

File No. 230660

Committee Item No. 11

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget and Appropriations Committee Date June 26, 2023

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
- Grant Information Form
- Grant Budget
- Subcontract Budget
- Contract/Agreement
- Form 126 – Ethics Commission
- Award Letter
- Application
- Public Correspondence

OTHER (Use back side if additional space is needed)

- MYR Budget Submission Letter 6/1/2023
- MYR Trailing Legislation List
- MYR 30-Day Waiver Request
- Presidential Action Memo - 30-Day Waiver 6/5/2023
- FYI Referral 6/6/2023
- FYI Referral SBC 6/6/2023
- _____
- _____
- _____

Completed by: Brent Jalipa Date June 22, 2023

Completed by: Brent Jalipa Date _____

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

3 **Ordinance amending the Business and Tax Regulations Code to allow a sublessor to**
4 **deduct rent for commercial space the sublessor pays up to the amount of rent the**
5 **sublessor receives for that space when determining its Early Care and Education**
6 **Commercial Rents Tax for the tax years 2023 through and including 2029.**

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

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

16 Section 1. Article 21 of the Business Regulations and Tax Code is hereby amended by
17 adding Section 2106.2, to read as follows:

18 **SEC. 2106.2. SUBLESSOR DEDUCTION.**

19 (a) For tax years 2023 through and including 2029, a person or combined group that subleases
20 Commercial Space to another person or combined group shall be allowed an annual deduction equal to
21 the amount of any rent such person or combined group pays in the tax year for the Commercial Space
22 of which the subleased Commercial Space is a part, up to the amount of otherwise taxable rent that
23 person or combined group receives for the subleased Commercial Space for that tax year. For
24 purposes of this Section 2106.2, a person or combined group that leases Commercial Space from a
25 related entity and subleases that Commercial Space to another person or combined group shall be

1 deemed not to be a sublessor of that Commercial Space and shall not be allowed any deduction under
2 this Section 2106.2 for any rent paid to the related entity for that Commercial Space. The deduction
3 provided by this Section 2106.2 shall expire by operation of law at the end of the day on
4 December 31, 2029.

5 (b) The Controller shall submit a report to the Board of Supervisors no later than
6 September 1, 2024, that includes information for the tax year ending December 31, 2023 on the number
7 of taxpayers that took the deduction provided by this Section 2106.2, and the aggregate amount of tax
8 foregone due to the use of the deduction in this Section.

9
10 Section 2. Effective Date; Retroactivity.

11 (a) This ordinance shall become effective 30 days after enactment. Enactment occurs
12 when the Mayor signs the ordinance, the Mayor returns the ordinance unsigned or does not
13 sign the ordinance within ten days of receiving it, or the Board of Supervisors overrides the
14 Mayor’s veto of the ordinance.

15 (b) Upon the effective date of this ordinance, this ordinance shall be retroactive to
16 January 1, 2023.

17
18 APPROVED AS TO FORM:
19 DAVID CHIU, City Attorney

20 By: /s/ Kerne H. O. Matsubara
21 KERNE H. O. MATSUBARA
22 Deputy City Attorney

23
24
25
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LEGISLATIVE DIGEST

[Business and Tax Regulations Code - Early Care and Education Commercial Rents Tax Sublessor Deduction]

Ordinance amending the Business and Tax Regulations Code to allow a sublessor to deduct rent for commercial space the sublessor pays up to the amount of rent the sublessor receives for that space when determining its Early Care and Education Commercial Rents Tax for the tax years 2023 through and including 2029.

Existing Law

Persons that receive gross receipts from the lease of commercial space in properties in the City pay the Early Care and Education Commercial Rents Tax (“Commercial Rents Tax”) at a rate of 1% or 3.5% of those receipts, depending on the type of property. The Commercial Rents Tax generally does not apply to persons exempt from the Gross Receipts Tax and provides for certain other exemptions and exclusions. This tax is dedicated 15% to the General Fund and 85% to fund early care and education for young children.

