

1 [Initiative Ordinance - Business and Tax Regulations, Administrative Codes - Gross Receipts
2 Tax Rates for Financial Services]

3 **Motion ordering submitted to the voters at an election to be held on November 3, 2026,**
4 **an Ordinance amending the Business and Tax Regulations Code and Administrative**
5 **Code, beginning January 1, 2027, to change the gross receipts tax business activity**
6 **classification in Category 6 to include certain business activities currently in**
7 **Category 5, increase the gross receipts tax rates for Category 6 business activities, and**
8 **direct that 12% of the gross receipts tax revenues from Category 6 business activities**
9 **be used as follows: 1) revenues received for tax years 2027 through 2035 shall fund a**
10 **municipal finance corporation or public bank, or if such corporation or bank has not**
11 **been created by December 31, 2031, and the Board of Supervisors so directs, to fund**
12 **loans for social housing developments, renewable energy and electrification projects,**
13 **and small businesses, and 2) revenues received for tax year 2036 and beyond shall go**
14 **to the general fund and be available for any governmental purpose; and increasing the**
15 **City’s appropriations limit by the amount collected under the gross receipts tax for four**
16 **years from November 3, 2026.**

17
18 **MOVED, That the Board of Supervisors hereby submits the following ordinance to the**
19 **voters of the City and County of San Francisco, at an election to be held on**
20 **November 3, 2026.**

21
22 **Ordinance amending the Business and Tax Regulations Code and Administrative Code,**
23 **beginning January 1, 2027, to change the gross receipts tax business activity**
24 **classification in Category 6 to include certain business activities currently in**
25 **Category 5, increase the gross receipts tax rates for Category 6 business activities, and**

1 direct that 12% of the gross receipts tax revenues from Category 6 business activities
2 be used as follows: 1) revenues received for tax years 2027 through 2035 shall fund a
3 municipal finance corporation or public bank, or if such corporation or bank has not
4 been created by December 31, 2031, and the Board of Supervisors so directs, to fund
5 loans for social housing developments, renewable energy and electrification projects,
6 and small businesses, and 2) revenues received for tax year 2036 and beyond shall go
7 to the general fund and be available for any governmental purpose; and increasing the
8 City’s appropriations limit by the amount collected under the gross receipts tax for four
9 years from November 3, 2026.

10
11 NOTE: **Unchanged Code text and uncodified text** are in plain font.
12 **Additions to Codes** are in *single-underline italics Times New Roman font*.
13 **Deletions to Codes** are in *strikethrough italics Times New Roman font*.
14 **Asterisks (* * * *)** indicate the omission of unchanged Code subsections or
15 parts of tables.

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

17 Section 1. Sections 953, 953.24, 953.25, and 962 of Article 12-A-1 of the Business
18 and Tax Regulations Code are hereby amended, to read as follows:

19 **SEC. 953. IMPOSITION OF GROSS RECEIPTS TAX; USE OF TAX PROCEEDS.**

20 (a) Except as otherwise provided under this Article 12-A-1, the City imposes and every
21 person engaging in business within the City shall pay an annual gross receipts tax measured
22 by the person’s gross receipts from all taxable business activities attributable to the City. A
23 person’s liability for the gross receipts tax shall be calculated according to this Article 12-A-1.

24 (b) The gross receipts tax is a privilege tax imposed upon persons engaging in
25 business within the City for the privilege of engaging in a business or occupation in the City.

1 The gross receipts tax is imposed for general governmental purposes. Proceeds from the tax
2 shall be deposited in the City's general fund and may be expended for any purposes of the
3 City.

