

1 [Business and Tax Regulations Code - Early Care and Education Commercial Rents Tax
2 Baseline]

3 **Ordinance reducing the baseline funding requirements for early care and education**
4 **programs in Fiscal Years 2023-2024 and 2024-2025, to enable the City to use Early Care**
5 **and Education Commercial Rents Tax revenues for those programs.**

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

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

13 Section 1. Findings.

14 In June 2018, the voters approved Proposition C, which imposed a new tax on the gross
15 receipts from the lease of commercial space in properties in the City (the “Tax”). The ballot
16 measure required the City to spend 85% of the revenues from the Tax to fund quality early
17 care and education for young children. At the time, the City already provided significant
18 funding (the “Base Amount”) to early care and education programs (“Baseline Programs”).
19 Proposition C added to that existing funding for Baseline Programs, and provided that in any
20 given fiscal year, the City can spend Tax revenues only if it has also appropriated separate
21 funds for Baseline Programs in an amount equal to at least the Base Amount (subject to
22 some adjustments by the City Controller). But to allow flexibility, the voters authorized the
23 Board of Supervisors to amend or repeal the measure by ordinance. Under Business and
24 Tax Regulations Code Section 2113, the amendment does not require a supermajority vote
25 and does not require any specific findings.

1 The City uses funding from a variety of sources, including State and Federal grants, for
2 early learning scholarships, compensation for early educators, parenting support, childcare
3 facilities, and additional programs. By using Tax revenues to fund Baseline Programs
4 previously funded from the General Fund, the City can redirect those General Fund monies
5 that would have funded Baseline Programs toward other essential services for children and
6 families, including food access programs. This Ordinance temporarily modifies the baseline
7 requirements in Business and Tax Regulations Code Section 2112(f) and (g) for Fiscal
8 Years 2023-2024 and 2024-2025 to reduce the Base Amount. This modification will allow
9 the City to respond to early child care and education needs by appropriating funds from the
10 Tax to support Baseline Programs without also appropriating separate funds at the level
11 June 2018 Proposition C would have otherwise required.

12
13 Section 2. Modification of Baseline Provisions in Proposition C.

14 Pursuant to Business and Tax Regulations Code Section 2113, the Board of Supervisors
15 temporarily modifies Article 21 of the Business and Tax Regulations Code to reduce the
16 Base Amount, as that term is defined in Section 2103, by \$20,000,000 in Fiscal Year 2023-
17 2024 and by \$10,000,000 in Fiscal Year 2024-2025, and to suspend any growth in the
18 Base Amount in those two fiscal years.

19
20 Section 3. Effective Date. This ordinance shall become effective 30 days after enactment.
21 Enactment occurs when the Mayor signs the ordinance, the Mayor returns the ordinance

1 unsigned or does not sign the ordinance within ten days of receiving it, or the Board of
2 Supervisors overrides the Mayor's veto of the ordinance.

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5 APPROVED AS TO FORM:

6 DAVID CHIU, City Attorney

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9 By: /s/_____

10 JON GIVNER

11 Deputy City Attorney

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