



CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE CONTROLLER

Ben Rosenfield
Controller

Monique Zmuda
Deputy Controller

July 10, 2014

Ms. Angela Calvillo
Clerk of the Board of Supervisors
1 Dr. Carlton B. Goodlett Place Room 244
San Francisco, CA 94102-4689

RE: File 140965 – Initiative ordinance amending the property transfer tax

Dear Ms. Calvillo,

Should the proposed initiative ordinance be approved by the voters, in my opinion, it could have a significant impact on government revenues. The proposed ordinance would affect property transfer tax revenues received by the City by an unknown amount.

The amendment provides for a surtax added to the existing property transfer tax imposed on certain residential properties if they are purchased and sold within a five year period. Current transfer tax rates range from 0.5% of the sale price for properties less than \$250,000 to 2.5% for properties greater than \$10 million. The majority of revenue and property affected by the existing tax comes from sales of large commercial properties.

The surtax would range from 24% to 14% depending on the length of time a property was held between purchase and sale. Exemptions are provided for various types of properties and ownership circumstances.

The number of properties that might be affected by the ordinance is unknown and would depend on property owners' behavior and market conditions. The Controller's Office is working to develop an estimate and will continue to work with the sponsors and City departments to clarify the effects as it is considered for the ballot.

Sincerely,

for Ben Rosenfield
Ben Rosenfield
Controller

Note: This analysis reflects our understanding of the proposal as of the date shown. At times further information is provided to us which may result in revisions being made to this analysis before the final Controller's statement appears in the Voter Information Pamphlet.