Amendments to Current Law

This ordinance would allow a sublessor to deduct from the amount it receives from the sublease of all or a portion of commercial space the amount of any rent the sublessor pays for the lease of the entire commercial space during the tax year. The deduction would be limited to the amount of otherwise taxable rent the sublessor receives for the subleased commercial space. A person that leases commercial space from a related entity and subleases that space to another person would not be considered a sublessor and would not be entitled to the deduction for any rent paid to the related entity for that space. The deduction would be an annual deduction for the tax years 2023 through and including 2029. The deduction would be retroactive to January 1, 2023 and would expire on December 31, 2029.

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<p>Item 16 File 23-0660 <i>(Continued from 6/15/21 meeting)</i></p>	<p>Department: Early Childhood (DEC)</p>
<p>EXECUTIVE SUMMARY</p>	
<p>Legislative Objectives</p> <ul style="list-style-type: none"> • The proposed ordinance would amend the Commercial Rents Tax provisions to allow a sublessor of commercial space to deduct the rent paid to its lessor from the rent received from its sublessee when calculating its commercial rents tax liability for the tax years 2023 through 2029. <p>Key Points</p> <ul style="list-style-type: none"> • The Early Care and Education Commercial Rents Tax applies to businesses leasing commercial space that are subject to the City’s gross receipts tax and is in addition to gross receipts or payroll taxes paid by businesses in the City. The tax equals (a) 1 percent of lease revenues from the lease or sublease of warehouse space, and (b) 3.5 percent of lease revenues from the lease or sublease of other commercial spaces in the City. Currently, commercial landlords with less than \$2.09 million in gross receipts, and rents paid from non-profit, government, arts, industrial use, and non-formula retail tenants are exempt from the tax. • According to the Mayor’s Office, the intent of this proposed ordinance is to suspend the duplicative tax on the same commercial space, as well as to stimulate commercial leasing, especially in the downtown corridor. • The proposed ordinance would reduce the tax liability of an estimated 250-350 taxpayers. <p>Fiscal Impact</p> <ul style="list-style-type: none"> • The proposed ordinance would reduce Commercial Rents Tax proceeds by an estimated \$17.0 million annually, of which \$14.45 million would have otherwise been appropriated for early childcare and education programs and \$2.55 million would have been allocated to the General Fund for discretionary use. <p>Recommendation</p> <ul style="list-style-type: none"> • Approval of the proposed ordinance is a policy matter for the Board of Supervisors. 	

MANDATE STATEMENT

Charter Section 2.105 requires that legislative acts in San Francisco be by ordinance, subject to approval by a majority of the Board of Supervisors.

Business and Tax Regulations Code Section 2113 states that amendments to or repeal of Article 21 of the Business and Tax Regulations Code are subject to Board of Supervisors approval by ordinance without voter approval.

BACKGROUND

The Early Care and Education Commercial Rents Tax was authorized by the voters in June 2018 with the passage of Proposition C and went into effect on January 1, 2019. According to the Proposition’s provisions, 85% of the proceeds from the tax are to be used for early childcare and education programs and 15% are to be allocated to the General Fund for discretionary use.

The tax applies to businesses leasing commercial space that are subject to the City’s gross receipts tax and is in addition to gross receipts or payroll taxes paid by businesses in the City. The tax equals (a) 1 percent of lease revenues from the lease or sublease of warehouse space, and (b) 3.5 percent of lease revenues from the lease or sublease of other commercial spaces in the City. For 2022, commercial landlords with less than \$2,090,000 in San Francisco gross receipts, and rents paid from non-profit tenants, government tenants, arts, industrial uses, and non-formula retail uses are exempt from the tax.

DETAILS OF PROPOSED LEGISLATION

The proposed ordinance would amend the Commercial Rents Tax provisions to allow a sublessor of commercial space to deduct the rent paid to its lessor from the rent received from its sublessee when calculating its commercial rents tax liability for the tax years 2023 through 2029.

The proposed ordinance also requires the Controller to provide a report to the Board of Supervisors detailing the number of taxpayers that took the deduction and the amount of the resulting forgone tax proceeds.

