

1 [Declaring emergency under California Constitution Article XIII C, Section 2(b) authorizing
2 submission to voters of ordinance imposing a local assessment on all vehicles in San
3 Francisco that are subject to Department of Motor Vehicle registration.]

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4 **Resolution declaring an emergency under California Constitution Article XIII C, Section**
5 **2(b) and authorizing submission of Ordinance that adopts and submits to the voters an**
6 **ordinance amending the San Francisco Business and Tax Regulations Code to add**
7 **Article 8 imposing a voter-approved local assessment on the privilege of a resident of**
8 **the City and County to operate upon the public highways in the City and County a**
9 **vehicle or trailer coach, the registrant of which is subject to tax under Part 5**
10 **(commencing with Section 10701) of the California Revenue and Taxation Code, at a**
11 **rate not to exceed the difference between two percent of the market value of the vehicle**
12 **or trailer coach and the rate imposed by the State of California pursuant to Section**
13 **10751 of the Revenue and Taxation Code, administered by the State Department of**
14 **Motor Vehicles; acknowledging that state law has not yet been enacted authorizing the**
15 **imposition of the assessment but approving imposition of such a charge at the**
16 **specified rate when and if state law authorizes the City to impose it and directing its**
17 **submission as a general tax measure for voter approval at the November 3, 2009**
18 **general municipal election.**

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20 WHEREAS, California Constitution Article XIII C, Section 2(b) requires voter approval of
21 all ordinances that propose to impose, extend or increase a general tax and allows the
22 submission of such proposals only at a regularly scheduled general election for members of
23 the Board "except in cases of emergency declared by a unanimous vote of the governing
24 body"; and,

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1 WHEREAS, The City's next general election at which candidates for the Board of
2 Supervisors will stand for election will not be held until November 2010; and,

3 WHEREAS, The City has a general municipal election scheduled for November 3,
4 2009; and

5 WHEREAS, The Board of Supervisors finds that an emergency exists requiring that the
6 voters be able to consider a general tax measure at the November 3, 2009 general municipal
7 election, and that the existence of such an emergency is demonstrated by the following
8 circumstances:

9 (a) The fiscal crisis impacting the nation and the state, which has been called the
10 worst since the Great Depression, has affected San Francisco. The City has been hit by a
11 sudden and precipitous drop in local revenues far below the adopted budget levels. Local
12 unemployment, office vacancy rates, retail sales, and travel indicators have all worsened in
13 recent months, indicating that the City has followed the State of California into a recession.
14 The Controller has identified that the trends in all of these areas are negative. As a result of
15 these conditions, the Controller estimates in January 2009 that FY 2008-09 general fund
16 revenues would be \$127 million less than anticipated in the annual appropriation ordinance.
17 In response to this shortfall, the City made significant cuts in government spending, including
18 the elimination or postponement of programs, lay-offs of nearly 400 City employees, and
19 elimination of over 300 vacant positions.

20 (b) In March, 2009, the Mayor's Office, Controller's Office and Board of Supervisors
21 Budget Analyst "Joint Report" projected a General Fund shortfall of \$438 million for Fiscal
22 Year 2009-10 if existing policies and staffing levels were maintained, with the shortfall growing
23 by \$177 million in FY 2010-11. The Mayor's proposed budget for FY 2009-10, as amended
24 by the Board of Supervisors Budget and Finance Committee, closes the shortfall through over
25 \$50 million in savings from negotiated changes to labor contracts with City employees, over

1 \$40 million in reductions to planned capital spending, \$49 million from the drawdown of 50%
2 of the City's \$98 million "Rainy Day" reserve, and the balance through major reductions to
3 Departmental operations, grants to community-based organizations, sale of City property, and
4 other measures. The Controller's June "Revenue Letter" estimated that \$165 million of the
5 sources used to balance the FY 2009-10 budget proposal are one-time in nature and would
6 not be available to support future budgets.

7 (c) The City's 2009-10 budget includes an allowance of \$18 million for potential
8 reductions in State revenues. The actual level of reductions is likely to be much greater as
9 the State of California continues to struggle to close a FY 2009-10 deficit estimated at over
10 \$26 billion. The Controller's Revenue Letter reported the potential for \$125 million in further
11 State funding reductions. Any further reductions in State revenue to the City beyond the \$18
12 million allowed for will result in the requirement for additional reductions in General Fund
13 spending during FY 2009-10.

14 (d) Closing the FY 2010-11 budget gap estimated would require \$177 million more
15 savings than found in 2009-10, plus the replacement of the estimated \$165 million in one-time
16 sources used to balance the FY 2009-10 budget, for a total of at least \$342 million, not
17 counting additional shortfalls that may result from reduced State funding. If the City is
18 required to close this budget shortfall without significant new revenue sources, the City will
19 have no choice but to reduce or eliminate essential municipal services and public programs.
20 Public health, human services and public safety programs would be particularly impacted,
21 since these services represent the largest users of the General Fund, and any large General
22 Fund shortfall could not be closed without cutbacks in these areas. Such cutbacks would
23 imperil the health, safety and welfare of the most vulnerable segments of the City's
24 population.

1 (e) In response to this situation, the Board of Supervisors wishes to submit among
2 other fiscal measures this proposed revenue measure to the voters, so that the Board and the
3 Mayor will know before the commencement of Fiscal Year 2009-10 whether the voters have
4 approved the revenue measures.

5 (f) If the voters approve this tax increase, the revenues that it is estimated to
6 produce will help the City address the impending deficit and minimize its adverse effects on
7 health, safety, and welfare of its residents:

8 (g) Ordinance adopting and submitting to the voters the ordinance amending the
9 San Francisco Business and Tax Regulations Code to add Article 8 imposing a voter-
10 approved local assessment on the privilege of a resident of the City and County to operate
11 upon the public highways in the City and County a vehicle or trailer coach, the registrant of
12 which is subject to tax under Part 5 (commencing with Section 10701) of the California
13 Revenue and Taxation Code, at a rate not to exceed the difference between two percent of
14 the market value of the vehicle or trailer coach and the rate imposed by the State of California
15 pursuant to Section 10751 of the Revenue and Taxation Code, administered by the State
16 Department of Motor Vehicles; acknowledging that state law has not yet been enacted
17 authorizing the imposition of the assessment, but approving imposition of such a charge at the
18 specified rate when and if state law authorizes the City to impose it and directing submission
19 of the measure for voter approval at the November 3, 2009 general municipal election on file
20 with the Clerk of the Board of Supervisors in File No. 090136, is hereby declared to be a part
21 of this Resolution as if set forth fully herein; and, now therefore, be it

22 RESOLVED, That the City faces an emergency which warrants submission of this
23 Ordinance adopting and submitting to the voters the ordinance amending the San Francisco
24 Business and Tax Regulations Code to add Article 8 imposing a voter-approved local
25 assessment on the privilege of a resident of the City and County to operate upon the public

1 highways in the City and County a vehicle or trailer coach, the registrant of which is subject to
2 tax under Part 5 (commencing with Section 10701) of the California Revenue and Taxation
3 Code, at a rate not to exceed the difference between two percent of the market value of the
4 vehicle or trailer coach and the rate imposed by the State of California pursuant to Section
5 10751 of the Revenue and Taxation Code, administered by the State Department of Motor
6 Vehicles; acknowledging that state law has not yet been enacted authorizing the imposition of
7 the assessment but approving imposition of such a charge at the specified rate when and if
8 state law authorizes the City to impose it and directing its submission as a general tax
9 measure for voter approval at the November 3, 2009 general municipal election.

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