

File No. 130545

Committee Item No. 12

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee

Date: 06/17/2013

06/21/2013

Board of Supervisors Meeting

Date: _____

Cmte Board

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| <input type="checkbox"/> | <input type="checkbox"/> | Resolution |
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| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Legislative Digest |
| <input type="checkbox"/> | <input type="checkbox"/> | Budget and Legislative Analyst Report *(The BLA report will be attached when it becomes available) |
| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Youth Commission Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Introduction Form |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Department/Agency Cover Letter and/or Report |
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| <input type="checkbox"/> | <input type="checkbox"/> | Grant Information Form |
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Completed by: Victor Young Date June 13, 2013

Completed by: Victor Young Date _____

1 [Business and Tax Regulation Code - Hotel Tax Allocations]

2
3 **Ordinance amending the Business and Tax Regulation Code to remove certain**
4 **allocations of the Hotel Tax and eliminate obsolete provisions.**

5 NOTE: Additions are single-underline italics Times New Roman;
6 deletions are ~~strike-through italics Times New Roman~~.
7 Board amendment additions are double-underlined;
8 Board amendment deletions are ~~strikethrough normal~~.

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

10
11 Section 1. The San Francisco Business and Tax Regulations Code is hereby amended
12 by amending Sections 515.01 and 515.2, to read as follows:

13 **SEC. 515.01. HOTEL TAX ALLOCATIONS.**

14 (a) All monies collected pursuant to the tax imposed by Section 502 of this Article
15 ("Hotel Tax Revenues") shall be deposited to the credit of a fund to be known as the Hotel Room
16 Tax Fund, and shall be allocated for the purposes specified in Subsection (b) in the amounts
17 prescribed in Subsection (c); ~~subject to the adjustments and limitations prescribed in Subsection (d).~~
18 ~~Any unexpended balances remaining in Allocations Number 1, 2, 3, 4, 5, 9 and 10 at the close of any~~
19 ~~fiscal year shall be deemed to be provided for a specific purpose within the meaning of Section 9.113 of~~
20 ~~the Charter and shall be carried forward and accumulated in said allocations for the purposes~~
21 ~~prescribed in Subsection (b). After the specific purpose allocations and accumulations required by this~~
22 ~~Section, all remaining revenues shall be transferred to the General Fund, of which an amount not to~~
23 ~~exceed two tenths of one percent (0.2%) shall be appropriated to the Tax Collector for the~~
24 ~~administration of the provisions of this Article.~~

1 (b) The monies allocated pursuant to this Section shall be appropriated to the following
2 departments and used solely for the following purposes:

3 (1) Allocation Number 1 (Convention Facilities): To the City Administrator for
4 Base Rental and Additional Rental as provided for and defined in the Project Lease, as
5 amended, between the City and the Successor Agency to the Redevelopment Agency of the City and
6 County of San Francisco San Francisco Redevelopment Agency, for the acquisition, construction
7 and financing of a convention center within the Yerba Buena Center Redevelopment Project
8 Area, and for all expenses reasonably related to operation, maintenance and improvement of
9 the Moscone Convention Center, ~~Brooks Hall and Civic Auditorium~~. Any unexpended balance
10 remaining in Allocation Number 1 at the close of any fiscal year shall be deemed to be provided for a
11 specific purpose within the meaning of Section 9.113 of the Charter and shall be carried forward and
12 accumulated in said allocation for the purposes recited herein.

13 (2) Allocation Number 2 (Administration): To the Tax Collector for administration of
14 the provisions of this Article.

15 (3) Allocation Number 3 (Refunds): To the Tax Collector for refunds of any
16 overpayment of the tax imposed under this Article.

17 (4) Allocation Number 4 (Publicity/Advertising): To the City Administrator for
18 publicity and advertising purposes pursuant to the provisions of Section 3.104 of the Charter.

19 (5) Allocation Number 5 (Balance to General Fund): After the specific purpose
20 allocations and accumulations required by this Section, all remaining revenues shall be transferred to
21 the General Fund.