FISCAL IMPACT

The Controller has estimated the proposed ordinance would reduce Commercial Rents Tax proceeds by \$17.0 million annually. Of this amount, 85% or \$14.45 million would otherwise be appropriated for early childcare and education programs and 15% or \$2.55 million would otherwise be allocated to General Fund uses.

This reduction has been factored into the commercial rent tax revenues included in the Mayor’s Proposed Budget of \$172.0 million for FY 2023-34 and \$194.1 million for FY 2024-25, representing a 9.0% and an 8.0% decrease.

According to the Treasurer-Tax Collector, these deductions are estimated to impact 250 to 350 taxpayers. According to the Mayor's Office, the intent of this proposed ordinance is to suspend the duplicative tax on the same commercial space, as well as to stimulate commercial leasing, especially in the downtown corridor.

RECOMMENDATIONS

Approval of the proposed ordinance is a policy matter for the Board of Supervisors.

<p>Item 5 File 23-0660</p>	<p>Department: Early Childhood (DEC)</p>
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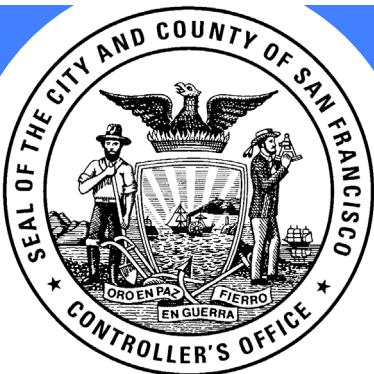
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Approval of the proposed ordinance is a policy matter for the Board of Supervisors.

Sublessor Deduction for the Commercial Rents Tax: Economic Impact Report



CITY & COUNTY OF SAN FRANCISCO

Office of the Controller
Office of Economic Analysis

June 15, 2023

- The proposed legislation would reduce the tax liability of sublessors of commercial real estate in San Francisco, in certain situations.
- The City levies a 3.5% Commercial Rents Tax on rent from most non-residential buildings in San Francisco. The tax is imposed on both lessors and sub-lessors. Rent from a single location could be taxed multiple times, if it was both leased, and sub-leased.
- The proposal would allow a sub-lessor to deduct, from taxable rents, the lesser of the amount it receives in sub-leased rent, and the amount it pays in rent to its landlord. The deduction would be available for tax years 2023 through 2029.
- At present, office vacancy in San Francisco has remained at record-high levels for more than two years, and a significant share of the vacancy is in the sub-lease market.
- The Commercial Rents Tax is a dedicated tax, deposited in the Babies and Families First fund. 85% of revenues are pledged to fund early childhood care and education programs. The remaining 15% is deposited in the City's General Fund and may be spent on any governmental purpose.
- The Office of Economic Analysis has prepared this report after determining that the proposed legislation could have a material effect on the San Francisco economy.

Office Vacancy and the Broader City Economy

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- In San Francisco, and across the country, office vacancy rates have risen since 2020, owing to the continuing prevalence of remote work among office workers.
- According to JLL, office vacancy in San Francisco reached 26.4% in the first quarter of 2023, the highest rate on record. 8.2 million square feet was available for sub-lease in the quarter, which is approximately one-third of all vacant space.
- However, according to CompStak data, relatively little subleasing is occurring. In the past four quarters, an average of 240,000 square feet was sub-leased in the city, or about 3% of the total sublease availability identified by JLL.
- Office-based industries contributed 80% of the city's GDP in 2021. Given their importance, high office vacancy has had a variety of negative economic impacts, particularly downtown.
- Sales tax collections in certain downtown neighborhoods, including the Financial District, South of Market, and Union Square, are still well below 2019 levels.
- BART ridership to downtown San Francisco stations is less than 40% of 2019 levels, while MUNI metro ridership is slightly above 50%.
- The City has also experienced a loss of business tax revenue from office industries, due to remote work and the high office vacancy rate.

