


**OFFICE OF THE CONTROLLER**  
CITY AND COUNTY OF SAN FRANCISCO

Greg Wagner  
Controller  
ChiaYu Ma  
Deputy Controller

## MEMORANDUM

**TO:** Members, Board of Supervisors  
Clerk of the Board

**FROM:** Greg Wagner 

**DATE:** May 15, 2026

**SUBJECT:** Notification of Gross Receipts Tax Designation Ceiling to the Neighborhood Beautification Fund

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Article 12B-1 of the Business & Tax Regulations Code establishes the Neighborhood Beautification and Graffiti Clean-Up Fund Option (now known as the Community Challenge Grant Program), under which taxpayers subject to the gross receipts tax may elect to designate a portion of their tax liability to the Fund. Section 1032 requires the Controller to calculate the maximum percentage of their tax liability that taxpayers can elect to contribute to the Fund such that total contributions will be approximately \$1,000,000, adjusted for inflation.

To permit the Office of the Treasurer and Tax Collector to create the online filing forms necessary to collect the gross receipts taxes, our office calculated the tax year 2025 target contribution amount and resultant contribution rate. The inflationary increase for tax year 2025 was calculated with data from the US Department of Labor Bureau of Labor Statistics website using the Consumer Price Index (CPI) – All Urban Consumers for the San Francisco–Oakland–Hayward CA Area, with annual factors from the end of the prior year.

Taxpayers designate their contribution to the Neighborhood Beautification Fund with their annual gross receipts tax filing. In previous years, the filing due date was February 28th, with extensions allowed until April 30th. With Proposition M (2024), extensions are now allowed until November 30th. As of May 1, 2026, the City has received contributions of \$2.0 million, with an additional \$400,000 projected to be received by November 30th, for a total of \$2.4 million. Given the expected tax year contributions, we estimate that a 6.2% contribution ceiling would result in

contributions equal to the inflation adjusted target amount of \$2.82 million for tax year 2026. When setting the ceiling for tax year 2027, we will adjust the ceiling to account for any variance between what we project to receive and receive by the new extended filing deadline, November 30th. Figures are provided in the table below.

<b>Tax Year</b>	<b>CPI</b>	<b>Fiscal Year</b>	<b>Target Contributions (\$ millions)</b>	<b>Actual Contributions (\$ millions)</b>	<b>Contribution Rate</b>
2022	3.21%	FY 2022-23	2.45	2.56	5.9%
2023	5.60%	FY 2023-24	2.59	2.89	5.7%
2024	3.67%	FY 2024-25	2.68	2.10	5.1%
2025	2.76%	FY 2025-26	2.76	2.43	5.5%
2026	2.18%	FY 2026-27	2.82	n/a	6.2%

Please contact me or Michelle Allersma, Director of the Controller's Office Budget and Analysis Division, at (628) 952-9785 if you have any questions regarding this information.