



July 17, 2026

San Francisco Board of Supervisors
Rules Committee
1 Dr. Carlton B. Goodlett Place
City Hall, Room 244
San Francisco, CA 94102

RE: File # 260823; Opposition to Excise Tax on Keeping Parcels Last Used as Grocery Stores or Pharmacies Vacant or Using Them Differently

Dear President Mandelman, Supervisor Walton and Supervisor Sherrill,

On behalf of the undersigned organizations, we write to respectfully oppose the proposed tax on vacant grocery store and pharmacy properties. We share the proposal's stated goal: San Francisco neighborhoods need convenient access to groceries, prescriptions, and other essential goods. But this measure will not create more grocery stores or pharmacies. Adding cost and uncertainty to already challenging sites may make that goal harder to achieve.

Grocery stores and pharmacies do not close because they or their property owners lack sufficient pressure to remain open. They close after difficult business decisions driven by thin operating margins, higher operating costs, changing consumer habits, online competition, and theft and security expenses. A new vacancy tax does not improve any of those underlying conditions.

Instead, the proposal would impose an additional cost after a store has already closed, potentially complicating the work of finding a new tenant or converting a large and specialized retail space to another productive use. Grocery and pharmacy locations often have unusual floorplates, infrastructure needs, lease arrangements, and capital requirements. Reoccupying them can take significant time. Taxing that period will not create market demand, and the added liability may discourage investment or be passed through to other tenants and neighborhood-serving businesses.

This component of the measure is also inconsistent with the way that sponsors have appropriately discussed permit streamlining, regulatory waivers, and financial incentives to attract new grocery

and pharmacy operators. Those tools recognize the basic reality that these businesses are difficult and expensive to open and operate in San Francisco. Adding a punitive tax to the same locations works against that strategy. If public subsidy and regulatory relief are needed to make a site viable, an additional tax will not improve the economics.

Finally, we are also concerned that a complex new tax is being advanced on an accelerated ballot timeline before its practical effects have been fully evaluated and with extremely limited consultation with operators. Important questions remain about which properties would be covered, how mixed-use parcels and existing leases would be treated, whether costs could be passed through to other tenants, and how the measure would affect efforts to transition a property to another productive use. Essential neighborhood services deserve careful policymaking, not a rushed approach that could produce unintended consequences.

A more effective path is available. The City should work with grocery and pharmacy operators, commercial property owners, labor leaders, neighborhood stakeholders, and economic development experts to address the underlying reasons stores close and to remove barriers to reinvestment. That should include faster, more predictable permitting, flexibility for replacement and alternative uses, targeted incentives for neighborhood-serving retail, and continued improvement in public safety conditions.

We remain committed to this work and look forward to partnering with you on creating these policies. We stand ready to support a collaborative, evidence-based strategy that will actually bring more groceries and pharmacies to San Francisco neighborhoods. However, at this time, we don't believe this policy is ready to advance to the ballot and therefore urge you not to advance this motion out of the Rules Committee.

Sincerely,

Rodney Fong
President & CEO
San Francisco Chamber of Commerce

Wade Rose
President
Advance SF

Rachel Michelin
President
California Retailers Association

Tim James
Director, Local Government Relations
California Grocers Association