

June 14, 2024



Treasurer & Tax Collector
CITY AND COUNTY OF SAN FRANCISCO

Office of the Treasurer & Tax Collector

Presented by Treasurer José Cisneros



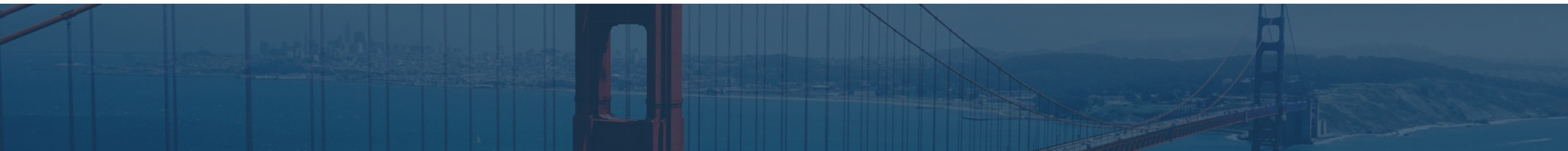
Mission & Vision

Mission

The Office of the San Francisco Treasurer & Tax Collector serves as the banker, tax collector, collection agent, and investment officer for the City and County of San Francisco. Our mission is to collect and safeguard the City's money and use our expertise to assist low-income San Francisco families build economic security and mobility.

Vision

We are committed to providing excellent services for taxpayers, customers, and our community. By promoting diversity, equity, and inclusion, we are a stronger, smarter, and more informed government agency.

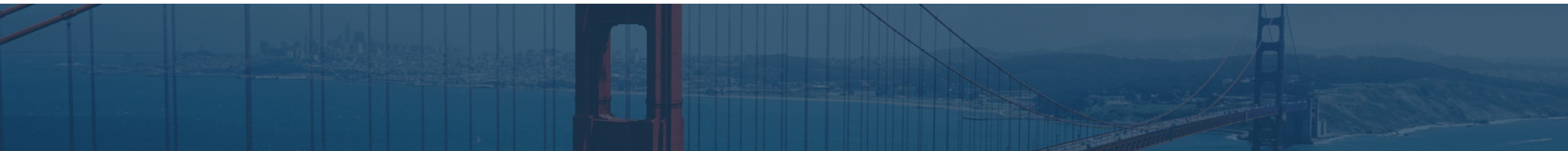


Objectives



- 1 Fiscal Stewardship** – Safe, sound investments that support the goals of the City & County of San Francisco
- 2 Financial Equity** – Remove barriers and develop safe financial products for residents and businesses
- 3 Customer Service** – Consistent, agile and responsive

- 4 Innovation** – Execute continuous improvement and be customer and staff-centric
- 5 Operational Excellence** – Optimize business effectiveness
- 6 Rigorous Compliance** – Digital, intelligent and rapid





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Highlights & Priorities

By the Numbers



96,000

Registered Businesses



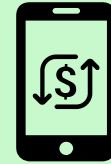
\$3.1 Billion

Online Payments



\$6.6 Billion

Revenue Collected



14.5 Million

Online Transactions



\$15 Billion

Funds Invested



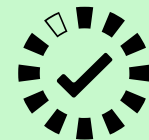
77,000

311 Calls/Tickets



1,146,000

Individual Communications
Delivered



754,000

Online Interactions with
99% of Tax Filings Online

Highlights & Priorities



1 Tax Collections & Compliance

**3 Tax Implementation-
Empty Homes Tax**

2 Business Tax Reform

**4 Business Tax System
Replacement**



Tax Collections & Compliance

2022 Annual Business Taxes – Due February 29, 2023

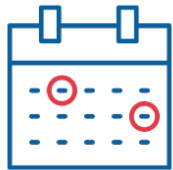
Gross Receipts Tax, Homelessness Gross Receipts Tax, Administrative Office Tax, Commercial Rents Tax, and Overpaid Executive Tax



\$1.4 billion – Total Revenue Collected
\$153 million – From Delinquent Collections



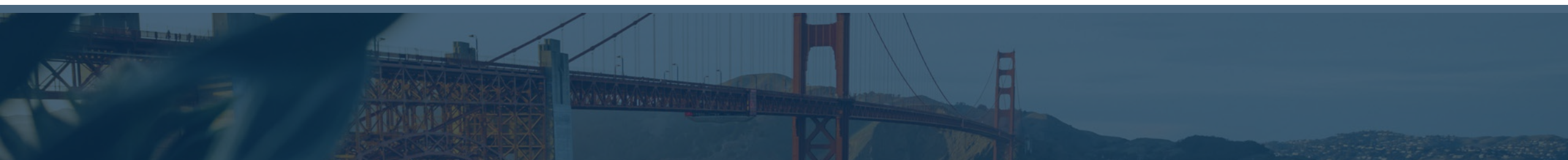
12,755 – Notices to File sent via USPS
Followed by email reminders



