

1 [Establishing a Progressive Payroll Expense Tax Rate Structure and Reducing Selected  
2 Payroll Expense Tax Rates; Imposing a Gross Receipts Tax on the Rental of Commercial  
3 Real Property]

4 **Motion ordering submitted to the voters an ordinance revising the payroll expense tax**  
5 **to establish a progressive tax rate structure and reducing selected payroll expense tax**  
6 **rates and imposing a gross receipts tax on the rental of commercial real property, at an**  
7 **election to be held on November 2, 2010.**

8  
9 MOVED, That the Board of Supervisors hereby submits the following ordinance to the  
10 voters of the City and County of San Francisco, at an election to be held on November 2,  
11 2010.

12 **Ordinance to be submitted to the voters amending the San Francisco Business and Tax**  
13 **Regulations Code by: (1) adding Article 12E, Sections 1300-1307, to impose a**  
14 **commercial rent tax on the gross receipts from the rental of commercial real property;**  
15 **(2) amending Sections 6.1-1, 6.2-17, 6.8-1, 6.9-1, 6.9-3 and 6.9-5, to apply the common**  
16 **administrative provisions to the commercial rent tax and adding Section 6.9-8 to**  
17 **provide a limitation to the amount of tax credits claimed by related entities;**  
18 **(3) amending Sections 902.7 and 903.1 and adding Section 906F, to establish a**  
19 **progressive payroll expense tax rate structure and a standard payroll expense tax**  
20 **credit; and, (4) providing a savings clause.**

21  
22 NOTE: Additions are *single-underline italics Times New Roman*;  
23 deletions are ~~*strike-through italics Times New Roman*~~.

24 Be it ordained that pursuant to Article XIII C of the Constitution of the State of  
25 California, this Ordinance shall be submitted to the qualified electors of the City and County of

1 San Francisco at the November 2, 2010 general municipal election and shall become  
2 operative only if approved by the qualified electors at such election.

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

4 **Section 1. Findings and purpose.**

5 The voters hereby find and declare as follows:

6 1. San Francisco is the only major city in California that levies its entire business tax  
7 on payroll expense. This exclusive payroll-based tax discourages job creation and economic  
8 growth, lowers wages, and provides an unstable revenue stream.

9 2. San Francisco currently charges a flat rate on its payroll expense tax base.  
10 Instituting a progressive rate structure, in which the payroll of higher-paid workers is taxed at a  
11 higher rate, will better distribute the tax burden according to a business's ability to pay. It will  
12 also help promote a more balanced distribution of jobs within San Francisco.

13 3. Gross receipts is the most common business tax base among California's largest  
14 cities.

15 4. Amending San Francisco's business tax system to include a gross receipts tax on  
16 commercial rents would promote revenue stability by diversifying the tax base.

17 5. Introducing a new standard payroll expense tax credit will reduce the payroll  
18 expense tax of all businesses, and provide particular tax relief to small businesses, which  
19 create the most jobs.

20 6. The legislation will gradually phase-in the new commercial rent tax over a three year  
21 period, beginning in tax year 2011, to allow the market time to adjust to the change.

22 7. Also beginning in tax year 2011, the standard payroll expense tax credit will be  
23 phased in, starting at \$500 in 2011 and rising at \$500 increments per year until it reaches  
24 \$1,500 in tax year 2013.



1  
2 **SEC. 1302. DEFINITIONS.**

3 *Except where the context otherwise requires, terms that this Article does not define but that*  
4 *Article 6 does define shall have the same meaning as Article 6 gives them.*

5  
6 **SEC. 1303.1. COMMERCIAL PURPOSES.**

7 *The term "commercial purposes" means the use of real property for a purpose other than*  
8 *dwelling, sleeping or lodging by an individual or individuals and includes the use of real property*  
9 *where the primary purpose of the real property or the primary use or right to use the property is for a*  
10 *purpose other than dwelling, sleeping or lodging.*

11  
12 **SEC. 1303.2. GROSS RECEIPTS.**

13 *(a) The term "gross receipts" means the total amount of cash, credits, property of any kind or*  
14 *nature or any other form of consideration that a person subject to the tax received or is entitled to*  
15 *receive from the rental of real property for commercial purposes.*

16 *(b) In addition to the amounts described in subsection (b) of this Section, "gross receipts"*  
17 *includes all payments made to a person subject to the tax, and/or paid to third parties on behalf of a*  
18 *person subject to the tax as part of a rental arrangement or agreement, including, but not limited to, all*  
19 *insurance, mortgage payments, taxes, expenses and the cash value of all services rendered to or on*  
20 *behalf of a commercial landlord in lieu of rental payments. If the Commercial Rent Tax is paid on*  
21 *behalf of a person subject to the tax, such tax payment, including any penalty and interest payment,*  
22 *shall be included as "gross receipts."*

23  
24 **SEC. 1304. IMPOSITION OF COMMERCIAL RENT TAX.**

1           The City hereby imposes a tax on gross receipts from commercial rent. The amount of a  
2 person's liability for the commercial rent tax shall be the product of the applicable tax rate in  
3 Section 1305 multiplied by the gross receipts from the rental of real property or the portion of real  
4 property located in the City and used for Commercial purposes.

