

1 [Initiative Ordinance - Business and Tax Regulations, Administrative Codes - Gross Receipts  
2 Tax For Environmental Programs]

3 **Motion ordering submitted to the voters an Ordinance amending the Business and Tax**  
4 **Regulations Code to impose an additional gross receipts tax on businesses with gross**  
5 **receipts attributable to the City exceeding \$25,000,000 or that pay the administrative**  
6 **office tax, and direct that revenues from the tax fund certain environmental programs,**  
7 **and increasing the City’s appropriations limit by the amount collected under the tax for**  
8 **four years from November 7, 2023, at an election to be held on November 7, 2023; and**  
9 **affirming the Planning Department’s determination under the California Environmental**  
10 **Quality Act.**

11  
12 MOVED, That the Planning Department has determined that the actions contemplated  
13 in this ordinance comply with the California Environmental Quality Act (California Public  
14 Resources Code Sections 2100 *et seq.*). Said determination is on file with the Clerk of the  
15 Board of Supervisors in File No. \_\_\_\_\_ and is incorporated herein by reference. The  
16 Board affirms this determination; now, therefore, be it

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 7, 2023.

21  
22 **Ordinance amending the Business and Tax Regulations Code to impose an additional**  
23 **gross receipts tax on businesses with gross receipts attributable to the City exceeding**  
24 **\$25,000,000 or that pay the administrative office tax, and direct that revenues from the**  
25

1 tax fund certain environmental programs, and increasing the City’s appropriations limit  
2 by the amount collected under the tax for four years from November 7, 2023.

3  
4 NOTE: **Unchanged Code text and uncodified text** are in plain font.  
5 **Additions to Codes** are in *single-underline italics Times New Roman font*.  
6 **Deletions to Codes** are in *strikethrough italics Times New Roman font*.  
7 **Asterisks (\* \* \* \*)** indicate the omission of unchanged Code subsections or  
8 parts of tables.

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

11 Section 1. Pursuant to Articles XIII A and XIII C of the Constitution of the State of  
12 California, this ordinance shall be submitted to the qualified electors of the City and County of  
13 San Francisco at the November 7, 2023, municipal election.

14 Section 2. The Business and Tax Regulations Code is hereby amended by adding  
15 Article 31, consisting of Sections 3101 through 3114, to read as follows:

16 **ARTICLE 31: GREEN NEW DEAL GROSS RECEIPTS TAX ORDINANCE**

17  
18 **SEC. 3101. SHORT TITLE.**

19 *This Article 31 shall be known as the “Green New Deal Gross Receipts Tax Ordinance,” and*  
20 *the tax it imposes shall be known as the “Green New Deal Gross Receipts Tax.”*

21  
22 **SEC. 3102. DEFINITIONS.**

23 *Unless otherwise defined in this Article 31, the terms used in this Article shall have the*  
24 *meanings given to them in Articles 6 and 12-A-1 of the Business and Tax Regulations Code, as*  
25 *amended from time to time. For purposes of this Article, “Taxable Gross Receipts” means a person or*

1 combined group's gross receipts, not excluded under Section 3104, attributable to the City. The person  
 2 or combined group's gross receipts that are attributable to the City shall be determined in the same  
 3 manner as in Article 12-A-1, as amended from time to time.

4  
 5 **SEC. 3103. IMPOSITION OF TAX.**

6 (a) Except as otherwise provided in this Article 31, for the privilege of engaging in business  
 7 within the City, the City imposes an annual Green New Deal Gross Receipts Tax on each person within  
 8 the City that receives or is a member of a combined group that receives, more than \$25,000,000 in total  
 9 Taxable Gross Receipts in the tax year.

