERAL CITY NET OF NET PREMIUM & FEDERAL SUBSID | $ 129,826,718 | $ 60,692,602 | $ 190,519,320 | $ 196,286,352 | $ (5,767,032) |
| OUTSIDE CITY ANNUAL BUDGET | | | | | |
| SAN FRANCISCO COMMUNITY COLLEGE DISTRICT (SFCCD) | | | | | |
| 2001 Community College District, 2002 Series A | $ 1,270,000 | $ 1,463,631 | $ 2,733,631 | $ 2,733,956 | $ (325) |
| 2001 Community College District, 2004 Series B | 4,945,000 | 3,625,356 | 8,570,356 | 8,656,306 | (85,950) |
| 2001 Community College District, 2006 Series C | 1,325,000 | 1,946,588 | 3,271,588 | 3,256,988 | 14,600 |
| 2005 Community College District, 2006 Series A | 2,535,000 | 3,679,246 | 6,214,246 | 6,185,646 | 28,600 |
| 2005 Community College District, 2007 Series B | 3,235,000 | 4,727,606 | 7,962,606 | 7,930,806 | 31,800 |
| 2005 Community College District, 2010Series C | 1,230,000 | 339,813 | 1,569,813 | 1,568,963 | 850 |
| 2005 Community College District, 2010 Series D | - | 1,497,300 | 1,497,300 | 1,497,300 | - |
| SUB-TOTAL SF COMMUNITY COLLEGE DISTRICT BEFORE NET BID PRI | $ 14,540,000 | $ 17,279,540 | $ 31,819,540 | $ 31,829,965 | $ (10,425) |
| NET PREMIUM AVAILABLE FOR DEBT SERVICE PAYMENT | | | | | |
| 2005 Community College District, 2010Series C | - | $ - | $ - | (259,794) | $ 259,794 |
| TOTAL NET BID PREMIUM | - | $ - | $ - | $ (259,794) | $ 259,794 |
| SF COMMUNITY COLLEGE DISTRICT, NET OF NET BID PREMIUM | $ 14,540,000 | $ 17,279,540 | $ 31,819,540 | $ 31,570,171 | $ 249,369 |
| SAN FRANCISCO UNIFIED SCHOOL DISTRICT (SFUSD) | | | | | |
| 2003 Unified School District, Series A (2004) | $ - | $ - | $ - | $ 4,333,713 | $ (4,333,713) |
| 2003 Unified School District, Series B (2005) | - | - | - | 10,294,144 | (10,294,144) |
| 2003 Unified School District, Series C (2006) | 3,835,000 | 3,325,144 | 7,160,144 | 7,157,544 | 2,600 |
| 2006 Unified School District, Series A (2007) | 3,945,000 | 3,539,350 | 7,484,350 | 7,480,950 | 3,400 |
| 2006 Unified School District, Series B (2009) | 7,895,000 | 5,777,213 | 13,672,213 | 13,553,713 | 118,500 |
| 2006 Unified School District, 2010 Series C ( CSBCs) | - | 742,969 | 742,969 | 742,969 | - |
| 2006 Unified School District, 2010 Series D ( BABs) | - | 4,150,420 | 4,150,420 | 4,150,420 | - |
| 2006 Unified School District, 2010 Series E | 6,405,000 | 4,307,100 | 10,712,100 | 10,822,010 | (109,910) |
| 2011 Unified School District, 2012 Series A | 3,610,000 | 5,175,350 | 8,785,350 | - | 8,785,350 |
| 2012 General Obligation Refunding Bonds | 7,035,000 | 4,673,385 | 11,708,385 | 10,822,010 | 886,375 |
| SUB-TOTAL SF UNIFIED SCHOOL DISTRICT BEFORE NET BID PREMIUI | $ 32,725,000 | $ 31,690,931 | $ 64,415,931 | $ 69,357,473 | $ (4,941,542) |
| NET PREMIUM AVAILABLE FOR DEBT SERVICE PAYMENT | | | | | |
| 2006 Unified School District, Series C (2010) QSCBs | | $ (702,161) | $ (702,161) | $ (737,269) | $ 35,108 |
| 2006 Unified School District, Series D (2010) BABs | | $ (1,452,647) | $ (1,452,647) | $ (1,525,279) | $ 72,632 |
| 2006 Unified School District, 2010 Series E | - | - | - | (2,709,083) | 2,709,083 |
| TOTAL NET BID PREMIUM | $ - | $ (2,154,808) | $ (2,154,808) | $ (4,971,631) | $ 2,816,823 |
| SUB-TOTAL NET OF NET PREMIUM AVAILABLE FOR DEBT SERVICE PA | $ 32,725,000 | $ 29,536,123 | $ 62,261,123 | $ 64,385,842 | $ (2,124,719) |
| BAY AREA RAPID TRANSIT DISTRICT (BART) | | | | | |
| 2004 BART Earthquake Safety Bonds Series A | $ 313,600 | $ 565,579 | $ 879,179 | $ 879,459 | $ (280) |
| 2004 BART Earthquake Safety Bonds Series B | 459,200 | 5,835,060 | 6,294,260 | 6,133,860 | 160,400 |
| SUB-TOTAL BAY AREA RAPID TRANSIT DISTRICT | $ 772,800 | $ 6,400,639 | $ 7,173,439 | $ 7,013,319 | $ 160,120 |
| SUB-TOTAL SFCCD, SFUSD AND BART | $ 48,037,800 | $ 53,216,302 | $ 101,254,102 | $ 102,969,332 | $ (1,715,230) |
| TOTAL GENERAL OBLIGATIONS - GENERAL CITY, SFCCD, SFUSD AND BART | $ 177,864,518 | $ 113,908,904 | $ 291,773,422 | $ 299,255,684 | $ (7,482,262) |

