

File No. 240639

Committee Item No. 1

Board Item No. \_\_\_\_\_

## COMMITTEE/BOARD OF SUPERVISORS

### AGENDA PACKET CONTENTS LIST

Committee: Government Audit and Oversight

Date: June 20, 2024

Board of Supervisors Meeting:

Date: \_\_\_\_\_

#### Cmte Board

- Motion
- Resolution
- Ordinance
- Legislative Digest
- Budget and Legislative Analyst Report
- Youth Commission Report
- Introduction Form
- Department/Agency Cover Letter and/or Report
- MOU - FY2022-2024 - Clean
- MOU - FY2022-2024 - Redline
- Grant Information Form
- Grant Budget
- Subcontract Budget
- Contract / DRAFT Mills Act Agreement
- Form 126 – Ethics Commission
- Award Letter
- Application
- Public Correspondence

#### OTHER

- PAM 061124
- FYI Referral 061224
- FYI Referral SBC 061224
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_

Prepared by: Monique Crayton

Date: June 14, 2024

Prepared by: \_\_\_\_\_

Date: \_\_\_\_\_

Prepared by: \_\_\_\_\_

Date: \_\_\_\_\_

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

2

3 **Ordinance amending the Business and Tax Regulations Code to increase the daily**  
4 **transient occupancy tax exemption amount from less than \$52 to less than \$60; to**  
5 **increase the weekly transient occupancy tax exemption amount from less than \$130 to**  
6 **less than \$149; and to require review in the September 2027 - September 2029 time**  
7 **frame by the Controller of the exemption amounts for the purpose of considering**  
8 **adjustments in the amounts.**

9

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.

14

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

16

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

19

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 ~~\$6052~~ a day or ~~\$149130~~ 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 between September 1, ~~20272022~~ and September 1, ~~20292024~~, the  
5 Controller's Office shall review the exemption amounts in subsection (c), and make a written  
6 report and recommendation to the Mayor as to whether the amounts should be adjusted to  
7 take into account, among other things, changes in the economy; the cost of living; impact on  
8 the City's revenue; and affordability and overall impact on the market for hotel guest rooms  
9 subject to the transient occupancy tax.

10  
11 Section 2. Effective and Operative Dates. This ordinance shall become effective 30  
12 days after enactment, and shall be operative on the first day of the month following the  
13 effective date. 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 Section 3. Scope of Ordinance. In enacting this ordinance, the Board of Supervisors  
18 intends to amend only those words, phrases, paragraphs, subsections, sections, articles,  
19 numbers, letters, punctuation marks, charts, diagrams, or any other constituent parts of the  
20 Municipal Code that are explicitly shown in this ordinance as additions, deletions, Board  
21  
22  
23  
24  
25

1 amendment additions, and Board amendment deletions in accordance with the “Note” that  
2 appears under the official title of the ordinance.

3

4 APPROVED AS TO FORM:  
5 DAVID CHIU, City Attorney

6 By: /s/ Kerne H. O. Matsubara  
7 KERNE H. O. MATSUBARA  
8 Deputy City 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 \$52 to less than \$60; to increase the weekly transient occupancy tax exemption amount from less than \$130 to less than \$149; and to require review in the September 2027 - September 2029 time frame 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 \$52 per day or less than \$130 per week. The Controller is required 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.

Amendments to Current Law

This ordinance would increase the exemptions from the transient occupancy tax to less than \$60 per day or less than \$149 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 would require the Controller to review these exemption amounts between September 1, 2027 and September 1, 2029, and to make a written report and recommendation to the Mayor as to whether they should be adjusted.

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President, District 3  
BOARD of SUPERVISORS



City Hall  
1 Dr. Carlton B. Goodlett Place, Room 244  
San Francisco, CA 94102-4689

Tel. No. 554-7450  
Fax No. 554-7454  
TDD/TTY No. 544-6546

**Aaron Peskin**

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**PRESIDENTIAL ACTION**

Date: 6/11/24

To: Angela Calvillo, Clerk of the Board of Supervisors

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Madam Clerk,

Pursuant to Board Rules, I am hereby:

- Waiving 30-Day Rule (Board Rule No. 3.23)

File No. 240639 Peskin  
(Primary Sponsor)

Title. Business and Tax Regulations Code - Transient Occupancy Tax  
Exemption Increase

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- Transferring (Board Rule No 3.3)

File No. 240639 Peskin  
(Primary Sponsor)

Title. Business and Tax Regulations Code - Transient Occupancy Tax  
Exemption Increase

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From: Budget & Finance Committee

To: Government Audit & Oversight Committee

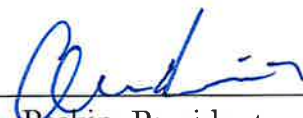
- Assigning Temporary Committee Appointment (Board Rule No. 3.1)

Supervisor: \_\_\_\_\_ Replacing Supervisor: \_\_\_\_\_

For: \_\_\_\_\_ Meeting  
(Date) (Committee)