4 * * * *

5 (e) Notwithstanding subsection (b) of this Section 953:

6 (1) Twelve percent of the proceeds from the gross receipts tax from Category 6 Business
7 Activities for tax years 2027 through 2035, exclusive of penalties and interest and net of any refunds of
8 overpayments of the gross receipts tax from Category 6 Business Activities, shall be deposited to the
9 credit of the Public Bank Fund, established in Administrative Code Section 10.100-187. Monies in the
10 Public Bank Fund shall be appropriated on an annual or supplemental basis and shall be used
11 exclusively for the creation, capitalization, funding, and operation of a Municipal Finance Corporation
12 and/or a Public Bank. If a Municipal Finance Corporation or Public Bank has not been created by
13 December 31, 2031, the Board of Supervisors may amend this subsection (e)(1) by unanimous vote
14 taken on or after January 1, 2032, to provide that such monies shall be used to fund the following,
15 including administrative costs: (A) to the Mayor's Office of Housing and Community Development or
16 its successor for loans for the development, construction, acquisition, rehabilitation, or other creation
17 or maintenance of Social Housing Developments, (B) to the Department of the Environment or its
18 successor for loans for commercial or residential renewable energy and electrification projects, and
19 (C) to the Office of Economic and Workforce Development or its successor for loans to small
20 businesses with annual gross revenues under \$5 million. The amount of monies to allocate to each of
21 the three uses in the preceding sentence shall be determined by the annual appropriation ordinance or
22 supplemental appropriations ordinances in any subsequent years as provided in Article IX of the
23 Charter. All proceeds from the gross receipts tax from Category 6 Business Activities received for tax
24 year 2036 and for subsequent tax years shall be deposited to the City's general fund and may be
25 expended for any purposes of the City.

1 (2) For tax years 2027 through 2035, 1% of the proceeds from the gross receipts tax
2 remaining after the deposit of the amounts in subsection (e)(1), inclusive of penalties and interest and
3 net of any refunds of overpayments of the gross receipts tax, shall be deposited to the credit of the
4 Gross Receipts Tax Administration Fund, established in Administrative Code Section 10.100-73.5.
5 Monies in the Gross Receipts Tax Administration Fund may be appropriated on an annual or
6 supplemental basis and distributed in any proportion to the Tax Collector and other City departments
7 to be used for administration of the gross receipts tax, including administration of the Public Bank
8 Fund described in Section 953(e)(1). Any monies deposited to the Gross Receipts Tax Administration
9 Fund during a fiscal year that are not used for the administration of the gross receipts tax during that
10 fiscal year may be appropriated to be used for any purposes of the City.

11 (f) For purposes of subsection (e) of this Section 953:

12 (1) “Municipal Finance Corporation” means a non-depository lending corporation that
13 is wholly owned by the City.

14 (2) “Public Bank” means a City-owned depository public bank as defined in California
15 Government Code Section 57600(b)(1), as amended from time to time.

16 (3) “Social Housing Developments” means housing developments that meet the
17 following two criteria: (1) the City, a nonprofit, residents, or a residents association under binding
18 regulatory agreement ensuring permanent affordability, retains an ownership interest in the land,
19 improvements, or both, or has permanent loan and regulatory agreements for the property, and (2) the
20 housing development serves all income qualified households with a maximum average of not more than
21 80% of median income across all units in a project, based on the median income within the zip code
22 area where the project is located, as determined and updated annually and published by the Mayor’s
23 Office of Housing and Community Development (“MOHCD”) and affordable to such households
24 applicable to a unit. Social Housing Developments shall include, but not be limited to, community land
25 trusts, limited equity cooperative housing, nonprofit housing corporation housing, and municipal

1 housing. MOHCD shall establish minimum regulatory requirements for all Social Housing
2 Developments, including but not limited to, enforceable income and affordability restrictions for the
3 useful life of the property but no less than 99 years through a recorded restriction or ground lease from
4 MOHCD.