# Attachment C

## COMPARATIVE TAX BILL

A comparative tax bill calculation of a home in San Francisco with an assessed value of $500,000 in fiscal year 2011-2012 is as follows:

| | Assessed Value (100%) | Property Tax Rate per $100 Value | Tax Bill | % Change |
|---|---|---|---|---|
| | **FY 2011-2012** | | | |
| Assessed Value | $500,000 | | | |
| Less Homeowners' Exemption | 7,000 | | | |
| | $493,000 | x $1.1718 | $5,776.97 | |
| | **FY 2012-2013** | | | |
| Prior Year Assessed Value | $500,000 | | | |
| Add 2.00% Consumer Price Index (CPI) Increase | 10,000 | | | |
| Assessed Value FY 2010-11 | $510,000 | | | |
| Less Homeowners' Exemption | 7,000 | | | |
| | $503,000 | x $1.1691 | $5,880.57 | |
| **Increase / (Decrease)** | | **($0.0027)** | **$ 103.60** | **+1.79%** |

OFFICE OF THE MAYOR
SAN FRANCISCO

EDWIN M. LEE
MAYOR

RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO
2012 JUL 31 PM 2:13

TO: Angela Calvillo, Clerk of the Board of Supervisors

FROM: Mayor Edwin M. Lee

RE: Setting San Francisco's Property Tax Rate and Establishing Pass-Through Rate for Residential Tenants - FY2012-2013

DATE: July 31, 2012

---

Attached for introduction to the Board of Supervisors is the ordinance providing revenue and levying property taxes at a combined rate of $1.1691 on each $100.00 valuation of taxable property for the City and County of San Francisco, San Francisco Unified School District, San Francisco Community College District, Bay Area Rapid Transit District, and Bay Area Air Quality Management District, and establishing pass-through rate of $0.0810 per $100.00 of assessed value for residential tenants pursuant to Chapter 37 of the Administrative Code for the fiscal year ending June 30, 2013.

I request that this item be calendared in Budget and Finance Committee on September 5th, 2012.

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

1 DR. CARLTON B. GOODLETT PLACE, ROOM 200
SAN FRANCISCO, CALIFORNIA 94102-4681
TELEPHONE: (415) 554-6141

120820

| Item 2<br>File 12-0820 | Department:<br>Controller |
|---|---|

## EXECUTIVE SUMMARY

### Legislative Objectives

- Ordinance providing revenue and levying Property Taxes in FY 2012-13 for (a) the City and County of San Francisco, including establishment of the pass-through rate for residential tenants pursuant to Chapter 37 of the City's Administrative Code, (b) the San Francisco Unified School District, (c) the San Francisco Community College District, (d) the Bay Area Rapid Transit District, and (e) the Bay Area Air Quality Management District.