22 (2) ~~Allocation Number 2 (Convention and Visitors Bureau): To the City Administrator~~
23 ~~to contract with the San Francisco Convention and Visitors Bureau, pursuant to the authority granted~~
24 ~~by Section 3.104 of the San Francisco Charter, to pay administrative and operating expenses of the~~
25 ~~Convention and Visitors Bureau.~~

1 (3) *Allocation Number 3 (Low Income Housing in the Yerba Buena Center*
2 *Redevelopment Project Area): To the Mayor to facilitate the construction of low income housing in the*
3 *Project Area and on certain parcels adjacent thereto, including, as may be necessary, payments for*
4 *architecture, engineering, maintenance and operation, construction, financing and rent supplements*
5 *for low income households. Expenditures from Allocation Number 3 shall be made according to the*
6 *following priorities:*

7 (A) *The Mayor shall allocate and set aside Hotel Tax Revenues from Allocation*
8 *Number 3 the amount required for transfer to the rent supplement program established by Chapter 24A*
9 *of the Administrative Code under the jurisdiction of the Mayor for rent supplements for low income*
10 *households and administration costs not to exceed eight percent (8%) of the total sum allocated for rent*
11 *supplements.*

12 (B) *The funds next available in excess of the amount required for the purposes*
13 *described in (A) above shall be used exclusively to facilitate development of low cost housing in the*
14 *Project Area and on certain parcels adjacent thereto, including, but not limited to, expenses pertaining*
15 *to the preparation of architectural and engineering programs, plans, specifications, estimates, land*
16 *acquisition and expenses incurred by the City.*

17 (C) *The funds next available in excess of the amount required for the purposes*
18 *described in (A) and (B) above shall be used exclusively to finance the construction of low cost housing*
19 *in the Project Area and on certain parcels adjacent thereto, including lease rental payment in support*
20 *of Redevelopment Agency bonds in the maximum principal amount feasible pursuant to the Controller's*
21 *estimate of future monies to be allocated pursuant to Allocation Number 3, or, alternatively, mortgage*
22 *payments for other financing used to facilitate the construction of housing; and also including costs of*
23 *maintenance, operation, furniture and equipment relative to said housing and the administration*
24 *thereof.*

1 ~~(D) The funds next available in excess of the amount required for the purposes~~
2 ~~described in (A), (B) and (C) above shall be used to provide the funds necessary to reduce rentals to~~
3 ~~100 percent of the units of housing constructed in the Project Area and on certain parcels adjacent~~
4 ~~thereto to rent level categories equivalent to those then in effect in public housing in the City.~~

5 ~~(E) The funds next available in excess of the amount required for the purposes~~
6 ~~described in (A), (B), (C) and (D) above shall be retained in a maintenance, operation, furniture and~~
7 ~~equipment reserve fund to insure the maintenance and operation of the housing constructed in the~~
8 ~~Project Area and on certain parcels adjacent thereto.~~

9 ~~(F) Funds next available in excess of the amount required for the purposes~~
10 ~~described in (A), (B), (C), (D) and (E) above shall be applied to construct or rehabilitate low income~~
11 ~~rental housing for the elderly and handicapped in San Francisco which meet all of the following~~
12 ~~criteria:~~

13 ~~(i) One hundred percent of the units are rental, excepting staff occupied~~
14 ~~units, which are affordable to low income elderly or handicapped residents and will remain so for 40~~
15 ~~years;~~

16 ~~(ii) The project is developed and controlled during that period by a~~
17 ~~nonprofit corporation, not excluding partnership ownership where the nonprofit corporation is the~~
18 ~~managing general partner;~~

19 ~~(iii) Additional project funding includes funding from sources other than~~
20 ~~City and County of San Francisco.~~

21 ~~(G) The funds next available in excess of the amount required for the purposes~~
22 ~~described in (A), (B), (C), (D), (E) and (F) above may be applied, at the sole option of the City, to the~~
23 ~~early retirement of bonds or other evidence of indebtedness used to finance low cost housing in the~~
24 ~~Project Area or certain parcels adjacent thereto; or may be applied to pay for bridges, ramps,~~
25 ~~concourse and landscaping to further enhance the convention center in the Project Area.~~

1 (H) ~~Notwithstanding any other provisions of Allocation 3, to the extent that the~~
2 ~~City becomes obligated to make lease rental payments to the Redevelopment Agency in support of~~
3 ~~Redevelopment Agency low income housing lease revenue bonds or a series of such bonds, the~~
4 ~~obligation of the City to make the appropriate allocations pursuant to Allocation 3 shall be deemed~~
5 ~~proportionately discharged. In the event that such bonds are paid and discharged prior to maturity, the~~
6 ~~foregoing obligation to make such appropriations and allocations shall be deemed to be~~
7 ~~proportionately discharged.~~