2,348 – Failure to File Notices sent
139 – Determination Notices sent



67 – Taxpayers TTX is actively pursuing for outstanding balance of \$1.9 million





Tax Collections & Compliance

Audits & Investigations



183 audits completed



\$164 million collected in prior year tax liabilities, penalties, interest and fees

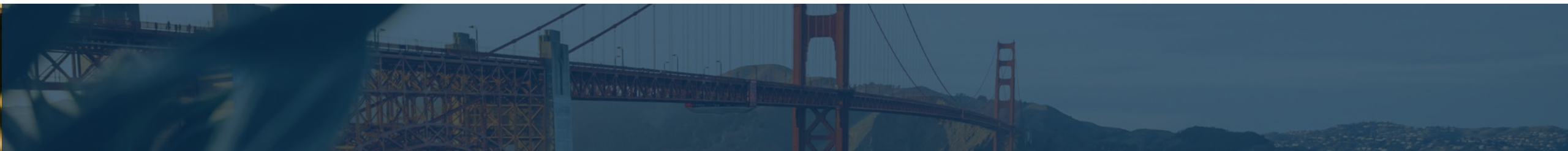


406 businesses registered after investigator contact



Business Tax Reform

- Issued joint report with Controller on challenges to business tax structure
- Convened a series of stakeholder meetings to explore and refine business tax reform concepts
- Issued recommendations for reforms and drafted proposed ordinance to:
 - Promote greater equity for small businesses
 - Reduce risk of tax loss from remote work and business relocation
 - Simplify tax structure to achieve greater predictability for both businesses and the City
 - Reduce volatility stemming from overconcentration of business taxes on a small number of payers





Business Tax Reform - Implementation

2024

2025

2026



Election

Reform
Becomes
Effective

**First Filings & Payments
Under Reform**
2025 Business Taxes &
Business Registration
Renewal Due

Introduce \$10M
license fee
elimination
ordinance

Introduce Voluntary
Disclosure Agreement
Program ordinance

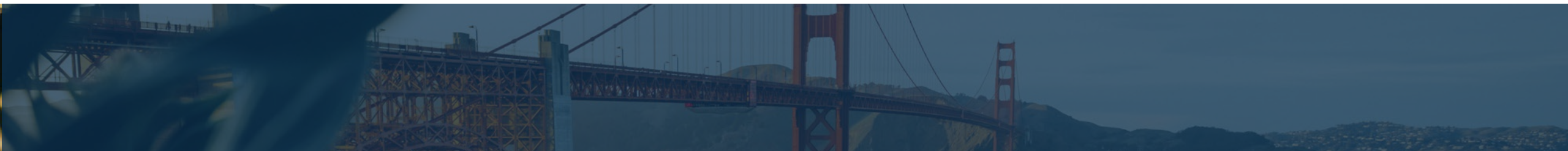
Begin Public Process on
Sourcing Regulations

2024 Business
Tax Filings &
Payments Due

Business
Registration
Renewal Due
(9-month
transition period)

Implement
Advanced Written
Determinations
Program

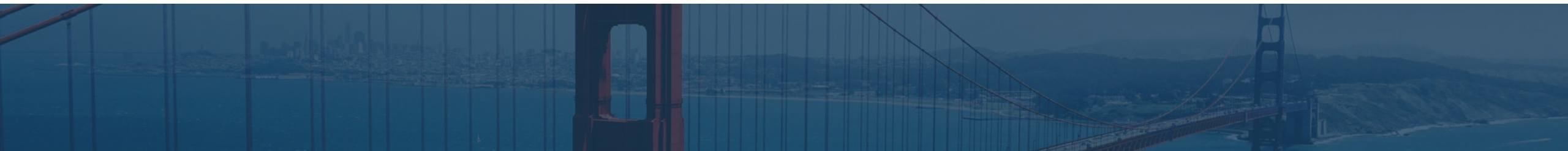
\$10M license
fees eliminated





Empty Homes Tax Implementation

- Became effective on January 1, 2024 and filing and payment will begin in 2025
- Partnered with DBI, Planning, and the Assessor to build a database of property owners
- TTX will begin a comprehensive multi-language awareness campaign beginning this summer, including:
 - Informational videos and webinar
 - Letter and email campaigns
 - Step-by-Step guidance on confirming the tax applies and how to file
 - Outreach to property management companies