10 (b) If, after applying any rules or elections used to assign receipts to a business activity in  
 11 Section 953.9 of Article 12-A-1, a person or combined group derives gross receipts from business  
 12 activities described in only one of Sections 953.1(a)(2), 953.1(a)(3), 953.2(a)(2), 953.2(a)(3),  
 13 953.2(a)(4), 953.2(a)(5), 953.3(a)(2), 953.3(a)(3), 953.4(a)(2), 953.4(a)(3), 953.5(a), 953.6(a)(2),  
 14 953.6(a)(3), or 953.7(a) of Article 12-A-1, the Green New Deal Gross Receipts Tax shall be calculated  
 15 by applying to the person or combined group's Taxable Gross Receipts in excess of \$25,000,000 the  
 16 following percentage that corresponds to the person or combined group's business activities, as  
 17 described in Sections 953.1 through 953.7 of Article 12-A-1, inclusive:

<b><u>Business Activity Set</u></b>	<b><u>Tax Rate</u></b>
<u>Section 953.1(a)(2) (Retail Trade and Certain Services)</u>	<u>0.039%</u>
<u>Section 953.1(a)(3) (Wholesale Trade)</u>	<u>0.039%</u>
<u>Section 953.2(a)(2) (Manufacturing and Food Services)</u>	<u>0.116%</u>
<u>Section 953.2(a)(3) (Transportation and Warehousing and Clean Technology)</u>	<u>0.116%</u>
<u>Section 953.2(a)(4) (Biotechnology)</u>	<u>0.116%</u>
<u>Section 953.2(a)(5) (Information)</u>	<u>0.137%</u>

1	<u>Section 953.3(a)(2) (Accommodations and Arts, Entertainment and Recreation)</u>	<u>0.098%</u>
2	<u>Section 953.3(a)(3) (Utilities)</u>	<u>0.098%</u>
3	<u>Section 953.4(a)(2) (Private Education and Health Services and Administrative and</u>	<u>0.159%</u>
4	<u>Support Services)</u>	
5	<u>Section 953.4(a)(3) (All Business Activities Not Otherwise Exempt and Not Elsewhere</u>	<u>0.159%</u>
6	<u>Subjected to a Gross Receipts Tax Rate or an Administrative Office Tax by</u>	
7	<u>Article 12-A-1)</u>	
8	<u>Section 953.5(a) (Construction)</u>	<u>0.11%</u>
9	<u>Section 953.6(a)(2) (Insurance)</u>	<u>0.137%</u>
10	<u>Section 953.6(a)(3) (Financial Services and Professional, Scientific and Technical</u>	<u>0.137%</u>
11	<u>Services)</u>	
12	<u>Section 953.7 (Real Estate and Rental and Leasing Services)</u>	<u>0.074%</u>

13 (c) If, after applying any rules or elections used to assign receipts to a business activity in  
14 Section 953.9 of Article 12-A-1, a person or combined group derives gross receipts from business  
15 activities listed in more than one of Sections 953.1(a)(2), 953.1(a)(3), 953.2(a)(2), 953.2(a)(3),  
16 953.2(a)(4), 953.2(a)(5), 953.3(a)(2), 953.3(a)(3), 953.4(a)(2), 953.4(a)(3), 953.5(a), 953.6(a)(2),  
17 953.6(a)(3), and 953.7(a) of Article 12-A-1, the Taxable Gross Receipts and rate or rates of tax to be  
18 applied to that person or combined group shall be determined as follows:

19 (1) The Taxable Gross Receipts shall be determined on an aggregate basis in numbered  
20 order of the Sections describing each set of business activities; e.g., the Taxable Gross Receipts for  
21 business activities described in Section 953.1(a)(2) of Article 12-A-1 shall be determined first,  
22 Section 953.1(a)(3) of Article 12-A-1 second, Section 953.2(a)(2) of Article 12-A-1 third, and so on;

23 (2) The rates in subsection (b) shall apply to the Taxable Gross Receipts from the  
24 corresponding sets of business activities described in Sections 953.1(a)(2), 953.1(a)(3), 953.2(a)(2),  
25 953.2(a)(3), 953.2(a)(4), 953.2(a)(5), 953.3(a)(2), 953.3(a)(3), 953.4(a)(2), 953.4(a)(3), 953.5(a),

1 953.6(a)(2), 953.6(a)(3), and 953.7(a) of Article 12-A-1, except that the rate shall be 0% for the first  
2 \$25,000,000 of the person or combined group's total Taxable Gross Receipts from all taxable business  
3 activities;

4 (3) Whether the 0% rate for the first \$25,000,000 of the person or combined group's  
5 total Taxable Gross Receipts from all taxable business activities applies to any set of business activities  
6 after the first shall be determined by adding to the Taxable Gross Receipts from that set of business  
7 activities all of the Taxable Gross Receipts from all previous sets of business activities; and

8 (4) The Green New Deal Gross Receipts Tax for the person or combined group shall be  
9 the sum of the liabilities for each set of business activities determined under subsections (c)(1)  
10 through (3).

