

File No. 251002

Committee Item No. 2

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

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Committee: Budget and Finance Committee Date January 28, 2026

Board of Supervisors Meeting Date _____

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Completed by: Brent Jalipa Date January 22, 2026

Completed by: Brent Jalipa Date _____

[Business and Tax Regulations Code - Application of Access Line Tax to Voice Over Internet Protocol Services]

Ordinance amending the Business and Tax Regulations Code to revise how the Access Line Tax (“ALT”) applies to Voice Over Internet Protocol (“VoIP”) services to require collection and remittance of the ALT on VoIP services using the lower of the number of telephone numbers provided to a subscriber and the number of calls that the subscriber can make and/or receive at the same time using those telephone numbers.

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

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

Section 1. Article 10B of the Business and Tax Regulations Code is hereby amended by revising Section 782, to read as follows:

SEC. 782. IMPOSITION OF ACCESS LINE TAX.

(a) There is hereby imposed a tax as provided in this Article 10B on every person who subscribes to telephone communications services within the City and County of San Francisco, to the extent permitted by Federal and State law. The tax shall apply to each access line within the City’s tax jurisdiction, including, without limitation, access lines billed to a telephone account having a situs in the City, as permitted by the Mobile Telecommunications Sourcing Act, 4 U.S.C. § 116 *et seq.* There is a rebuttable presumption that service billed to a billing address or provided to a service address in the City is used, in

1 whole or in part, within the City's boundaries and that such service is subject to taxation under
2 this ~~Article~~. The tax shall not apply to a prepaid calling service or a post-paid calling service.

3 (b) The amount of the tax imposed by this Section 782 shall be paid, on a
4 per-access-line basis, subject to the provisions in subsection (d), by the person paying for
5 telephone communications service; however, no telephone communications service
6 subscriber shall be required to pay more than \$55,000-~~00~~ in tax per account per service
7 location in any calendar year. The cost of wireless telephone communications services shall
8 not be considered for purposes of this ~~S~~subsection (b). The cap established by this
9 subsection shall be adjusted annually in accordance with the increase in the Consumer Price
10 Index; All Urban Consumers for the San Francisco/Oakland/San Jose Area for All Items as
11 reported by the United States Bureau of Labor Statistics, or any successor to that index, as of
12 December 31~~st~~ of each year, beginning with December 31, 2009, and such increase shall take
13 effect when 1) notice of the increase is given by the Controller in the manner generally used
14 by the Controller for notification of fee or tax changes and 2) such increase is approved by the
15 Mayor and Board of Supervisors by resolution.

16 (c) Only one payment of the tax shall be required for any access line, trunk line, or
17 high capacity trunk line, notwithstanding that access lines of more than one person are used
18 in furnishing telephone communications service to a telephone communications service
19 subscriber.

20 (d) The number of access lines subject to tax under this Section 782 for voice over Internet
21 protocol services shall be the number of access lines determined under the definition of "access line"
22 in Section 781(a); provided, however, if there is a lesser number of connections that the person who
23 subscribes to the voice over Internet protocol services can maintain at the same time under such
24 services, the lesser number shall be subject to the tax.

1 (e) Subsection (d) of this Section 782 shall be operative for tax periods commencing on the first
2 day of the month following the end of the 60-day period commencing on the date that the Tax Collector
3 provides the written notification required by Section 799(a)(5) of the California Public Utilities Code.
4

5 Section 2. Scope of Ordinance. In enacting this ordinance, the Board of Supervisors
6 intends to amend only those words, phrases, paragraphs, subsections, sections, articles,
7 numbers, punctuation marks, charts, diagrams, or any other constituent parts of the Municipal
8 Code that are explicitly shown in this ordinance as additions, deletions, Board amendment
9 additions, and Board amendment deletions in accordance with the “Note” that appears under
10 the official title of the ordinance.
11

12 Section 3. Effective Date. This ordinance shall become effective 30 days after
13 enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the
14 ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board
15 of Supervisors overrides the Mayor’s veto of the ordinance.
16
17

18 APPROVED AS TO FORM:
19 DAVID CHIU, City Attorney

20 By: /s/ Scott M. Reiber
21 SCOTT M. REIBER
 Chief Tax Attorney

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LEGISLATIVE DIGEST

[Business and Tax Regulations Code - Application of Access Line Tax to Voice Over Internet Protocol Services]

Ordinance amending the Business and Tax Regulations Code to revise how the Access Line Tax (“ALT”) applies to Voice Over Internet Protocol (“VoIP”) services to require collection and remittance of the ALT on VoIP services using the lower of the number of telephone numbers provided to a subscriber and the number of calls that the subscriber can make and/or receive at the same time using those telephone numbers.

Existing Law

The Access Line Tax is imposed on persons that subscribe to telephone communications services within the City and County of San Francisco, and the tax applies to each access line within the City’s tax jurisdiction. An “access line” is broadly defined to include any connection between a customer and the telephone communications services provider. And it expressly includes the assignment of a 10-digit telephone number.

Amendments to Current Law

The ordinance would change the application of the tax with respect to voice over Internet protocol (“VoIP”) services to impose the tax on the lower of: (1) the number of 10-digit telephone numbers provided (as the law currently requires); and (2) the number of simultaneous calls the customer can make using those numbers. This change would be operative only for tax periods commencing on the first day of the month following the end of the 60-day period commencing on the date that the Tax Collector provides the written notification as required by Section 799(a)(5) of the California Public Utilities Code.

Background Information

VoIP providers often provide customers with more 10-digit telephone numbers than the customers can use to make and/or receive calls at the same time. But the Access Line Tax currently applies to each 10-digit telephone number provided. As such, if a VoIP service provider provides a customer 100 10-digit telephone numbers, but that customer can only use 25 of those telephone numbers to make and/or receive calls at the same time, the tax will still apply to all 100 access lines.

This ordinance would limit the tax on VoIP services to the number of calls that can be made and/or received at the same time. Under the proposed ordinance, on the facts in the paragraph above the tax would apply to only 25 access lines.

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OFFICE OF THE MAYOR
SAN FRANCISCO



DANIEL LURIE
MAYOR

TO: Angela Calvillo, Clerk of the Board of Supervisors
FROM: Adam Thongsavat, Liaison to the Board of Supervisors
RE: Business and Tax Regulations Code - Application of Access Line Tax to Voice Over Internet Protocol Services
DATE: October 7, 2025

Ordinance amending the Business and Tax Regulations Code to revise how the Access Line Tax ("ALT") applies to Voice Over Internet Protocol ("VoIP") services to require collection and remittance of the ALT on VoIP services using the lower of (1) the number of telephone numbers provided to a subscriber and (2) the number of calls that the subscriber can make and/or receive at the same time using those telephone numbers.

Should you have any questions, please contact Adam Thongsavat at adam.thongsavat@sfgov.org