

BOARD of SUPERVISORS



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## MEMORANDUM

TO: José Cisneros, Treasurer, Office of the Treasurer and Tax Collector  
Joaquín Torres, Assessor Recorder, Office of the Assessor-Recorder  
Adam Thongsavat, Liaison to the Board of Supervisors, Mayor's Office

FROM: Brent Jalipa, Assistant Clerk, Budget and Finance Committee

DATE: March 27, 2026

SUBJECT: LEGISLATION INTRODUCED

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The Board of Supervisors' Budget and Finance Committee has received the following substitute to the following proposed legislation, introduced by Mayor Daniel Lurie:

**File No. 260178**

**Ordinance amending the Business and Tax Regulations Code to, for transfers occurring on or after July 1, 2026: halve the real property transfer tax rate from 5.5% to 2.75% when the consideration or value of the property conveyed equals or exceeds \$10,000,000 but is less than \$25,000,000, and from 6% to 3% when the consideration or value equals or exceeds \$25,000,000; exempt from these reductions the transfer of single-family residences; and reduce the penalties for delinquent real property transfer taxes; and affirming the Planning Department's determination under the California Environmental Quality Act.**

If you have any 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.

c. Amanda Kahn Fried, Office of the Treasurer and Tax Collector  
Kurt Fuchs, Office of the Assessor-Recorder  
Holly Lung, Office of the Assessor-Recorder

1 [Business and Tax Regulations Code - Real Property Transfer Tax Rates and Penalties]

2

3 **Ordinance amending the Business and Tax Regulations Code to, for transfers**  
4 **occurring on or after July 1, 2026: halve the real property transfer tax rate from 5.5% to**  
5 **2.75% when the consideration or value of the property conveyed equals or exceeds**  
6 **\$10,000,000 but is less than \$25,000,000, and from 6% to 3% when the consideration or**  
7 **value equals or exceeds \$25,000,000; exempt from these reductions the transfer of**  
8 **single-family residences; reduce the penalties for delinquent real property transfer**  
9 **taxes; and affirming the Planning Department’s determination under the California**  
10 **Environmental Quality Act.**

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

15

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

17

18 Section 1. The Planning Department has determined that the actions contemplated in  
19 this ordinance comply with the California Environmental Quality Act (California Public  
20 Resources Code Sections 21000 et seq.). Said determination is on file with the Clerk of the  
21 Board of Supervisors in File No. \_\_\_\_\_ and is incorporated herein by reference. The  
22 Board affirms this determination.

23

24

25

1 Section 2. Article 12-C of the Business and Tax Regulations Code is hereby amended  
2 by revising Sections 1102, 1108.6, and 1115.2 to read as follows:

3  
4 **SEC. 1102. TAX IMPOSED.**

5 There is hereby imposed on each deed, instrument or writing by which any lands,  
6 tenements, or other realty sold within the City and County of San Francisco shall be granted,  
7 assigned, transferred or otherwise conveyed to, or vested in, the purchaser or purchasers, or  
8 any other person or persons, by his or her or their direction, when the consideration or value  
9 of the interest or property conveyed (not excluding the value of any lien or encumbrances  
10 remaining thereon at the time of sale):

11 (a) exceeds \$100 but is less than or equal to \$250,000, a tax at the rate of \$2.50 for  
12 each \$500 or fractional part thereof; or

13 (b) more than \$250,000 and less than \$1,000,000, a tax at the rate of \$3.40 for each  
14 \$500 or fractional part thereof for the entire value or consideration, including, but not limited  
15 to, any portion of such value or consideration that is less than \$250,000; or

16 (c) at least \$1,000,000 and less than \$5,000,000, a tax at the rate of \$3.75 for each  
17 \$500 or fractional part thereof for the entire value or consideration, including, but not limited  
18 to, any portion of such value or consideration that is less than \$1,000,000; or

