



MEMORANDUM

TO: Members, Board of Supervisors
Clerk of the Board
FROM: Ben Rosenfield
DATE: May 27, 2015
SUBJECT: Notification of Payroll Expense Tax and Gross Receipts Tax Designation Ceiling to the Neighborhood Beautification Fund

Article 12B-1 of the Business & Tax Regulations Code establishes the Neighborhood Beautification and Graffiti Clean-Up Fund Option (now known as the Community Challenge Grant Program), under which taxpayers subject to the payroll expense tax and/or the gross receipts tax may elect to designate a portion of their tax liability to the Fund.

To permit the Office of the Treasurer and Tax Collector to create the online filing forms necessary to collect the payroll expense and gross receipts taxes, our office calculated the tax year 2015 target contribution amount and resultant contribution rate assuming an inflation adjustment for 2015 equal to that of 2014.

Given tax year 2014 contributions of \$2.2 million we estimate that a 2.6% contribution ceiling would result in contributions equal to the inflation adjusted target amount of \$1.9 million for tax year 2015. Figures are provided in the table below.

Table with 7 columns: Tax Year, CPI, Fiscal Year, Target Contributions (\$ millions), Actual Contributions (\$ millions), Contribution Rate. Rows for years 2012, 2013, 2014, and 2015*.

*CPI and contributions for tax year 2015 are estimated.

Please contact me or Michelle Allersma, Director of the Controller's Office Budget and Analysis Division, at (415) 554-4792 if you have any questions regarding this information.