8 (I) ~~In the event that other public and private funds in the future become~~
9 ~~available to construct or otherwise subsidize the low income housing and related expenses hereinabove~~
10 ~~referred to, the Redevelopment Agency or the City may use such funds in lieu of the proceeds of the sale~~
11 ~~of the Redevelopment Agency low income housing lease revenue bonds hereinabove described, and, to~~
12 ~~the extent that such funds become available and are utilized, the obligations of the Redevelopment~~
13 ~~Agency and the City to finance the low income housing hereinabove described shall be deemed to be~~
14 ~~proportionately discharged.~~

15 (J) ~~Once each year, as soon as practicable after June 30th, the Mayor shall~~
16 ~~ascertain the amount of money appropriated pursuant to this Allocation 3 which has not been expended~~
17 ~~or reserved for a specific use as provided herein and shall, following a period of public comment,~~
18 ~~prepare a report setting forth a program for expenditure of such money.~~

19 (4) ~~Allocation Number 4 (War Memorial): To the War Memorial Department to be~~
20 ~~used to defray the cost of maintaining, operating and caring for the War Memorial buildings and~~
21 ~~grounds as described in Section 27.3 of the San Francisco Administrative Code.~~

22 (5) ~~Allocation Number 5 (Candlestick Point): To the Recreation and Park Department~~
23 ~~for Base Rental and Additional Rental as provided in the 1977 Amended Park Lease between the City~~
24 ~~and County of San Francisco and San Francisco Stadium, Inc. for the improvement and expansion of~~
25 ~~the Recreation Center located at Candlestick Point.~~

1 ~~(6) Allocation Number 6 (Publicity/Advertising; Recurring Events): To the City~~
2 ~~Administrator for publicity and advertising purposes pursuant to the provisions of Section 3.104 of the~~
3 ~~Charter for cultural and promotional organizations and annual or regularly recurring parades,~~
4 ~~celebrations and street fairs, and to evaluate and review cultural, artistic or advertising programs~~
5 ~~funded pursuant to this Allocation Number 6 or Allocation Number 7.~~

6 ~~(7) Allocation Number 7 (Publicity/Advertising; Nonrecurring Events): To the City~~
7 ~~Administrator to be used for publicity and advertising purposes pursuant to the provisions of Section~~
8 ~~3.104 of the Charter for nonrecurring parades, celebrations and street fairs and for unforeseen special~~
9 ~~contingencies.~~

10 ~~(8) Allocation Number 8 (Cultural Equity Endowment Fund): To the Arts Commission~~
11 ~~for cultural equity initiatives, commissions to individual creative artists in all disciplines, project grants~~
12 ~~to small and midsize arts organizations, and artspace initiatives or facilities acquisition programs.~~

13 ~~(9) Allocation Number 9 (Asian Art Museum): To the Asian Art Museum of San~~
14 ~~Francisco for the operation and maintenance of the Museum.~~

15 ~~(10) Allocation Number 10 (Fine Arts Museums): To the Fine Arts Museums of San~~
16 ~~Francisco for the operation and maintenance of the Museums.~~

17 ~~(11) Allocation Number 11 (Cultural Centers): To the Arts Commission to support the~~
18 ~~operation, maintenance and programming of the City-owned community cultural centers to assure that~~
19 ~~these cultural centers remain open and accessible and remain vital contributors to the cultural life of~~
20 ~~the City.~~

21 ~~(12) Allocation Number 12 (Protocol): To the Mayor to support the Mayor's Office of~~
22 ~~Protocol in their efforts to promote the City by hosting international visitors and delegations and by~~
23 ~~organizing events, trade missions, and other activities that promote San Francisco. This allocation~~
24 ~~shall expire at the end of fiscal year 1997-98 and shall not extend beyond that fiscal year.~~

1 (c) Each allocation for a purpose described in Subsection (b) shall be in the amount
 2 prescribed in the table below, ~~subject to the adjustments and limitations prescribed in~~
 3 ~~Subsection (d).~~

<u>Allocation No.</u>	<u>Amount</u>
<u>1. Moscone Convention Center</u>	<u>50%</u>
<u>2. Administration</u>	<u>Up to .6%</u>
<u>3. Refunds of Overpayments</u>	<u>As required</u>
<u>4. Publicity & Advertising</u>	<u>As appropriated</u>
<u>5. To General Fund</u>	<u>Remainder</u>

12 Percentages shall be calculated based on the total amount collected pursuant to the tax imposed by
 13 Section 502 of this Article.