### Key Points

- The FY 2012-13 proposed combined total Property Tax rate of $1.1691 per $100 of assessed home value is a reduction of $0.0027 or 0.23% from the existing FY 2011-12 Property Tax rate of $1.1718. Decreases in debt service for the City and County of San Francisco and the San Francisco Community College District General Obligation Bonds were partially offset by increases in debt service for the San Francisco Unified School District and the Bay Area Rapid Transit District General Obligation Bonds.
- In accordance with Article 13A, Sec.2(b) of the California Constitution, individual property assessments increase only by a State authorized inflation factor, unless the property is sold, transferred, or improved. For FY 2012-13, the State has authorized the maximum allowable adjustment of 2.0%. Therefore, a single family residence with an assessed value in FY 2011-12 of $500,000 would have a FY 2012-13 assessed value of $510,000.
- The proposed FY 2012-13 Property Tax rate would result in a $103.60 increase in Property Taxes, from $5,776.97 in FY 2011-12 for a single family residence with an assessed value of $500,000 to $5,880.57 in FY 2012-13 for a single family residence with an assessed value of $510,000. The Property Tax increase includes (a) the decrease in the Property Tax rate in the proposed ordinance, (b) a cost of living adjustment in assessed values of 2.0%,a nd (c) a homeowner's exemption of $7,000.
- Compared with the FY 2011-12 Property Tax pass-through rate for residential tenants of $0.060, the proposed FY 2012-13 Property Tax pass-through rate of $0.081 would result in a total increase in Property Taxes of $113.10 that could be passed through to tenants living in a residence assessed at $510,000, after the 2.0% cost of living increase.

### Recommendation

- Approve the proposed ordinance.

## MANDATE STATEMENT

### Property Tax Rate

Section 2151 of the California Revenue and Taxation Code states that the Board of Supervisors shall establish county and district tax rates. Section 37.3(a)(6) of the City's Administrative Code (the Residential Rent Stabilization and Arbitration Ordinance) allows landlords to pass through to tenants a portion of Property Taxes. The proposed ordinance would establish the Property Tax rates and pass-through rates for FY 2012-13.

## DETAILS OF PROPOSED LEGISLATION

The proposed ordinance would establish the combined Property Tax rate for FY 2012-13 at $1.1691 per $100 of assessed value. Such rates are apportioned to the "taxing entities" within the City and County of San Francisco that are allocated Property Tax revenues,includi ng (a) the City and County of San Francisco, (b) the San Francisco Unified School District, (c) the San Francisco Community College District, (d) the Bay Area Rapid Transit District, and (e) the Bay Area Air Quality Management District. As shown in Table 1 below, the combined total FY 2012-13 Property Tax rate, as calculated by the Controller, is $1.1691 per $100 of assessed value.

**Table 1. FY 2011-12 Property Tax Rates and Proposed FY 2012-13 Property Tax Rates**

| | Property Tax Rates, per $100 of Assessed Value | | |
|---|---|---|---|
| **Jurisdiction** | **FY 2011-12** | **FY 2012-13 Proposed** | **Increase (Decrease)** |
| General City Operations* | $0.8192 | $0.8192 | $0 |
| Library Preservation Fund | 0.0250 | 0.0250 | 0 |
| SF Children's Fund | 0.0300 | 0.0300 | 0 |
| Open Space Acquisition Fund | 0.0250 | 0.0250 | 0 |
| County Superintendent of School | 0.0010 | 0.0010 | 0 |
| General Obligation Bond Fund | 0.1147 | 0.1083 | (0.0064) |
| **Subtotal: City and County of San Francisco** | **1.0149** | **1.0085** | **(0.0064)** |
| General Operations | 0.0770 | 0.0770 | 0 |
| General Obligation Bond Debt Service | 0.0334 | 0.0375 | 0.0041 |
| **Subtotal: SF Unified School District (SFUSD)** | **0.1104** | **0.1145** | **0.0041** |
| General Operations | 0.0144 | 0.0144 | 0 |
| General Obligation Bond Debt Service | 0.0196 | 0.0190 | (0.0006) |
| **Subtotal: SF Community College District (SFCCD)** | **0.0340** | **0.0334** | **(0.0006)** |
| General Operations | 0.0063 | 0.0063 | 0 |
| General Obligation Bond Debt Service | 0.0041 | 0.0043 | 0.0002 |
| **Subtotal: Bay Area Rapid Transit District** | **0.0104** | **0.0106** | **0.0002** |
| **Bay Area Air Quality Management District Operations** | **0.0021** | **0.0021** | **0.0000** |
| **Total Property Tax Rate** | **$1.1718** | **$1.1691** | **$(0.0027)** |

* Includes $0.2533 for the Educational Revenue Augmentation Fund (ERAF) for the benefit of SFUSD and SFCCD.