Start Time: \_\_\_\_\_ End Time: \_\_\_\_\_

Temporary Assignment:  Partial  Full Meeting

  
\_\_\_\_\_  
Aaron Peskin, President  
Board of Supervisors

BOARD of SUPERVISORS



City Hall  
1 Dr. Carlton B. Goodlett Place, Room 244  
San Francisco, CA 94102-4689  
Tel. No. (415) 554-5184  
Fax No. (415) 554-5163  
TDD/TTY No. (415) 554-5227

## MEMORANDUM

TO: Jose Cisneros, Treasurer, Office of the Treasurer and Tax Collector  
Greg Wagner, City Controller, Office of the City Controller

FROM: Monique Crayton, Assistant Clerk, Government Audit and Oversight  
Committee, Board of Supervisors

DATE: June 12, 2024

SUBJECT: LEGISLATION INTRODUCED

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The Board of Supervisors' Government Audit and Oversight Committee has received the following proposed legislation, introduced by Supervisor Peskin on June 4, 2024:

**File No. 240639**

**Ordinance amending the Business and Tax Regulations Code to increase the daily transient occupancy tax exemption amount from less than \$52 to less than \$60; to increase the weekly transient occupancy tax exemption amount from less than \$130 to less than \$149; and to require review in the September 2027 - September 2029 time frame by the Controller of the exemption amounts for the purpose of considering adjustments in the amounts.**

If you have any additional comments or reports to be included with the file, please forward them to the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102 or by email at: [monique.crayton@sfgov.org](mailto:monique.crayton@sfgov.org).

C: Office of Chair Preston  
Office of Supervisor Peskin  
Todd Rydstrom, Office of the Controller  
Amanda Kahn Fried, Office of the Treasurer and Tax Collector

BOARD of SUPERVISORS



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San Francisco 94102-4689  
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## MEMORANDUM

TO: Katy Tang, Director  
**Small Business Commission, City Hall, Room 448**

FROM: Monique Crayton, Assistant Clerk, Government Audit and Oversight  
Committee, Board of Supervisors

DATE: June 12, 2024

SUBJECT: REFERRAL FROM BOARD OF SUPERVISORS  
Government Audit and Oversight Committee

The Board of Supervisors' Government Audit and Oversight Committee has received the following legislation, which is being referred to the Small Business Commission for comment and recommendation. The Commission may provide any response it deems appropriate within 12 days from the date of this referral.

**File No. 240639 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 \$52 to less than \$60; to increase the weekly transient occupancy tax exemption amount from less than \$130 to less than \$149; and to require review in the September 2027 - September 2029 time frame by the Controller of the exemption amounts for the purpose of considering adjustments in the amounts.**

Please return this cover sheet with the Commission's response to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, California 94102.

\*\*\*\*\*

**RESPONSE FROM SMALL BUSINESS COMMISSION - Date:** \_\_\_\_\_

\_\_\_\_\_ **No Comment**

\_\_\_\_\_ **Recommendation Attached**

\_\_\_\_\_  
**Chairperson, Small Business Commission**

CC:  
Office of Chair Preston



## Introduction Form

*(by a Member of the Board of Supervisors or the Mayor)*



I hereby submit the following item for introduction (select only one):

- 1. For reference to Committee (Ordinance, Resolution, Motion or Charter Amendment)
- 2. Request for next printed agenda (For Adoption Without Committee Reference)  
*(Routine, non-controversial and/or commendatory matters only)*
- 3. Request for Hearing on a subject matter at Committee
- 4. Request for Letter beginning with "Supervisor [ ] inquires..."
- 5. City Attorney Request
- 6. Call File No. [ ] from Committee.
- 7. Budget and Legislative Analyst Request (attached written Motion)
- 8. Substitute Legislation File No. [ ]
- 9. Reactivate File No. [ ]
- 10. Topic submitted for Mayoral Appearance before the Board on [ ]

The proposed legislation should be forwarded to the following (please check all appropriate boxes):

- Small Business Commission       Youth Commission       Ethics Commission
- Planning Commission       Building Inspection Commission       Human Resources Department

General Plan Referral sent to the Planning Department (proposed legislation subject to Charter 4.105 & Admin 2A.53):

- Yes                       No

*(Note: For Imperative Agenda items (a Resolution not on the printed agenda), use the Imperative Agenda Form.)*

Sponsor(s):

Supervisor Peskin

Subject:

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

Long Title or text listed:

Ordinance amending the Business and Tax Regulations Code to increase the daily transient occupancy tax exemption amount from less than \$52 to less than \$60; to increase the weekly transient occupancy tax exemption amount from less than \$130 to less than \$149; and to require review in the September 2027 - September 2029 time frame by the Controller of the exemption amounts for the purpose of considering adjustments in the amounts.

Signature of Sponsoring Supervisor: //AP//