5
6 **SEC. 953.24. GROSS RECEIPTS TAX APPLICABLE TO CATEGORY 5 BUSINESS**
7 **ACTIVITIES.**

8 (a) The gross receipts tax rates applicable to Category 5 Business Activities are:

9 * * * *

10 (2) For tax year 2027:

- 11 1.04% for taxable gross receipts between \$0 and \$1,000,000
- 12 1.04% for taxable gross receipts between \$1,000,000.01 and \$2,500,000
- 13 1.56% for taxable gross receipts between \$2,500,000.01 and \$25,000,000
- 14 1.246% for taxable gross receipts between \$25,000,000.01 and \$50,000,000
- 15 1.424% for taxable gross receipts between \$50,000,000.01 and \$75,000,000
- 16 1.424% for taxable gross receipts between \$75,000,000.01 and \$100,000,000
- 17 1.424% for taxable gross receipts between \$100,000,000.01 and \$150,000,000
- 18 1.602% for taxable gross receipts between \$150,000,000.01 and \$250,000,000
- 19 1.78% for taxable gross receipts between \$250,000,000.01 and \$500,000,000
- 20 1.78% for taxable gross receipts between \$500,000,000.01 and \$1,000,000,000
- 21 1.78% for taxable gross receipts over \$1,000,000,000

22 (3) For tax years beginning on or after January 1, 2028:

- 23 1.071% for taxable gross receipts between \$0 and \$1,000,000
- 24 1.071% for taxable gross receipts between \$1,000,000.01 and \$2,500,000
- 25 1.607% for taxable gross receipts between \$2,500,000.01 and \$25,000,000

1 1.301% for taxable gross receipts between \$25,000,000.01 and \$50,000,000
2 1.486% for taxable gross receipts between \$50,000,000.01 and \$75,000,000
3 1.486% for taxable gross receipts between \$75,000,000.01 and \$100,000,000
4 1.486% for taxable gross receipts between \$100,000,000.01 and \$150,000,000
5 1.672% for taxable gross receipts between \$150,000,000.01 and \$250,000,000
6 1.858% for taxable gross receipts between \$250,000,000.01 and \$500,000,000
7 1.858% for taxable gross receipts between \$500,000,000.01 and \$1,000,000,000
8 1.858% for taxable gross receipts over \$1,000,000,000

9 (b) "Category 5 Business Activities" means:

10 * * * *

11 (2) For tax year 2026 ~~and subsequent tax years~~, one or more of the business
12 activities described in NAICS codes 51 (Information) but not 517 (Telecommunications),
13 5222 (Nondepository Credit Intermediation), 5223 (Activities Related to Credit Intermediation),
14 533 (Lessors of Nonfinancial Intangible Assets (except Copyrighted Works)), 54 (Professional,
15 Scientific, and Technical Services) but not including 541714 (Research and Development in
16 Biotechnology (except Nanobiotechnology)), 55 (Management of Companies and
17 Enterprises), 562 (Waste Management and Remediation Services), 61 (Educational
18 Services), 62 (Health Care and Social Assistance), and all business activities not otherwise
19 exempt and not elsewhere subjected to a gross receipts tax rate by Sections 953.20
20 through 953.26 or an administrative office tax under Section 953.8.

21 (3) For tax years beginning on or after January 1, 2027, one or more of the business
22 activities described in NAICS codes 51 (Information) but not 517 (Telecommunications), 533 (Lessors
23 of Nonfinancial Intangible Assets (except Copyrighted Works)), 54 (Professional, Scientific, and
24 Technical Services) but not including 541714 (Research and Development in Biotechnology (except
25 Nanobiotechnology)), 55 (Management of Companies and Enterprises), 562 (Waste Management and

1 Remediation Services), 61 (Educational Services), 62 (Health Care and Social Assistance), and all
2 business activities not otherwise exempt and not elsewhere subjected to a gross receipts tax rate by
3 Sections 953.20 through 953.26 or an administrative office tax under Section 953.8.

4 (c) The amount of taxable gross receipts from Category 5 Business Activities subject
5 to the gross receipts tax shall be three-quarters of the amount determined under
6 Section 956.1 plus one-quarter of the amount determined under Section 956.2.