Commercial Rents Tax Revenue and Expenditures

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- The Commercial Rents Tax has generated an average of \$210 million annually during its first three years of collection, 2019-2021.
- Because of litigation against the City that was not resolved until 2021, spending has trailed collections, and the Babies and Families First Fund currently has a balance of approximately \$400 million.
- In Fiscal Year 2021-22, spending from the Fund was \$68 million, or approximately 35% of collections.
- Sub-lessors paid an average of \$17 million annually in Commercial Rent Tax, over the 2019-2022 period. Thus, if the proposed legislation is adopted, revenue would be reduced by that amount.
- In the short term, the large fund balance may prevent a decline in spending on early childhood care and education programs.

Economic Impact Factors

5

- The proposed legislation is projected to have both positive and negative effects on the economy.
- As a positive impact, the legislation should make it more likely that vacant office space on the sub-lease market will be occupied in the short term. Unlike building owners, sub-lessors have the option to retain the space for future use as a tenant. The more a sub-lessor can receive from sub-leasing, the less likely they are to retain the space, and keep it vacant until they need it for their own use in the future.
- To the downside, the proposed deduction would reduce revenues available for early childhood care, and the General Fund. As noted earlier, the large fund balance in the Babies and Families First fund may mitigate the decline in its revenue, at least in the short term.
- However, because 15% of Fund's the revenue is distributed to the General Fund, the City would face that loss of revenue immediately.

Economic Impact Assessment

6

- Based on CompStak data on San Francisco Class A office subleases over the 1989-2022 period, our analysis suggests that office subleasing is significantly more sensitive to rent and tax changes than the overall office market.
- This suggests that, unlike the Commercial Rents Tax as a whole, whose burden falls primarily on property owners, the benefits of the proposed deduction for sublessors would disproportionately flow to potential office tenants, who would see lower rents in the market.
- We estimate that the deduction could stimulate an additional 50,000 – 100,000 square feet of subleasing annually.
- We estimate this amount of new leasing could stimulate approximate \$3.8 million in new rent payment, \$1.5 - \$2.5 million in downtown spending by new office employees, \$0.5 - \$1 million in additional business tax revenue for the City, and \$0.3- \$0.7 million in transit fares.
- On the other hand, as noted earlier the proposal would reduce revenue by \$17 million annually. Even if spending on early childhood care and education programs were not reduced in the short term, because of the large fund balance, the City's economy would still lose \$2.5 million in General Fund spending in the first year (15% of \$17 million).

Conclusions

7

- The proposed legislation likely would be somewhat effective at encouraging new subleasing activity, reducing the city's high office vacancy, and stimulating economic activity downtown.
- However, the proposal is quite broad – allowing all sublessors, even those with existing leases, to claim the deduction. There is essentially no broader benefit associated with reducing the tax on those leases.
- As a result, the economic benefits of the proposal would be largely outweighed by the lost spending from the General Fund, before considering the longer-term impact on early childhood care and education funding.
- If the proposal were to only allow a deduction for *new* subleases, the benefits would be essentially the same as the current proposal, while the costs to the City would be far lower in the early years, as shown below.

	2023	2024	2025	2026	2027	2028	2029
Total Cost (\$m)	\$5.6	\$9.4	\$11.9	\$13.6	\$14.7	\$15.5	\$16.0
General Fund Impact (\$m)	\$0.8	\$1.4	\$1.8	\$2.0	\$2.2	\$2.3	\$2.4

- The proposal could be further tailored by limiting the number of years that it applied, or was open to new leases, which could maximize the near-term benefits while minimizing the City's costs.

Ted Egan, Ph.D., Chief Economist

ted.egan@sfgov.org



To: Aaron Peskin, President of the Board of Supervisors
From: Anna Duning, Mayor's Budget Director
Date: June 1, 2023
Re: 30-Day Waiver Requests

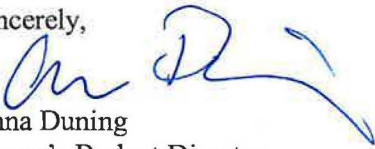
President Peskin,


The Mayor's Office Respectfully requests 30-day hold waivers for the following pieces of trailing legislation:

- Administrative Code – Annual Joint Fundraising Drive
- Administrative and Environment Code – Reporting Requirements
- Administrative Code – Technology Commodities and Procurement
- Resolution Adjusting the Access Line Tax with the Consumer Price Index of 2023
- Neighborhood Beautification and Graffiti Clean-up Fund Tax Designation Ceiling
- Building Code – Permitting and Inspection Fees
- Business and Tax Regulations Code – Early Care and Education Commercial Rents Tax Sublessor Deduction
- Business and Tax Regulations Code – Early Care and Education Commercial Rents Tax Baseline
- Business and Tax Regulations Code – Emergency Medical Services Fees
- Health Code – Patient Rates
- Accept and Expend Grants – Recurring State Grant Funds – Department of Public Health – FY 2023-2024
- Health Code – Managed Care Rates
- Administrative Code – Filming Fees for the SF Film Commission
- Homelessness and Supportive Housing Fund – FYs 2023-2023 and 2024-2025 Expenditure Plan
- Accept and Expend Grants – Recurring Grant Funds – San Francisco Public Library Friends of the Library Fund – FY 2023-2024
- Office of Community Investment and Infrastructure, operating as a Successor Agency to the San Francisco Redevelopment Agency, Fiscal Year 2023-2024 Interim Budget
- Municipal Elections Code – Ballot Arguments Opt-Out
- Business and Tax Regulations Code – Waiving first-year permit, license, and business registration fees
- Business and Tax Regulations Code – Our City, Our Home Homelessness Gross Receipts Tax
- Administrative Code – Minimum Compensation Ordinance

Should you have any questions, please contact Tom Paulino at 415-554-6153.

Sincerely,


Anna Duning
Mayor's Budget Director

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SAN FRANCISCO
2023 JUN -1 PM 3:01
BY 

OFFICE OF THE MAYOR
SAN FRANCISCO



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SAN FRANCISCO MAYOR
2023 MAY 32 9:05 AM
PH 2:31
BY *[Signature]*

To: Angela Calvillo, Clerk of the Board of Supervisors
From: Anna Duning, Mayor's Budget Director
Date: June 1, 2023
Re: Mayor's FY 2023-24 and FY 2024-25 Budget Submission

Madam Clerk,

In accordance with City and County of San Francisco Charter, Article IX, Section 9.100, the Mayor's Office hereby submits the Mayor's proposed budget by June 1st, corresponding legislation, and related materials for Fiscal Year (FY) 2023-24 and FY 2024-25.

In addition to the Mayor's Proposed FY 2023-24 and FY 2024-25 Budget Book, the following items are included in the Mayor's submission:

- The Annual Appropriation Ordinance and Annual Salary Ordinance, along with Administrative Provisions
- The proposed budget for the Office of Community Investment and Infrastructure for FY 2023-24
- The Airport Annual Salary Ordinance Supplemental for FY 2023-24
- The Port of San Francisco Annual Salary Ordinance Supplemental for FY 2023-24 and Annual Appropriation Ordinance Supplemental for FY 2023-24
- The Public Utilities Commission Capital Budget for FY 2023-24 and Annual Appropriation Ordinance Supplemental for FY 2023-24
- 34 separate pieces of trailing legislation (see list attached)
- A Transfer of Function letter detailing the transfer of positions from one City department to another
- An Interim Exception letter
- A letter addressing funding levels for nonprofit corporations or public entities for the coming two fiscal years
- Memo to the Board President requesting for 30-day rule waivers on ordinances

Please note the following:

- Technical adjustments to the June 1 budget are being prepared, but are not submitted with this set of materials.

Sincerely,

[Signature]
Anna Duning
Mayor's Budget Director

cc: Members of the Board of Supervisors
Budget & Legislative Analyst's Office
Controller

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2023 JUN - 1 PM 2:34
BY *[Signature]*