The proposed Property Tax rate for the City and County of San Francisco, shown in Table 1 above, includes a 0.25% administrative allowance charged on the City's voter-approved General Obligation bonds to reimburse the City for the costs of Property Tax collection. This 0.25% administrative allowance is charged to the total Property Tax collection, rather than to the property's assessed value.

The proposed ordinance would also allow landlords to pass through $0.081 per $100 of assessed value to tenants for a portion of the Property Taxes pursuant to Section 37.3 (a)(6) of the City's Administrative Code (the Residential Rent Stabilization and Arbitration Ordinance). The previous pass-through rate for FY 2011-12 was $0.060 per $100 of assessed value. This increase is due to increases in the debt service that may be passed on to tenants: (a) 100% of City and County of San Francisco General Obligation Bonds issued between November 1, 1996 and November 30, 1998; (b) 50% of City and County of San Francisco General Obligation Bonds issued after November 14, 2002, and (c) 50% of San Francisco Unified School District and San Francisco Community College District General Obligation Bonds issued after November 1, 2006.

## FISCAL IMPACTS

The FY 2012-13 proposed combined total Property Tax rate of $1.1691, as calculated by the Controller, is a decrease of $0.0027 or 0.23% from the existing FY 2011-12 Property Tax rate of $1.1718. As is shown in Table 1 above, decreases in debt service for the City and County of San Francisco and the San Francisco Community College District General Obligation Bonds were partially offset by increases in debt service for the San Francisco Unified School District and the Bay Area Rapid Transit District General Obligation Bonds.

In accordance with Article 13A, Sec.2(b) of the California Constitution, individual property assessments increase only by a State authorized inflation factor adjustment, unless the property is sold, transferred, or improved. For FY 2012-13, the State has authorized the maximum allowable inflation factor adjustment of 2.0%. Therefore, a single family residence with an assessed value in FY 2011-12 of $500,000 would have a FY 2012-13 assessed value of $510,000.

In addition, homeowners who live in their residences are eligible for a $7,000 homeowners' exemption, which reduces the assessed value for taxation purposes. Table 2 below shows that, compared with the FY 2011-12 Property Tax rate of $1.1718, the proposed FY 2012-13 Property Tax rate of $1.1691 would result in an increase in Property Taxes of $103.60 for a homeowner living in a single family residence assessed at $510,000 in FY 2012-13, after the 2.0% cost of living increase.

As also shown in Table 2 below, compared with the FY 2011-12 Property Tax pass-through rate of $0.060, the proposed FY 2012-13 Property Tax pass-through rate of $0.081 would result in a total increase in Property Taxes of $113.10 that could be passed through to tenants living in a rental unit assessed at $510,000, after the 2.0% cost of living increase.

**Table 2: Impact on Property Tax Payments**

| Fiscal Year 2011-12 | Single Family Residence | Allowable Tenant Pass-Through |
|---|---|---|
| Assessed Value | $500,000 | $500,000 |
| Less Homeowners Exemption | (7,000) | 0 |
| **Total Taxable Assessed Value** | **493,000** | **500,000** |
| Tax Rate per $100 of assessed value | 1.1718 | 0.0600 |
| **Property Taxes Payable in 2011-12** | **$5,776.97** | **$300.00** |
| **Fiscal Year 2012-13 (proposed)** | | |
| Prior Year Assessed Value | $500,000 | $500,000 |
| Plus Cost of Living Increase (2.000%) | 10,000 | 10,000 |
| Subtotal | 510,000 | 510,000 |
| Less Homeowners Exemption | (7,000) | 0 |
| **Total Taxable Assessed Value** | **503,000** | **510,000** |
| Tax Rate per $100 of assessed value | 1.1691 | 0.0810 |
| **Property Taxes Payable in FY 2010-11** | **$5,880.57** | **$413.10** |
| **Total Increase in Property Taxes Payable in FY 2012-13, as Compared to FY 2011-12, for a Single Family Home with a Prior Year Assessed Value of $500,000** | **$103.60** | **$113.10** |

## RECOMMENDATION

Approve the proposed ordinance.