19 (d) at least \$5,000,000 and less than \$10,000,000, a tax at the rate of \$11.25 for each  
20 \$500 or fractional part thereof for the entire value or consideration, including, but not limited  
21 to, any portion of such value or consideration that is less than \$5,000,000; or

22 (e) at least \$10,000,000 and less than \$25,000,000, a tax at the rate of ~~\$27.50~~\$13.75  
23 for each \$500 or fractional part thereof for the entire value or consideration, including but not  
24 limited to, any portion of such value or consideration that is less than \$10,000,000, except that  
25 the rate on a deed, instrument or writing by which only a Single-Family Residence within the City and

1 County of San Francisco is granted, assigned, transferred or otherwise conveyed shall be \$27.50 for  
2 each \$500 or fractional part thereof for the entire value or consideration, including but not limited to,  
3 any portion of such value or consideration that is less than \$10,000,000; or

4 (f) at least \$25,000,000, a tax at the rate of ~~\$30~~\$15 for each \$500 or fractional part  
5 thereof for the entire value or consideration, including but not limited to, any portion of such  
6 value or consideration that is less than \$25,000,000, except that the rate on a deed, instrument or  
7 writing by which only a Single-Family Residence within the City and County of San Francisco is  
8 granted, assigned, transferred or otherwise conveyed shall be \$30 for each \$500 or fractional part  
9 thereof for the entire value or consideration, including but not limited to, any portion of such value or  
10 consideration that is less than \$25,000,000.

11 (g) For purposes of this Section 1102, the following terms shall have the following meanings:

12 (1) "Single-Family Residence" means:

13 (A) A single Dwelling Unit; or

14 (B) Shares in a corporation that holds legal title to real property, where such  
15 shares are coupled with the exclusive right to possess a single Dwelling Unit in the real property.

16 (2) "Dwelling Unit" means a house, apartment, mobile home, live/work unit, group of  
17 rooms, or single room that is designed as separate living quarters. Separate living quarters are those  
18 in which the occupants live and eat separately from any other persons in the building, and which have  
19 a kitchen and direct access from the outside of the building or through a common hall. An accessory  
20 dwelling unit, junior accessory dwelling unit, or housekeeping room shall not be considered a separate  
21 Dwelling Unit.

22  
23 **SEC. 1108.6. EXEMPTION FOR RENT-RESTRICTED AFFORDABLE HOUSING.**

24 \* \* \* \*

25 (d) **Revocation of Exemption.**

1 (1) If a transfer of Rent-Restricted Affordable Housing was granted an  
2 exemption under Section 1108.6(b) on the basis that the property satisfied subsection (iii) of  
3 the definition of Rent-Restricted Affordable Housing in Section 1108.6(a)(2)(A) and the  
4 property did not satisfy subsection (i) or (ii) of that definition, the person claiming such  
5 exemption must, within the later of 25 months of the transfer and the date such person  
6 submits any request for refund, cancellation, or reduction under Section 1108.6(c)(2)(B),  
7 submit proof to the County Recorder that the property was granted a welfare exemption by the  
8 County Assessor under California Revenue and Taxation Code Section 214(g) for at least  
9 90% of all residential units in the property within two years from the date of the transfer. The  
10 County Recorder may grant a one-year extension to the 25-month and two-year periods in  
11 this subsection (d)(1) if the welfare exemption application submitted to the County Assessor  
12 was substantially complete within nine months of the date of the transfer and the person  
13 claiming the exemption was diligently pursuing the required welfare exemption but was unable  
14 to obtain such welfare exemption within the two-year period.

