

BOARD of SUPERVISORS



City Hall
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MEMORANDUM

TO: Jose Cisneros, Treasurer, Office of the Treasurer & Tax Collector
Ben Rosenfield, City Controller, Office of the Controller
Sophia Kittler, Liaison to the Board of Supervisors, Office of the Mayor

FROM: Linda Wong, Assistant Clerk, Budget and Finance Sub-Committee
Board of Supervisors

DATE: May 16, 2019

SUBJECT: LEGISLATION INTRODUCED

The Board of Supervisors' Budget and Finance Sub-Committee has received the following proposed legislation, introduced by Supervisor Aaron Peskin on May 14, 2019:

File No. 190549

Ordinance amending the Business and Tax Regulations Code to increase the daily transient occupancy tax exemption amount from less than \$40 to less than \$52; to increase the weekly transient occupancy tax exemption amount from less than \$100 to less than \$130; and to require review in the September 2022 through September 2024 timeframe by the Controller of the exemption amounts for the purpose of considering adjustments in the amounts.

If you have comments or reports to be included with the file, please forward them to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102 or by email at: linda.wong@sfgov.org.

c: Amanda Kahn Fried, Office of the Treasurer & Tax Collector
Todd Rydstrom, Office of the Controller
Peg Stevenson, Office of the Controller
Natasha Mihal, Office of the Controller
Andres Power, Office of the Mayor
Rebecca Peacock, Office of the Mayor

1 [Business and Tax Regulations Code - Transient Occupancy Tax Exemption Increase]

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3 **Ordinance amending the Business and Tax Regulations Code to increase the daily**
4 **transient occupancy tax exemption amount from less than \$40 to less than \$52; to**
5 **increase the weekly transient occupancy tax exemption amount from less than \$100 to**
6 **less than \$130; and to require review in the September 2022 through September 2024**
7 **timeframe by the Controller of the exemption amounts for the purpose of considering**
8 **adjustments in the amounts.**

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

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

18 Section 1. The Business and Tax Regulations Code is hereby amended by revising
19 Article 7, Section 506, to read as follows:

20 **SEC. 506. EXEMPTIONS.**

21 No tax shall be imposed hereunder:

22 (a) Upon a permanent resident;

23 (b) Upon a corporation or association having a formally recognized exemption from
24 income taxation pursuant to Section 501(c) or 501(d) or 401(a) of Title 26 of the United States
25 Code as qualified by Sections 502, 503, 504 and 508 of Title 26 of the United States Code; or

1 (c) Where the rent is less than at the rate of ~~\$40~~52 a day or ~~\$100~~130 per week. For
2 multiple-occupancy guest rooms where the hotel determines who will share the rooms, the
3 exemption shall be based on the rent charged per person.

4 (d) ~~At some point b~~Between ~~September 1, 2022~~three years and ~~September 1, 2024~~five years
5 ~~after the effective date of the ordinance setting the exemption rate in subsection (c) as less than \$40 a~~
6 ~~day~~, the Controller's Office shall review the exemption amounts in subsection (c), and make a
7 written report and recommendation to the Mayor as to whether the amounts should be
8 adjusted to take into account, among other things, changes in the economy; the cost of living;
9 impact on the City's revenue; and affordability and overall impact on the market for hotel guest
10 rooms subject to the transient occupancy tax.

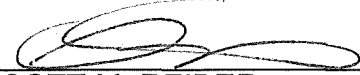
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12 Section 2. Effective and Operative Dates. This ordinance shall become effective 30
13 days after enactment, and shall be operative on the first day of the month following the
14 effective date. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the
15 ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board
16 of Supervisors overrides the Mayor's veto of the ordinance.

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18 Section 3. Scope of Ordinance. In enacting this ordinance, the Board of Supervisors
19 intends to amend only those words, phrases, paragraphs, subsections, sections, articles,
20 numbers, punctuation marks, charts, diagrams, or any other constituent parts of the Municipal
21 Code that are explicitly shown in this ordinance as additions, deletions, Board amendment
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additions, and Board amendment deletions in accordance with the "Note" that appears under the official title of the ordinance.

APPROVED AS TO FORM:
DENNIS J. HERRERA, City Attorney

By: 
SCOTT M. REIBER
Chief Tax Attorney

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LEGISLATIVE DIGEST

[Business and Tax Regulations Code - Transient Occupancy Tax Exemption Increase]

Ordinance amending the Business and Tax Regulations Code to increase the daily transient occupancy tax exemption amount from less than \$40 to less than \$52; to increase the weekly transient occupancy tax exemption amount from less than \$100 to less than \$130; and to require review in the September 2022 through September 2024 timeframe by the Controller of the exemption amounts for the purpose of considering adjustments in the amounts.

Existing Law

Existing law provides that no transient occupancy tax shall be imposed where the rent is less than \$40 per day or less than \$100 per week.

Amendments to Current Law

This ordinance would increase the exemptions from the transient occupancy tax to less than \$52 per day or less than \$130 per week. These changes would apply to hotel stays commencing on or after the first day of the month following the effective date of this ordinance.

This ordinance also requires the Controller to review these exemption amounts between September 1, 2022 and September 1, 2024, and to make a written report and recommendation to the Mayor as to whether they should be adjusted.

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