7
8 **SEC. 953.25. GROSS RECEIPTS TAX APPLICABLE TO CATEGORY 6 BUSINESS**
9 **ACTIVITIES.**

10 (a) The gross receipts tax rates applicable to Category 6 Business Activities are:

11 * * * *

12 (2) For tax years beginning on or after January 1, 2027:

- 13 1.691.56% for taxable gross receipts between \$0 and \$1,000,000
- 14 1.691.56% for taxable gross receipts between \$1,000,000.01 and \$2,500,000
- 15 3.373.12% for taxable gross receipts between \$2,500,000.01 and \$25,000,000
- 16 2.692.492% for taxable gross receipts between \$25,000,000.01 and \$50,000,000
- 17 3.463.204% for taxable gross receipts between \$50,000,000.01 and \$75,000,000
- 18 3.463.204% for taxable gross receipts between \$75,000,000.01 and \$100,000,000
- 19 3.853.56% for taxable gross receipts between \$100,000,000.01 and \$150,000,000
- 20 3.853.56% for taxable gross receipts between \$150,000,000.01 and \$250,000,000
- 21 3.853.56% for taxable gross receipts between \$250,000,000.01 and \$500,000,000
- 22 3.853.56% for taxable gross receipts between \$500,000,000.01 and \$1,000,000,000
- 23 3.853.56% for taxable gross receipts over \$1,000,000,000

24 ~~(3) For tax years beginning on or after January 1, 2028:~~

25 ~~1.607% for taxable gross receipts between \$0 and \$1,000,000~~

1 ~~1.607% for taxable gross receipts between \$1,000,000.01 and \$2,500,000~~
2 ~~3.214% for taxable gross receipts between \$2,500,000.01 and \$25,000,000~~
3 ~~2.601% for taxable gross receipts between \$25,000,000.01 and \$50,000,000~~
4 ~~3.344% for taxable gross receipts between \$50,000,000.01 and \$75,000,000~~
5 ~~3.344% for taxable gross receipts between \$75,000,000.01 and \$100,000,000~~
6 ~~3.716% for taxable gross receipts between \$100,000,000.01 and \$150,000,000~~
7 ~~3.716% for taxable gross receipts between \$150,000,000.01 and \$250,000,000~~
8 ~~3.716% for taxable gross receipts between \$250,000,000.01 and \$500,000,000~~
9 ~~3.716% for taxable gross receipts between \$500,000,000.01 and \$1,000,000,000~~
10 ~~3.716% for taxable gross receipts over \$1,000,000,000~~

11 (b) "Category 6 Business Activities" means:

12 (1) For tax years beginning on or after January 1, 2025, and ending on or before
13 December 31, 2026, one or more of the business activities described in NAICS codes
14 521 (Monetary Authorities-Central Bank), 5221 (Depository Credit Intermediation),
15 523 (Securities, Commodity Contracts, and Other Financial Investments and Related
16 Activities), and 525 (Funds, Trusts, and other Financial Vehicles).

17 (2) For tax years beginning on or after January 1, 2027, one or more of the business
18 activities described in NAICS codes 521 (Monetary Authorities-Central Bank), 522 (Credit
19 Intermediation and Related Activities), 523 (Securities, Commodity Contracts, and Other Financial
20 Investments and Related Activities), and 525 (Funds, Trusts, and other Financial Vehicles).

21 (c) The amount of taxable gross receipts from Category 6 Business Activities subject
22 to the gross receipts tax shall be three-quarters of the amount determined under
23 Section 956.1 plus one-quarter of the amount determined under Section 956.2.

1 **SEC. 962. AMENDMENT OF ORDINANCE.**

2 (a) Except as provided in subsection (b) of this Section 962 and in Section 953(e)(1), tThe
3 Board of Supervisors may amend or repeal this Article 12-A-1 of the Business and Tax
4 Regulations Code by ordinance by majority vote and without a vote of the people except as
5 limited by Article XIII C of the California Constitution.

6 (b) The Board of Supervisors may amend this Article 12-A-1 to reduce any and all gross
7 receipts tax rates applicable to Category 6 Business Activities or reduce the gross receipts taxes paid
8 with respect to Category 6 Business Activities by ordinance by unanimous vote and without a vote of
9 the people.