15 (2) If the County Recorder determines that a transfer of Rent-Restricted  
16 Affordable Housing was granted an exemption under Section 1108.6(b) on the basis that  
17 ~~that~~the property satisfied subsection (iii) of the definition of Rent-Restricted Affordable Housing  
18 in Section 1108.6(a)(2)(A) and the property did not satisfy subsection (i) or (ii) of that  
19 definition, and that the property was not granted a welfare exemption by the County Assessor  
20 under California Revenue and Taxation Code Section 214(g) for at least 90% of all residential  
21 units in the property within two years from the date of the transfer (or the extended date under  
22 Section 1108.6(d)(1)), the County Recorder may revoke the exemption and issue a deficiency  
23 determination for the amount of tax exempted upon the basis of any information within the  
24 County Recorder's possession or that may come into the County Recorder's possession.  
25 Such deficiency determination shall bear interest at the rate of 1% per month, or fraction

1 thereof, on the amount of tax exempted, from the date the tax would have become delinquent  
2 had the exemption in Section 1108.6 not applied, and shall be subject to a penalty of ~~35%~~15%  
3 of the amount of tax exempted. Such deficiency determinations and the amounts paid  
4 pursuant to such deficiency determinations shall be subject to the procedures otherwise  
5 applicable in Article 12-C of the Business and Tax Regulations Code, except for the  
6 provisions in Sections 1115.2(a)(1) and 1115.2(b), and except that, if the County Recorder  
7 grants the one-year extension under Section 1108.6(d)(1), the time period in Section 1115(b)  
8 of the Business and Tax Regulations Code for the County Recorder to serve notice of the  
9 deficiency determination under this Section 1108.6(d)(2) shall also be extended by one year.

## 11 **SEC. 1115.2. PENALTIES AND INTEREST.**

### 12 (a) **Penalties.**

13 (1) **Delinquency Penalties.** If any tax is not paid prior to becoming delinquent,  
14 as described in Section 1103(b), a delinquency penalty of ~~25%~~15% of the amount of tax due shall  
15 accrue. In the event only a portion of the tax is unpaid prior to becoming delinquent, the  
16 penalty shall accrue only as to the portion remaining unpaid. The 15% penalty in this  
17 subsection (a)(1) shall not accrue with respect to a deficiency where the deficient tax amount is less  
18 than 10% of the total amount of tax due, except that the 15% penalty in this subsection (a)(1) shall  
19 accrue with respect to a deficiency of any amount determined under Section 1115(e). ~~An additional~~  
20 ~~penalty of 10% shall accrue if the tax remains unpaid on the ninetieth day following the date of the~~  
21 ~~original delinquency.~~

22 (2) **Penalties for Fraud or Intent to Evade Tax.** When the County Recorder  
23 determines that the failure of any person to timely pay any tax due under this Article 12-C was  
24 attributable to fraud or an intent to evade this Article 12-C, the County Recorder shall impose  
25 a penalty in the amount of 50% of the amount of the unpaid tax. This penalty shall be in

1 addition to the penalty imposed under Section 1115.2(a)(1) and any other fines, penalties, or  
2 other charges imposed by law.

3 (b) **Interest.** Interest shall accrue at the rate of 1% a month, or fraction thereof, on the  
4 amount of delinquent tax, exclusive of penalties and interest, from the date the tax becomes  
5 delinquent, *as described in Section 1103(b)*, to the date of payment.

6 (c) **Penalties and Interest Part of Tax.** Interest and penalties accrued shall become  
7 part of the tax.

8  
9 Section 3. Scope of Ordinance. In enacting this ordinance, the Board of Supervisors  
10 intends to amend only those words, phrases, paragraphs, subsections, sections, articles,  
11 numbers, punctuation marks, charts, diagrams, or any other constituent parts of the Municipal  
12 Code that are explicitly shown in this ordinance as additions, deletions, Board amendment  
13 additions, and Board amendment deletions in accordance with the “Note” that appears under  
14 the official title of the ordinance.

15  
16 Section 4. Effective and Operative Dates.

17 (a) This ordinance shall become effective at 12:00 a.m. on the 31st day after  
18 enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the  
19 ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board  
20 of Supervisors overrides the Mayor’s veto of the ordinance.

1 (b) This ordinance shall become operative at 12:00 a.m. on July 1, 2026, such that the  
2 amendments in this ordinance shall apply to deeds, instruments, or writings that are delivered  
3 on or after July 1, 2026.