<u>Allocation No.</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-2000</u>
<u>1. Convention Facilities</u>	<u>\$31,983,619</u>		
<u>2. Convention and Visitors Bureau</u>	<u>\$5,941,893</u>	<u>\$7,000,000</u>	
<u>3. Low Income Housing: Yerba Buena Redevelopment Area</u>	<u>\$4,810,360</u>		
<u>4. War Memorial</u>	<u>\$7,473,309</u>		
<u>5. Candlestick Park</u>	<u>\$4,770,360</u>		
<u>2-6. Publicity/Advertising: Recurring Events (including Cultural Centers)</u>	<u>\$12,450,411</u>		

1	7. Publicity/Advertising; Nonrecurring Events	\$191,427		
2				
3	8. Cultural Equity Endowment Fund	\$1,722,843		
4				
5	9. Asian Art Museum	\$1,565,873		
6				
7	10. Fine Arts Museums	\$3,947,224		
8				
9	11. Cultural Centers	\$600,000	\$900,000	\$1,800,000
10				
11	12. Protocol	\$1,500,000	\$0	\$0

12 (d) ~~Adjustments to and Limitations on Allocation Amounts. Notwithstanding the provisions of Subsection (c), the allocation amounts shall be subject to the following adjustments and limitations:~~

13 (1) ~~Annual Adjustment: Prior to the calculation of any other adjustment prescribed in this Subsection (d), each amount prescribed in Subsection (c) shall be adjusted annually, commencing in fiscal year 1998-99, by the percentage increase or decrease in actual hotel tax revenues compared with the prior fiscal year; provided, however, that the amount of the annual adjustment pursuant to this Subparagraph (1) shall not exceed 10 percent.~~

14 (2) ~~Limitation on Allocation Number 3 (Low Income Housing in Yerba Buena Redevelopment Area): Unexpended monies appropriated pursuant to priority (E) of Allocation Number 3 shall be retained in a reserve fund which shall be allowed to accumulate in the maximum annual amount of \$100,000 up to a maximum total amount of \$1,000,000.~~

15 (3) ~~Limitation on Allocation Number 6 (Publicity/Advertising; Recurring Events): Of the amount allocated for publicity and advertising for recurring events, \$650,000 in 1997-1998; \$800,000 in 1998-1999 and \$400,000 in 1999-2000, thereafter adjusted by the annual adjustment provided in Subparagraph (1) of this paragraph, shall be allocated to the Arts Commission to support the City-owned community cultural centers.~~

1 ~~(4) Adjustment to Allocation Number 6 (Publicity/Advertising; Recurring Events) and~~
2 ~~Allocation Number 11 (Cultural Centers): In fiscal year 1998-99 and thereafter, no amount allocated~~
3 ~~to support the City owned community cultural centers shall be released to a cultural center unless:~~

4 ~~(A) The Arts Commission has received and approved an annual report from the~~
5 ~~cultural center demonstrating that the cultural center has had an active community support board~~
6 ~~dedicated to community outreach, fundraising, and advocacy on behalf of the cultural center in the~~
7 ~~prior fiscal year. For purposes of this Section, an "active community support board" shall mean a~~
8 ~~board that has convened on at least six occasions during the year.~~

9 ~~(B) The Arts Commission has received and approved an annual report from the~~
10 ~~cultural center demonstrating that the cultural center has, in the prior fiscal year, met the cultural~~
11 ~~center's revenue target from sources other than hotel tax revenues. For purposes of this Section, a~~
12 ~~cultural center's revenue target shall be at least 20 percent of the cultural center's total revenues,~~
13 ~~including hotel tax revenues, in fiscal year 1996-97 inflated annually by a rate of three percent or by~~
14 ~~the rate of growth in the cultural center's hotel tax revenues, whichever is lower. If the cultural center~~
15 ~~has not met its revenue target, the amount released to the cultural center shall be reduced in the~~
16 ~~following year by an amount equivalent to the difference between the revenue target and actual~~
17 ~~revenues collected from sources other than hotel tax revenues. All revenue calculations required to~~
18 ~~effectuate this limitation shall be certified by the Controller during the City's annual budget process.~~

19 ~~(C) The Controller has performed a financial review of the cultural center~~
20 ~~within the previous four years. An initial financial review shall be performed for each cultural center~~
21 ~~by the end of fiscal year 1998-99.~~