DEPT	Item	Description	Type of Legislation	File #
ADM	Code Amendment	Amending the Administrative Code to eliminate the Annual Joint Fundraising Drive	Ordinance	230648
ADM	Code Amendment	Amending the Administrative and Environment Codes to reduce reporting burdens, so as to update insurance manuals when requested or necessary, instead of on an annual basis, and eliminating some scheduled reports	Ordinance	230647
ADM	Code Amendment	Amending the Administrative Code relating to Technology Commodities and Services Procurements, to eliminate the Tech Marketplace fee	Ordinance	230649
ADM	Continuing Prop J	City Administrator's Office convention facility management services, Real Estate custodial services, and Fleet and Real Estate security services	Resolution	230672
BOS	Continuing Prop J	Board of Supervisors Budget and Legislative Analyst Services for FY 2023-24	Resolution	230672
CON	Access Line Tax (ALT) Tax Rates	Sets Access Line Tax in line with 2023 Consumer Price Index. Revenues assumed in budget.	Ordinance	230676
CON	Neighborhood Beautification Fund	Neighborhood Beautification and Graffiti Clean-Up Fund Option (now known as the Community Challenge Grant Program)	Ordinance	230668
DBI	Department of Building Inspection Fee Changes	Changing the fee structure for DBI fees that are charged for permitting and inspection	Ordinance	230658
DEC	Early Care and Education Commercial Rents Tax Baseline	Amending the baseline funding requirements for early care and education programs to enable the City to use Early Care and Education Commercial Rents Tax revenues for those programs	Ordinance	230661
DEC	Early Care and Education, Commercial Rents Tax Deductions	Amending the Business and Tax Regulations Code relating to the Early Care and Education Commercial Rents Tax Sublessor Deduction	Ordinance	230660
DEM	EMSA Fee Changes	Updating medical services fees due to annual adjustments for the purposes of funding trauma and pediatric centers. Fees also required for certain additional services.	Ordinance	230659

DPH	Patient Rates	Amending the Health Code to set patient rates and rates for other services provided by the Department of Public Health.	Ordinance	230662
DPH	Recurring State Grants	Accept and expend for annual, recurring state grant funds.	Resolution	230677
DPH	Managed Care Rates	Amending the Health Code to set managed care rates provided by the Department of Public Health.	Ordinance	230650
DPH	Public Health Foundation MOU	MOU between DPH and San Francisco Public Health Foundation to establish roles and responsibilities for purposes of fundraising and capital projects	Resolution	230673
DPH	Hospital Foundation MOU	MOU between DPH and San Francisco General Hospital Foundation to establish roles and responsibilities for purposes of fundraising and capital projects	Resolution	230674
DPH	Mobile Crisis Grant	Grant agreement between DPH and Advocates for Human Potential Inc. for anticipated revenue that support behavioral health mobile crisis and non-mobile crisis services	Resolution	230679
DPH	Continuing Prop J	Department of Public Health Security Services	Resolution	230672
DPW	Continuing Prop J	Department of Public Works Security Services for FY 2023-24	Resolution	230672
ECN	Contract Amendment - MidMarket Foundation	Contract amendment to reflect budgeted funding levels for the Mid-Market Foundation - Mid-Market/Tenderloin Community-Based Safety Program	Resolution	230681
ECN	Contract Amendment – San Francisco Tourism Improvement District Management Corporation	Contract amendment to reflect budgeted funding levels for the San Francisco Tourism Improvement District Management Corporation – Downtown Welcome Ambassador Program	Resolution	230680
ECN	Film Commission Fee Changes	Increase of filming fees for the SF Film Commission	Ordinance	230651
HOM	CAAP Legislation	Annual legislation for CAAP housing, required if appropriations for HSH fund exceed \$11.9 million, including expenditure details and explanation of benefits provided	Resolution	230675
HOM	Continuing Prop J	Homelessness and Supportive Housing security services	Resolution	230672