10
11 Section 2. Sections 10.100-187 and 10.100-73.5 are hereby added to Chapter 10 of
12 the Administrative Code, to read as follows:

13
14 **SEC. 10.100-187. PUBLIC BANK FUND.**

15 (a) Establishment of Fund. The Public Bank Fund (“Fund”) is established as a category four
16 fund as defined in Section 10.100-1 of the Administrative Code, and shall receive gross receipts tax
17 proceeds as provided by Section 953(e)(1) of Article 12-A-1 of the Business and Tax Regulations Code.

18 (b) Use of Fund. Subject to the budgetary and fiscal provisions of the Charter, monies in the
19 Fund shall be used exclusively for the purposes described in Section 953(e)(1) of Article 12-A-1 of the
20 Business and Tax Regulations Code.

21 (c) Annual Reports. Commencing with a report filed no later than February 15, 2029,
22 covering the fiscal year ending on June 30, 2028, the Controller shall file annually with the Board of
23 Supervisors, by February 15 of each year, a report containing the amount of monies collected in and
24 expended from the Fund during the prior fiscal year, the status of any project authorized to be funded
25

1 by the Fund, and such other information as the Controller, in the Controller's sole discretion, shall
2 deem relevant.

3
4 **SEC. 10.100-73.5. GROSS RECEIPTS TAX ADMINISTRATION FUND.**

5 (a) Establishment of Fund. The Gross Receipts Tax Administration Fund ("Fund") is
6 established as a category four fund as defined in Section 10.100-1 of the Administrative Code, and
7 shall receive gross receipts tax proceeds as provided by Section 953(e)(2) of Article 12-A-1 of the
8 Business and Tax Regulations Code.

9 (b) Use of Fund. Subject to the budgetary and fiscal provisions of the Charter, monies in the
10 Fund shall be used exclusively for the purposes described in Section 953(e)(2) of Article 12-A-1 of the
11 Business and Tax Regulations Code.

12 (c) Annual Reports. Commencing with a report filed no later than February 15, 2029,
13 covering the fiscal year ending on June 30, 2028, the Controller shall file annually with the Board of
14 Supervisors, by February 15 of each year, a report containing the amount of monies collected in and
15 expended from the Fund during the prior fiscal year, the status of any project authorized to be funded
16 by the Fund, and such other information as the Controller, in the Controller's sole discretion, shall
17 deem relevant.

18
19 Section 3. Appropriations Limit Increase. Pursuant to California Constitution
20 Article XIII B and applicable laws, for four years from November 3, 2026, the appropriations
21 limit for the City shall be increased by the aggregate sum collected by the levy of the tax
22 under Article 12-A-1 of the Business and Tax Regulations Code as amended by this
23 ordinance.

1 Section 4. No Conflict with Federal or State Law. Nothing in this measure shall be
2 interpreted or applied so as to create any requirement, power, or duty in conflict with any
3 federal or state law.

4
5 Section 5. Scope of Ordinance. In enacting this ordinance, the People of the City and
6 County of San Francisco intend to amend only those words, phrases, paragraphs,
7 subsections, sections, articles, numbers, punctuation marks, charts, diagrams, or any other
8 constituent parts of the Municipal Code that are explicitly shown in this ordinance as additions
9 or deletions, in accordance with the “Note” that appears under the official title of the
10 ordinance.

11
12 Section 6. Severability. If any section, subsection, sentence, clause, phrase, or word
13 of this ordinance, or any application thereof to any person or circumstance, is held to be
14 invalid or unconstitutional by a decision of a court of competent jurisdiction, such decision
15 shall not affect the validity of the remaining portions or applications of the ordinance. The
16 People of the City and County of San Francisco hereby declare that they would have adopted
17 this ordinance and each and every section, subsection, sentence, clause, phrase, and word
18 not declared invalid or unconstitutional without regard to whether any other portion of this
19 ordinance or application thereof would be subsequently declared invalid or unconstitutional.