11 (d) Notwithstanding any other subsection of this Section 3103, each person engaging in  
12 business within the City as an administrative office, as defined in Section 953.8 of Article 12-A-1, shall  
13 pay an annual Green New Deal administrative office tax. This Green New Deal administrative office  
14 tax shall be measured by the person's total payroll expense, as defined in Section 953.8(f) of  
15 Article 12-A-1, that is attributable to the City. If a person is a member of a combined group, then its  
16 tax shall be measured by the total payroll expense of the combined group attributable to the City. Such  
17 person or combined group shall pay only the Green New Deal administrative office tax, and not the tax  
18 imposed under other subsections of this Section 3103, but a person or combined group may be liable  
19 for the administrative office tax imposed by Section 953.8 of Article 12-A-1, the homelessness  
20 administrative office tax imposed by Section 2804(d) of Article 28, and the overpaid executive  
21 administrative office tax imposed by Section 3303(d) of Article 33, in addition to the Green New Deal  
22 administrative office tax imposed by this subsection (d). Unless specified otherwise, this Green New  
23 Deal administrative office tax shall be considered part of the Green New Deal Gross Receipts Tax for  
24 all purposes. The Green New Deal administrative office tax shall be calculated as 0.245% of the  
25 person or combined group's total payroll expense attributable to the City for the tax year.

1           (e) The Green New Deal Gross Receipts Tax shall take effect on January 1, 2025 and shall  
2 expire at the end of the day on December 31, 2055.

3  
4 **SEC. 3104. EXEMPTIONS AND EXCLUSIONS.**

5           (a) An organization that is exempt from income taxation by Chapter 4 (commencing with  
6 Section 23701) of Part 11 of Division 2 of the California Revenue and Taxation Code or Subchapter F  
7 (commencing with Section 501) of Chapter 1 of Subtitle A of the Internal Revenue Code of 1986, as  
8 amended, as qualified by Sections 502, 503, 504, and 508 of the Internal Revenue Code of 1986, as  
9 amended, shall be exempt from taxation under this Article 31, only so long as those exemptions  
10 continue to exist under state or federal law.

11           (b) For only so long as and to the extent that the City is prohibited from imposing the Green  
12 New Deal Gross Receipts Tax, any person upon whom the City is prohibited under the Constitution or  
13 laws of the State of California or the Constitution or laws of the United States from imposing the Green  
14 New Deal Gross Receipts Tax shall be exempt from the Green New Deal Gross Receipts Tax.

15           (c) For purposes of this Article 31, gross receipts shall not include receipts that are excluded  
16 from gross receipts for purposes of the Gross Receipts Tax imposed by Article 12-A-1.

17  
18 **SEC. 3105. COMBINED RETURNS.**

19           (a) Persons subject to the Green New Deal Gross Receipts Tax shall file returns at the same  
20 time and in the same manner as returns filed for the Gross Receipts Tax imposed by Article 12-A-1,  
21 including the rules for combined returns under Section 956.3, as amended from time to time.

22           (b) If a person is subject to the Green New Deal Gross Receipts Tax, but is not required to file  
23 a Gross Receipts Tax return under Article 12-A-1, such person or combined group's Green New Deal  
24 Gross Receipts Tax return shall be filed at the same time and in the same manner as if such person or  
25 combined group were required to file a Gross Receipts Tax return under Article 12-A-1.

1           (c) For purposes of this Article 31, a lessor of residential real estate is treated as a separate  
2 person with respect to each individual building in which it leases residential real estate units,  
3 notwithstanding Section 6.2-15 of Article 6, as amended from time to time, or subsection (a) of this  
4 Section 3105. This subsection (c) applies only to leasing residential real estate units within a building,  
5 and not to any business activity related to other space, either within the same building or other  
6 buildings, which is not residential real estate. The Tax Collector is authorized to determine what  
7 constitutes a separate building and the number of units in a building.

8  
9           **SEC. 3106. TAX COLLECTOR AUTHORIZED TO DETERMINE GROSS RECEIPTS.**

10           The Tax Collector may, in the Tax Collector’s reasonable discretion, independently establish a  
11 person or combined group’s Taxable Gross Receipts and establish or reallocate Taxable Gross  
12 Receipts among related entities so as to fairly reflect the gross receipts within the City of all persons  
13 and combined groups.