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6  
7 APPROVED AS TO FORM:  
8 DAVID CHIU, City Attorney

9 By: /s/ Carole F. Ruwart  
10 CAROLE F. RUWART  
11 Deputy City Attorney

12 4922-4833-2953, v. 2  
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**LEGISLATIVE DIGEST**  
(Substituted - 3/24/2026)

[Business and Tax Regulations Code – Real Property Transfer Tax Rates and Penalties]

**Ordinance amending the Business and Tax Regulations Code to, for transfers occurring on or after July 1, 2026: halve the real property transfer tax rate from 5.5% to 2.75% when the consideration or value of the property conveyed equals or exceeds \$10,000,000 but is less than \$25,000,000, and from 6% to 3% when the consideration or value equals or exceeds \$25,000,000; exempt from these reductions the transfer of single-family residences; and reduce the penalties for delinquent real property transfer taxes; and affirming the Planning Department’s determination under the California Environmental Quality Act.**

Existing Law

Rates

Since 2008, the transfer tax on the transfer of properties with a consideration or value of \$5 million or more has increased from 0.75% of consideration or value to between 2.25% and 6% of consideration or value depending on the consideration or value (Prop. N of November 2008, Prop. N of November 2010, Prop. W of November 2016, and Prop. I of November 2020). Specifically, Prop. I increased the rates from 2.75% to 5.5% for properties with a consideration or value of \$10,000,000 but less than \$25,000,000, and from 3% to 6% for properties with a consideration or value of \$25,000,000 or more.

Existing law (Prop. C of March 2024) allows the Board of Supervisors to amend or repeal the transfer tax without voter approval, except as limited by the California Constitution.

Penalties and Interest

Existing law imposes a penalty of 25% of taxes that are not paid within 30 days of the delivery of a deed, instrument, or writing effecting a transfer subject to tax, and an additional penalty of 10% of those taxes not paid within 90 days of such delivery. Existing law also provides that delinquent tax amounts incur interest at the rate of 1% per month or fraction thereof.

Amendments to Current Law

The amendments in this legislation would be effective for deeds, instruments, or writings that are delivered on or after July 1, 2026.

Rates

This legislation would halve the transfer tax rates from 5.5% to 2.75% for properties with a consideration or value of at least \$10,000,000 but less than \$25,000,000, and from 6% to 3% for properties with a consideration or value of \$25,000,000 or more. The existing rates would still apply to the transfer of single-family residences with a consideration or value of \$10 million or more.

Penalties and Interest

This legislation would reduce the 25% penalty to 15%, and would remove the additional 10% penalty. And, with limited exceptions, the 15% penalty would not apply where the deficiency is less than 10% of the total amount of tax owed. This legislation also clarifies existing law that interest accrues from date of delinquency.

4937-2454-3633, v. 2

OFFICE OF THE MAYOR  
SAN FRANCISCO



DANIEL LURIE  
MAYOR

TO: Angela Calvillo, Clerk of the Board of Supervisors  
FROM: Dexter Darmali, Legislative & Ethics Secretary  
RE: Business and Tax Regulations Code – Real Property Transfer Tax Rates and Penalties  
DATE: March 24, 2026

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Ordinance amending the Business and Tax Regulations Code to, for transfers occurring on or after July 1, 2026: halve the real property transfer tax rate from 5.5% to 2.75% when the consideration or value of the property conveyed equals or exceeds \$10,000,000 but is less than \$25,000,000, and from 6% to 3% when the consideration or value equals or exceeds \$25,000,000; exempt from these reductions the transfer of single family residences; and reduce the penalties for delinquent real property transfer taxes; and affirming the Planning Department's determination under the California Environmental Quality Act.

This is substitute legislation for File No. 260178

Should you have any questions, please contact Adam Thongsavat at [adam.thongsavat@sfgov.org](mailto:adam.thongsavat@sfgov.org)