

1 [Business and Tax Regulations Code - Transfer Tax Exemption for Certain Port Leases]

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3 **Ordinance amending the Business and Tax Regulations Code to exempt from real**
4 **property transfer taxes certain leases with the Port Commission with effective dates on**
5 **or after November 1, 2024, and on or before December 31, 2034.**

6 NOTE: **Unchanged Code text and uncodified text** are in plain Arial font.
7 **Additions to Codes** are in *single-underline italics Times New Roman font*.
8 **Deletions to Codes** are in ~~*strikethrough italics Times New Roman font*~~.
9 **Board amendment additions** are in double-underlined Arial font.
10 **Board amendment deletions** are in ~~strikethrough Arial font~~.
11 **Asterisks (* * * *)** indicate the omission of unchanged Code
12 subsections or parts of tables.

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

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15 Section 1. Article 12-C of the Business and Tax Regulations Code is hereby amended
16 by adding Section 1108.10, to read as follows:

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18 **SEC. 1108.10. EXEMPTION FOR CERTAIN PORT LEASEHOLD INSTRUMENTS.**

19 **(a) Definitions.**

20 “Eligible Tenant” means a tenant to which the Port Commission conveys a leasehold interest in
21 real property under the Port Commission’s jurisdiction, where such tenant was the tenant under a
22 Prior Port Lease with respect to the same real property immediately preceding the effective date of the
23 new leasehold interest, and the direct and indirect ownership interests in the tenant were identical
24 under the Prior Port Lease at the time of termination and under the lease for which an exemption under
25 this Section 1108.10 is being sought upon its effective date.

“Exempt Port Lease” means any deed, instrument, or writing pursuant to which the Port
Commission conveys to an Eligible Tenant a leasehold interest in real property under the Port

1 Commission’s jurisdiction, where such leasehold interest has an effective date that immediately follows
2 the termination of a Prior Port Lease with respect to the same real property. For purposes of this
3 Section 1108.10, real property is the “same real property” under a Prior Port Lease if the real
4 property was subject to the Prior Port Lease immediately preceding the effective date of the deed,
5 instrument, or writing for which an exemption under this Section is being sought.

6 “Prior Port Lease” means any deed, instrument, or writing pursuant to which the Port
7 Commission granted a leasehold interest in real property under its jurisdiction with an effective date on
8 or before December 31, 1979, without regard to subsequent amendments.

9 (b) **Exemption.** Any Exempt Port Lease with an effective date on or after November 1, 2024
10 and on or before December 31, 2034, shall be exempt from the tax imposed under this Article 12-C if
11 the requirements for exemption in subsection (c) are satisfied.

12 (c) **Requirements for Exemption.**

13 (1) Except as provided in subsection (c)(2), every person claiming the exemption under
14 subsection (b) must:

15 (A) Obtain from the Port a certificate confirming that the deed, instrument, or
16 writing for which the person is claiming the exemption is an Exempt Port Lease; and

17 (B) Submit the certificate described in subsection (c)(1)(A) to the County
18 Recorder at the time such person submits the affidavit described in subsection (c) or (d) of
19 Section 1111.

20 (2) Notwithstanding the requirements in subsection (c)(1), every person claiming the
21 exemption under subsection (b) for an Exempt Port Lease with an effective date on or after
22 November 1, 2024, but prior to July 1, 2025, may do the following in lieu of the procedures described
23 in subsection (c)(1):

24 (A) Obtain from the Port a certificate confirming that the deed, instrument, or
25 writing for which the person is claiming the exemption is an Exempt Port Lease.

1 (B) By December 31, 2025, submit the certificate described in
2 subsection (c)(2)(A) to the County Recorder, along with a request for a refund of the tax paid on, or the
3 cancellation or reduction of any deficiency assessed with respect to, the transfer subject to the
4 certificate. The County Recorder may authorize the Controller to refund these amounts, without
5 interest, without the need for a refund claim.

6 (3) Failure to timely satisfy the requirements in this subsection (c) will render the
7 transfer ineligible for the exemption under subsection (b).

8 (d) Sunset Date. This Section 1108.10 shall expire by operation of law on December 31, 2034.

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10 Section 2. Effective Date. This ordinance shall become effective 30 days after
11 enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the
12 ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board
13 of Supervisors overrides the Mayor's veto of the ordinance.

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15 APPROVED AS TO FORM:
16 DAVID CHIU, City Attorney

17 By: /s/ Scott M. Reiber
18 SCOTT M. REIBER
19 Chief Tax Attorney

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