14  
15           **SEC. 3107. CONSTRUCTION AND SCOPE OF THE GREEN NEW DEAL GROSS RECEIPTS**  
16 **TAX ORDINANCE.**

17           (a) This Article 31 is intended to authorize application of the Green New Deal Gross Receipts  
18 Tax in the broadest manner consistent with its provisions and with the California Constitution, the  
19 United States Constitution, and any other applicable provision of federal or state law.

20           (b) The Green New Deal Gross Receipts Tax imposed by this Article 31 is in addition to all  
21 other City taxes, including the Gross Receipts Tax imposed by Article 12-A-1, as amended from time to  
22 time. Accordingly, by way of example and not limitation, persons subject to both the Green New Deal  
23 Gross Receipts Tax and the Gross Receipts Tax shall pay both taxes. Persons exempt from either the  
24 Gross Receipts Tax or the Green New Deal Gross Receipts Tax, but not both, shall pay the tax from  
25 which they are not exempt.

1 **SEC. 3108. ADMINISTRATION OF THE GREEN NEW DEAL GROSS RECEIPTS TAX**

2 **ORDINANCE.**

3 *Except as otherwise provided under this Article 31, the Green New Deal Gross Receipts Tax*  
4 *Ordinance shall be administered pursuant to Article 6 of the Business and Tax Regulations Code, as*  
5 *amended from time to time, including all penalties and other charges imposed by that Article.*

6  
7 **SEC. 3109. DEPOSIT OF PROCEEDS.**

8 *(a) All monies collected under the Green New Deal Gross Receipts Tax Ordinance shall be*  
9 *deposited to the credit of the Green New Deal Fund (“Fund”) established in Administrative Code*  
10 *Section 10.100-69. The Fund shall be maintained separate and apart from all other City funds and*  
11 *shall be subject to appropriation.*

12 *(b) Commencing with a report filed no later than February 15, 2027, covering the fiscal year*  
13 *ending on June 30, 2026, the Controller shall file annually with the Board of Supervisors, by*  
14 *February 15 of each year, a report containing the amount of monies collected in and expended from the*  
15 *Fund during the prior fiscal year, the status of any project required or authorized to be funded by*  
16 *Section 3110, and such other information as the Controller, in the Controller’s sole discretion, shall*  
17 *deem relevant to the operation of this Article 31.*

18  
19 **SEC. 3110. EXPENDITURE OF PROCEEDS.**

20 *Subject to the budgetary and fiscal provisions of the Charter, monies in the Green New Deal*  
21 *Fund shall be appropriated on an annual or supplemental basis and used exclusively for the following*  
22 *purposes:*

23 *(a) Up to 2% of the proceeds of the Green New Deal Gross Receipts Tax distributed in any*  
24 *proportion to the Tax Collector and other City departments, for administration of the Green New Deal*  
25 *Gross Receipts Tax;*



1           (b) Refunds of any overpayments of the Green New Deal Gross Receipts Tax, including any  
2 related penalties, interest, and fees; and

3           (c) All remaining amounts for the following purposes, in the following percentages, which  
4 amounts shall include the costs of administering the programs described:

5                   (1) 25% to the Department of the Environment or its successor department for  
6 programs that protect or rehabilitate the environment, including but not limited to funding the City's  
7 2021 Climate Action Plan prepared under Section 904 of the Environment Code;

8                   (2) 25% for a guaranteed income program for low-income households living in areas  
9 impacted by public infrastructure projects, including but not limited to sewage plants, active or  
10 decommissioned power plants, and freeways;

11                   (3) 25% for training, education, and the creation of jobs and business opportunities in  
12 sectors associated with building decarbonization and clean energy; and

13                   (4) 25% to the San Francisco County Transportation Authority, or its successor agency,  
14 for public transit operational costs, which may include programs aimed at making Muni free for some  
15 or all riders.