HSA	Continuing Prop J	Human Services Agency Security Services for FY 2023-24	Resolution	230672
HSH/ DPH	Funding Reallocation - Our City, Our Home Homelessness Gross Receipts Tax	Ordinance reallocating approximately \$60,000,000 in unencumbered revenues from the Our City, Our Home Fund to allow the City to use revenues from the Homelessness Gross Receipts Tax to provide services to prevent homelessness.	Ordinance	230657
LIB	Friends of the Library A&E	Annual Accept & Expend legislation for the SFPL's Friends of the Library Fund	Resolution	230678
MOHCD	Continuing Prop J	Mayor's Office of Housing and Community Development security services for undeveloped real property	Resolution	230672
OCII	OCII Interim Budget Resolution	OCII Interim Budget Resolution	Resolution	230670
	Citywide Tax Changes	Gross Receipts Tax Rate Increase Postponement and Credits for Opening City Location	Ordinance (Introduced)	File No. 230155
REG	Continuing Prop J	Department of Elections Envelope Assembly Services for FY 2023-24	Resolution	230672
REG	Ballot Arguments Opt-Out	Legislation for CCSF opt out of arguments on ballots required in AB 1416	Ordinance	230663
SHF	Continuing Prop J	Sheriff's Department County Jails Food Services for FY 2023-24	Resolution	230672
TTX	First Year Free	Continues waiving certain small business first-year permit, license, and business registration fees	Ordinance	230664

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

PRESIDENTIAL ACTION

Date:

To: Angela Calvillo, Clerk of the Board of Supervisors

Madam Clerk,

Pursuant to Board Rules, I am hereby:

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

File No.

(Primary Sponsor)

Title.

Transferring (Board Rule No 3.3)

File No.

(Primary Sponsor)

Title.

From:

Committee

To:

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
Legislation Introduced**

Legislation Introductions - 6/6/23					
Number	Requests or IA	File No.	Sponsor	File Type	Description
	30-Day	230642	Mayor	O	Proposed Interim Budget and Annual Appropriation Ordinance (AAO)
	30-Day	230643	Mayor	O	Proposed Interim Annual Salary Ordinance (ASO)
	30-Day	230644	Mayor	O	Proposed Budget and Annual Appropriation Ordinance (AAO)
	30-Day	230645	Mayor	O	Proposed Annual Salary Ordinance (ASO)
	30 Day Waiver	230646	Mayor	O	Admin Code - Minimum Compensation Ordinance
	30 Day Waiver	230647	Mayor	O	Admin & Environment Codes - Reducing Reporting Burdens
	30 Day Waiver	230648	Mayor	O	Admin Code - Eliminating Annual Joint Fundraising Drive
	30 Day Waiver	230649	Mayor	O	Admin Code - Technology Commodities and Services Procurements
	30 Day Waiver	230650	Mayor	O	Admin Code - DPH Managed Care Contracts
	30 Day Waiver	230651	Mayor	O	Admin Code - Film Commission Programs
	30-Day	230652	Mayor	O	Appropriation - \$124,020,472 in Proceeds from Revenue Bonds, Hetch Hetchy Revenue, Cap and Trade Allowance - FY 2023-24
	30-Day	230653	Mayor	O	Appropriation - Proceeds from CleanPowerSF Revenue and CPUC Grant Funds for CleanPowerSF Capital Improvements - \$1,607,220 - FY2023-24
	30-Day	230654	Mayor	O	Appropriation - \$332,278,006 in Proceeds from Revenue Bonds, State Loan or Grant Funds, Water Revenues, and Water Capacity Fees - FY2023-24
	30-Day	230655	Mayor	O	Appropriation - Proceeds from Revenue Bonds, State Loans or Grant Funds, Wastewater Revenues, and Wastewater Capacity Fees for Wastewater Capital Improvements - \$1,142,597,402 - FY2023-24
	30-day	230656	Mayor	O	Appropriation - Port Commission - \$501,908 - PUC - \$97,057,341 - FY2023-24
	30 Day Waiver	230657	Mayor	O	Funding Reallocation - Our City, Our Home Homelessness Gross Receipts Tax
	30 Day Waiver	230658	Mayor	O	Building Code - Fees
	30 Day Waiver	230659	Mayor	O	Business & Tax Regulations, Health Codes - Emergency Medical Services Fees
	30 Day Waiver	230660	Mayor	O	Business & Tax Regulations Code - Early Care and Education Commerical Rents Tax Sublessor Deduction
	30 Day Waiver	230661	Mayor	O	Business & Tax Regulations Code - Early Care and Education Commerical Rents Tax Baseline
	30 Day Waiver	230662	Mayor	O	Health Code - Patient Rates for FY 2023-24 and 2024-25
	30 Day Waiver	230663	Mayor	O	Municipal Elections Code - Supporters and Opponents in Ballot Questions for Local Measures
	30 Day Waiver	230664	Mayor	O	Business & Tax Regulations Code - Waiver of Permit, License, and Business Registration Fees for Certain Small Businesses