Business Tax System Replacement

- Current Business Tax System is end of life and must be replaced
- TTX issued RFP to build a customizable system that will go live in 2026
- Custom system will be cloud-based and allow TTX to be responsive to unique and evolving business tax structures
- Key performance indicators for new system:
 - No changes to data shared between TTX and other departments
 - No interruption in annual business tax filing and collection
 - Ability to efficiently administer taxes as they continue to evolve
 - TTX to retain configuration and ownership responsibilities



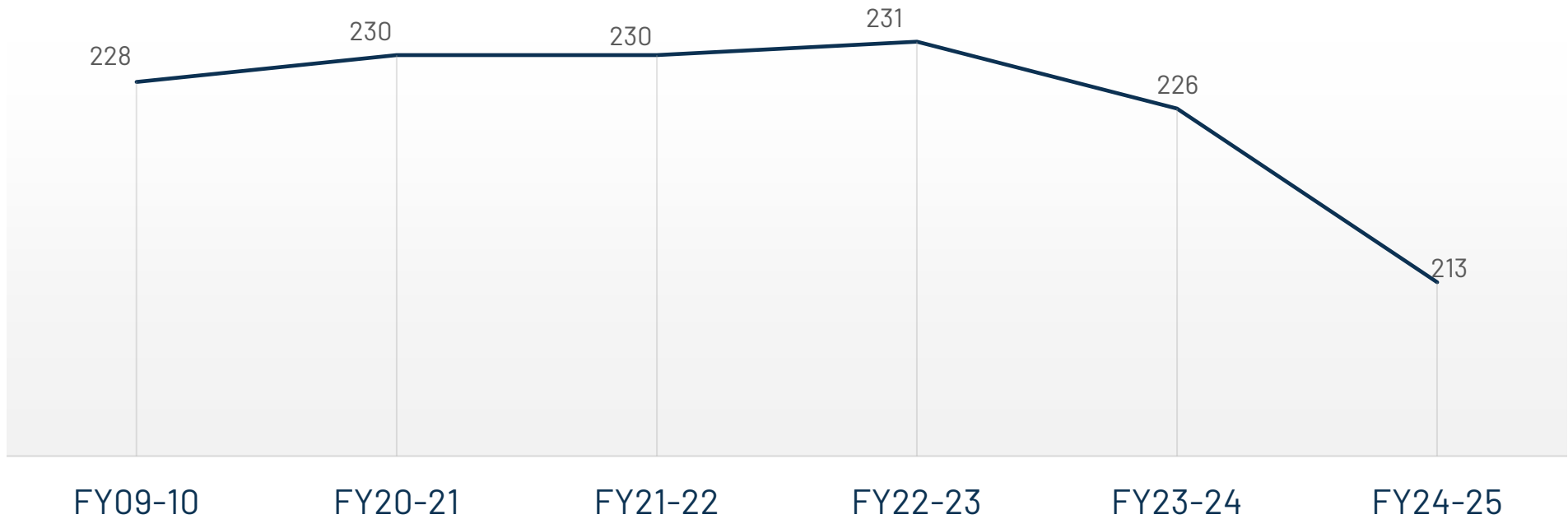
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Budget



Department Staffing

	FY09-10	FY20-21	FY21-22	FY22-23	FY23-24	FY24-25
# Staff	228	230	230	231	226	213



Budget at a Glance



- Delete 11 FTEs of vacant positions
- Substitute 3 FTEs to a lower cost FTE
- Increase Department Revenue by \$355K
- Maintain philanthropic support for Kindergarten to College and Financial Justice
- COIT Request for \$1.5M for Business Tax Replacement and \$500K for Empty Homes
- Increase City Attorney services for litigation
- 20% or \$288K reduction in software licensing budget in General Fund

	FY23-24	FY24-25 (Proposed)	FY25-26 (Proposed)
General Fund	\$29.9M	\$27.5M	\$29.2M
Interdepartmental Services	\$10.7M	\$11.9M	\$12.5M
Projects	\$5.8M*	\$7.8M	\$6.2M
Grants	\$2.0M	\$2.0M	\$2.0M
TOTAL	\$48.4M	\$49.2M	\$49.9M

*FY23-24 General Fund excludes the First Year Free (\$2.1M)



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Questions?