22
23 / / /

24 / / /

25 / / /

Mayor Lee
BOARD OF SUPERVISORS

1 **SEC. 515.2. CALCULATION OF PERCENTAGE ALLOCATIONS UNDER SECTION 515.01**
2 **515.**

3 ~~(a) Notwithstanding anything to the contrary in Section 515 of this Article, any and all~~
4 ~~percentage allocations set forth in Section 515 hereof shall be based on the sum of the monies for~~
5 ~~deposit to the Hotel Room Tax Fund plus the SFRA percentage (as defined hereinafter) of the total~~
6 ~~transient occupancy tax revenues actually received from the SFRA Project Areas regardless of whether~~
7 ~~such revenues are received by the City or the San Francisco Redevelopment Agency. The SFRA~~
8 ~~percentage shall equal the quotient of eight percent divided by the tax rate imposed by the City~~
9 ~~pursuant to Section 502.8 hereof.~~

10 (a) ~~(b)~~ Notwithstanding Section 515.01 ~~515(1)~~ of this Article, the total amount to be
11 allocated under Section 515.01 ~~515(1)~~ for each fiscal year shall be reduced by the amount of
12 principal and interest (exclusive of any bond reserve payments) due and payable for that fiscal
13 year on any outstanding agency bonds, as defined in Section 502.8(c) hereof.

14 (b) ~~(e)~~ This Section 515.2 shall remain in effect so long as Section 502.8 of this Article
15 remains in effect.

16
17 Section 2. Effective Date. This ordinance shall become effective 30 days from the
18 date of passage.

19
20 / / /

21 / / /

22 / / /

23 / / /

24 / / /

25 / / /

Mayor Lee
BOARD OF SUPERVISORS

1 Section 3. This section is uncodified. In enacting this Ordinance, the Board intends to
2 amend only those words, phrases, paragraphs, subsections, sections, articles, numbers,
3 punctuation, charts, diagrams, or any other constituent part of the Business and Tax
4 Regulations Code that are explicitly shown in this legislation as additions, deletions, Board
5 amendment additions, and Board amendment deletions in accordance with the "Note" that
6 appears under the official title of the legislation.
7

8 APPROVED AS TO FORM:
9 DENNIS J. HERRERA, City Attorney

10 By:



11 THOMAS J. OWEN
12 Deputy City Attorney
13
14

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LEGISLATIVE DIGEST

[Business and Tax Regulations Code - Hotel Tax Allocations]

Ordinance amending the Business and Tax Regulations Code to remove certain allocations of the Hotel Tax and eliminate obsolete provisions.

Existing Law

The provisions governing the City's Hotel Tax allocate the proceeds of the tax to various programs, with any remainder going to the General Fund. Those allocations may be overridden by ordinance.

Amendments to Current Law

The proposal is an ordinance that would amend the Business and Tax Regulations Code to eliminate some of the specific allocations of the Hotel Tax, including out-dated and expired allocations. Under the proposal, 50% of the Hotel Tax would still go to the Moscone Convention Center. Part of the remaining revenues would be appropriated to the City's Publicity and Advertising program, and the remainder would go the General Fund. These allocations could also be overridden by ordinance.

The Budget and Legislative Analyst's Report is located in Board of Supervisor's File No. 130535 and at the following website:

<http://www.sfbos.org/index.aspx?page=14753>

The following documents related to the FYs 2013-2014 and 2014-2015 Budget of the City and County of San Francisco are available in the reference file and online at the following websites:

- **The City and County of San Francisco Proposed Budget and Appropriation Ordinance as of May 31, 2013 (BOS File No. 130535)**

<http://www.sfcontroller.org/Modules/ShowDocument.aspx?documentid=4337>

- **The City and County of San Francisco Proposed Salary Ordinance as of May 31, 2013 (BOS File No. 130536)**

<http://www.sfcontroller.org/Modules/ShowDocument.aspx?documentid=4335>

- **Mayor's 2013-2014 and 2014-2015 Proposed Budget (BOS File No. 130536)**

<http://www.sfmayor.org/Modules/ShowDocument.aspx?documentID=266>

OFFICE OF THE MAYOR
SAN FRANCISCO



130545

EDWIN M. LEE
MAYOR

TO: Angela Calvillo, Clerk of the Board of Supervisors
FROM: *ra* Mayor Edwin M. Lee *je*
RE: Business and Tax Regulations Code – Hotel Tax Allocations
DATE: May 31, 2013

RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO
2013 MAY 31 PM 1:01
je

Attached for introduction to the Board of Supervisors is the ordinance amending the Business and Tax Regulations Code to remove certain allocations of the Hotel Tax and eliminate obsolete provisions.

I request that this item be calendared in Budget and Finance Committee.

Should you have any questions, please contact Jason Elliott (415) 554-5105.