**Board of Supervisors
Legislation Introduced**

Legislation Introductions - 6/6/23					
Number	Requests or IA	File No.	Sponsor	File Type	Description
	30-Day	230665	Mayor	O	SFPUC Water Revenue Bond and Other Forms of Indebtedness Issuance - NTE \$358,985,453
	30-Day	230666	Mayor	O	SFPUC Wastewater Revenue Bond Issuance - NTE \$1,047,288,286
	30-Day	230667	Mayor	O	SFPUC Power Revenue Bond and Other Forms of Indebtedness Issuance - NTE \$41,031,367
	30 Day Waiver	230668	Mayor	O	Neighborhood Beautification and Graffiti Clean-Up Fund Tax Designation Ceiling
	30-Day	230669	Mayor	O	Public Employment - Amendment to the Salary Ordinance for the Port Commission and the Airport Commission - FY2023-24

BOARD of SUPERVISORS



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

MEMORANDUM

TO: José Cisneros, City Treasurer, Office of the Treasurer and Tax Collector
Denise Corvino, Deputy Director, Office of Early Care and Education
Ingrid Mezquita, Executive Director, Department of Early Childhood
Maria Su, Director, Department of Children, Youth and Their Families
Derik Aoki, Acting Deputy Director, Children and Families Commission

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

DATE: June 6, 2023

SUBJECT: PROPOSED ORDINANCE INTRODUCED

The Board of Supervisors' Budget and Appropriations Committee has received the following proposed Ordinance, introduced by Mayor London Breed:

File No. 230660

Ordinance amending the Business and Tax Regulations Code to allow a sublessor to deduct rent for commercial space the sublessor pays up to the amount of rent the sublessor receives for that space when determining its Early Care and Education Commercial Rents Tax for the tax years 2023 through and including 2029.

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
Rebecca Cortez, Department of Children, Youth and Their Families
Jasmine Dawson, Department of Children, Youth and Their Families

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MEMORANDUM

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

FROM: Brent Jalipa, Assistant Clerk
Budget and Finance Committee

DATE: June 6, 2023

SUBJECT: REFERRAL FROM BOARD OF SUPERVISORS
Budget and Appropriations Committee

The Board of Supervisors' Budget and Appropriations Committee has received the following proposed legislation, introduced by Mayor London Breed, which is being referred to the Small Business Commission for comment and recommendation.

File No. 230660

Ordinance amending the Business and Tax Regulations Code to allow a sublessor to deduct rent for commercial space the sublessor pays up to the amount of rent the sublessor receives for that space when determining its Early Care and Education Commercial Rents Tax for the tax years 2023 through and including 2029.

Please return this cover sheet with the Commission's response to Brent Jalipa, Budget and Appropriations Clerk, by email to: brent.jalipa@sfgov.org.

RESPONSE FROM SMALL BUSINESS COMMISSION - Date: _____

_____ **No Comment**

_____ **Recommendation Attached**

Chairperson, Small Business Commission

OFFICE OF THE MAYOR
SAN FRANCISCO



LONDON N. BREED
MAYOR

TO: Angela Calvillo, Clerk of the Board of Supervisors
FROM: Tom Paulino, Liaison to the Board of Supervisors
RE: Business and Tax Regulations Code - Early Care and Education Commercial
Rents Tax Sublessor Deduction
DATE: June 1, 2023

Ordinance amending the Business and Tax Regulations Code to allow a sublessor to deduct rent for commercial space the sublessor pays up to the amount of rent the sublessor receives for that space when determining its Early Care and Education Commercial Rents Tax for the tax years 2023 through and including 2029.

Should you have any questions, please contact Tom Paulino at 415-554-6153.