16           (d) The Board of Supervisors, by a majority vote, may by ordinance adjust annually the  
17 percentages in subsections (c)(1) through (4); provided, however, that the percentage allocated to each  
18 of subsections (c)(1) through (4) shall be at least 15% and shall not exceed 35%, and the percentages  
19 allocated to subsections (c)(1) through (4) shall total 100%. The adjustments to these percentages as  
20 authorized by this subsection (d) shall not carry forward to the next year, but instead shall revert back  
21 to 25% for each of subsections (c)(1) through (4) for the next year, absent an adjustment under this  
22 subsection (d) for that next year. Any unspent funds appropriated to one of subsections (c)(1) through  
23 (4) in a year must be re-appropriated in future years using the percentages applicable in those future  
24 years.

1 **SEC. 3111. AMENDMENT OF ORDINANCE.**

2 The Board of Supervisors may amend or repeal this Article 31 by ordinance by a majority vote  
3 without a vote of the people except as limited by Articles XIII A and XIII C of the California  
4 Constitution. The Board's power to amend this Article 31 conferred by this Section 3111 is qualified  
5 by subsection (d) of Section 3110.

6  
7 **SEC. 3112. EFFECT OF CHANGE IN STATE OR FEDERAL AUTHORIZATION.**

8 To the extent that the City's authorization to impose or to collect any tax imposed under this  
9 Article 31 is expanded or limited as a result of changes in state or federal statutes, regulations, or other  
10 laws, or judicial interpretations of those laws, no amendment or modification of this Article shall be  
11 required to conform the taxes to those changes, and the taxes are hereby imposed in conformity with  
12 those changes, and the Tax Collector shall collect them to the full extent of the City's authorization up  
13 to the full amount and rate of the taxes imposed under this Article.

14  
15 **SEC. 3113. SEVERABILITY.**

16 (a) Except as provided in Section 3113(b), if any section, subsection, sentence, clause, phrase,  
17 or word of this Article 31, or any application thereof to any person or circumstance, is held to be  
18 invalid or unconstitutional by a decision of a court of competent jurisdiction, such decision shall not  
19 affect the validity of the remaining portions or applications of this Article. The People of the City and  
20 County of San Francisco hereby declare that, except as provided in Section 3113(b), they would have  
21 adopted this Article 31 and each and every section, subsection, sentence, clause, phrase, and word not  
22 declared invalid or unconstitutional without regard to whether any other portion of this Article or  
23 application thereof would be subsequently declared invalid or unconstitutional.

24 (b) If the imposition of the Green New Deal Gross Receipts Tax in Section 3103 is held in its  
25 entirety to be facially invalid or unconstitutional in a final court determination, the remainder of this

1 Article 31 shall be void and of no force and effect, and the City Attorney is authorized to remove it from  
2 the Business and Tax Regulations Code.

3  
4 **SEC. 3114. SAVINGS CLAUSE.**

5 No section, clause, part, or provision of this Article 31 shall be construed as requiring the  
6 payment of any Green New Deal Gross Receipts Tax that would be in violation of the Constitution or  
7 laws of the United States or of the Constitution or laws of the State of California.

8  
9 Section 3. Chapter 10 of the Administrative Code is hereby amended by adding  
10 Section 10.100-69 to Article XIII, to read as follows:

11 **SEC. 10.100-69. GREEN NEW DEAL FUND.**

12 (a) Establishment of Fund. The Green New Deal Fund (“Fund”) is established as a category  
13 three fund as defined in Section 10.100-1 of the Administrative Code, and shall receive all taxes,  
14 penalties, interest, and fees collected from the Green New Deal Gross Receipts Tax imposed under  
15 Article 31 of the Business and Tax Regulations Code.

16 (b) Use of Fund. Subject to the budgetary and fiscal provisions of the Charter, monies in the  
17 Fund shall be used exclusively for the purposes described in Section 3110 of Article 31 of the Business  
18 and Tax Regulations Code.

19 (c) Administration of Fund. As stated in Section 3109(b) of Article 31 of the Business and Tax  
20 Regulations Code, commencing with a report filed no later than February 15, 2027, covering the fiscal  
21 year ending June 30, 2026, the Controller shall file annually with the Board of Supervisors, by  
22 February 15 of each year, a report containing the amount of monies collected in and expended from the  
23 Fund during the prior fiscal year, the status of any project required or authorized to be funded by  
24 Section 3110, and such other information as the Controller, in the Controller’s sole discretion, deems  
25 relevant to the operation of Article 31.

