

1 [Gross Receipts Tax]

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3 **Resolution declaring an emergency under California Constitution Article XIII C, Section**  
4 **2(b) and authorizing submission of Ordinance amending the Business and Tax**  
5 **Regulations Code to: (1) enact a new Article 12-A-1 (Gross Receipts Tax Ordinance),**  
6 **Sections 951 through 958, to impose a gross receipts tax on persons engaging in**  
7 **business activities in San Francisco; (2) amend Article 12 (Business Registration**  
8 **Ordinance) to conform business registration requirements with the enactment of**  
9 **Article 12-A-1 (Gross Receipts Tax Ordinance); and (3) amend Article 6 (Common**  
10 **Administrative Provisions) to conform them with the enactment of Article 12-A-1 (Gross**  
11 **Receipts Tax Ordinance); and (4) amend Article 12-A (Payroll Expense Tax Ordinance)**  
12 **to conform it with the enactment of Article 12-A-1 (Gross Receipts Tax Ordinance), as a**  
13 **general tax measure to the voters at a special election.**

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15 WHEREAS, California Constitution Article XIII C, Section 2(b) requires voter approval of  
16 all ordinances that propose to impose, extend or increase a general tax and allows the  
17 submission of such proposals only at a regularly scheduled general election for members of  
18 the Board "except in cases of emergency declared by a unanimous vote of the governing  
19 body"; and,

20 WHEREAS, The City's next general election at which candidates for the Board of  
21 Supervisors will stand for election will not be held until November 2010; and,

22 WHEREAS, The City has scheduled a special election for June 2, 2009 for the purpose  
23 of submitting revenue and fiscal measures to the voters.

24 WHEREAS, The Board of Supervisors finds that an emergency exists requiring that the  
25 voters be able to consider a general tax measure at the June 2, 2009 special election, and

1 that the existence of such an emergency is demonstrated by, among other commonly  
2 reported stories regarding an economic crisis, the following circumstances:

3 (a) The fiscal crisis impacting the nation and the state, which has been called the  
4 worst since the Great Depression, has affected San Francisco. The City has been hit by a  
5 sudden and precipitous drop in local revenues far below the adopted budget levels. As a  
6 result of these conditions, the Controller estimates that 2008-09 general fund tax revenue will  
7 be \$127 million less than anticipated in the annual appropriation ordinance. Local  
8 unemployment, office vacancy rates, retail sales, and travel indicators have all worsened in  
9 recent months, suggesting that the City has followed the State of California into a recession.  
10 The Controller has identified that the trends in all of these areas are negative.

11 (b) The Mayor's Office has projected a General Fund deficit of \$575.6 million for  
12 Fiscal Year 2009-10, a loss of roughly half of the City's discretionary spending as compared to  
13 funds available for discretionary spending in Fiscal Year 2008-09. This deficit will severely  
14 impair the capacity of the City to deliver critical public health and human services in particular,  
15 since the departments delivering those services are among those most dependent on the  
16 General Fund. The City's inability to replace this funding will imperil the health, safety, and  
17 welfare of the most vulnerable segments of the City's population.

18 (c) The City's adopted 2008-09 budget assumes \$709 million in State revenues.  
19 Additional reductions in General Fund revenue appear likely given the approximate \$40 billion  
20 shortfall the State of California faces during this same period.

21 (d) The City has already made significant cuts in government spending, including  
22 the elimination or postponement of programs, lay-offs of nearly 400 City employees, and  
23 elimination of over 300 vacant positions. Additionally, the Mayor's Office has directed all City  
24 departments to prepare plans to reduce their fiscal year 2009-10 budgets by 12.5%, and  
25 prepare contingency plans for an additional 12.5%. If shortages of funds forced the City to

1 implement these plans, the City will have no choice but to eliminate essential municipal  
2 services and public programs.

3 (e) In response to this situation, the Board of Supervisors has called a special  
4 election for June 2, 2009, to submit among other fiscal measures a number of proposed  
5 revenue measures to the voters, so that the Board and the Mayor will know before the  
6 commencement of Fiscal Year 2009-10 whether the voters have approved the revenue  
7 measures.

8 (f) If the voters approve this tax increase, the revenues that it is estimated to  
9 produce will help the City address the impending deficit and minimize its adverse effects on  
10 health, safety, and welfare of its residents:

11 (g) Ordinance amending the Business and Tax Regulations Code to: (1) enact a  
12 new Article 12-A-1 (Gross Receipts Tax Ordinance), Sections 951 through 958, to impose a  
13 gross receipts tax on persons engaging in business activities in San Francisco; (2) amend  
14 Article 12 (Business Registration Ordinance) to conform business registration requirements  
15 with the enactment of Article 12-A-1 (Gross Receipts Tax Ordinance); and (3) amend Article 6  
16 (Common Administrative Provisions) to conform them with the enactment of Article 12-A-1  
17 (Gross Receipts Tax Ordinance); and (4) amend Article 12-A (Payroll Expense Tax  
18 Ordinance) to conform it with the enactment of Article 12-A-1 (Gross Receipts Tax Ordinance)  
19 on file with the Clerk of the Board of Supervisors in File No. 090133, is hereby declared to be  
20 a part of this Resolution as if set forth fully herein; and, now therefore, be it

21 RESOLVED, That the City faces an emergency which warrants submission of this  
22 Ordinance amending the Business and Tax Regulations Code to: (1) enact a new Article 12-  
23 A-1 (Gross Receipts Tax Ordinance), Sections 951 through 958, to impose a gross receipts  
24 tax on persons engaging in business activities in San Francisco; (2) amend Article 12  
25 (Business Registration Ordinance) to conform business registration requirements with the

1 enactment of Article 12-A-1 (Gross Receipts Tax Ordinance); and (3) amend Article 6  
2 (Common Administrative Provisions) to conform them with the enactment of Article 12-A-1  
3 (Gross Receipts Tax Ordinance); and (4) amend Article 12-A (Payroll Expense Tax  
4 Ordinance) to conform it with the enactment of Article 12-A-1 (Gross Receipts Tax Ordinance)  
5 to the voters at the June 2, 2009 special election.

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