5  
6 **SEC. 1305. RATE OF COMMERCIAL RENT TAX.**

7           The Commercial Rent Tax shall be computed at the rates and for the taxable years as follows:

<u>Tax Year</u>	<u>Rate</u>
<u>2011</u>	<u>0.632%</u>
<u>2012</u>	<u>1.263%</u>
<u>2013 and subsequent years</u>	<u>1.895%</u>

12  
13 **SEC. 1306. COMMERCIAL RENT TAX EXCLUSION.**

14           (a) Notwithstanding any other provisions of this Article, "small commercial landlord" as  
15 hereinafter defined, shall be exempt from payment of the Commercial Rent Tax; provided, however,  
16 that small commercial landlords owners shall pay the annual registration fee pursuant to Section 855  
17 of Article 12.

18           (b) The term "small commercial landlord" shall mean and include any taxpayer whose gross  
19 receipts under this Article, but for this exemption provision, would not exceed \$200,000.00 for that tax  
20 year.

21  
22 **SEC. 1307. PAYMENTS, RETURNS, PREPAYMENTS AND EXTENSIONS.**

23           The common administrative provisions of Article 6 shall govern payments, returns, prepayments  
24 and extensions for commercial landlords.

1 Section 3. Article 6 of the San Francisco Business and Tax Regulations Code is  
2 hereby amended by amending Sections 6.1-1, 6.2-17, 6.8-1, 6.9-1, 6.9-3, and 6.9-5 and  
3 adding Section 6.9-8, to read as follows:

4 **SEC. 6.1-1. COMMON ADMINISTRATIVE PROVISIONS.**

5 (a) Except where the specific language of the Business and Tax Regulations Code or  
6 context otherwise requires, these common administrative provisions shall apply to Articles 6,  
7 7, 9, 10, 10B, 11, 12, 12-A, ~~and~~ 12-B and 12-E of such Code and to Chapter 105 of the San  
8 Francisco Administrative Code. Any provision of this Article 6 that references or applies to  
9 Article 10 shall be deemed to reference or apply to Article 10B. Any provision of this Article 6  
10 that references or applies to a tax shall be deemed to also reference or apply to a fee  
11 administered pursuant to this Article.

12 (b) Unless expressly provided otherwise, all statutory references in this Article and the  
13 Articles set forth in Subsection (a) shall refer to such statutes as amended from time to time  
14 and shall include successor provisions.

15 (c) For purposes of this Article, a domestic partnership established pursuant to  
16 Chapter 62 of the San Francisco Administrative Code shall be treated the same as a married  
17 couple.

18  
19 **SEC. 6.2-17. RETURN.**

20 The term "return" means any written statement required to be filed pursuant to  
21 Articles 6, 7, 9, 10, 10A, 11, 12, ~~or~~ 12-A, or 12-E.

22  
23 **SEC. 6.8-1. CITY, PUBLIC ENTITY AND CONSTITUTIONAL EXEMPTIONS.**

24 Nothing in Articles 6, 7, 10, 10A, 11, 12 ~~or~~ 12-A, or 12-E shall be construed as imposing  
25 a tax upon:

1 (1) The City;

2 (2) The State of California, or any county, municipal corporation, district or other  
3 political sub-division of the State, except where any constitutional or statutory immunity from  
4 taxation is waived or is not applicable;

5 (3) The United States of America, or any of its agencies or subdivisions, except where  
6 any constitutional or statutory immunity from taxation is waived or is not applicable; or

7 (4) Any person exempted from the particular tax by the Constitution or statutes of  
8 the United States or the Constitution or statutes of the State of California.

9  
10 **SEC. 6.9-1. DETERMINATIONS, RETURNS AND PAYMENTS, DUE DATE OF TAXES.**

11 Except for jeopardy determinations under Section 6.12-2, and subject to prepayments  
12 required under Section 6.9-2, all amounts of taxes and fees imposed by Articles 6, 7, 9, 10,  
13 10A, 11, ~~and 12-A~~ and 12-E are due and payable and shall be delinquent if not paid to the Tax  
14 Collector on or before the following dates.

15 (a) For the transient hotel occupancy tax (Article 7) and the parking space occupancy  
16 tax (Article 9), for each calendar quarter, on or before the lease day of the month following  
17 each respective quarterly period;

18 (b) For the payroll expense tax (Article 12-A), on or before the last day of February of  
19 each year;

20 (c) For the utility users taxes (Article 10) and the access line tax (Article 10B) ~~emergency~~  
21 ~~response fee (Article 10A)~~, for each monthly period, on or before the last day of the following  
22 month; ~~and~~

23 (d) For the stadium operator admission tax (Article 11), within five days after the event,  
24 subject to the provisions of Article 11, Section 804-; and.

1           (e) For the commercial rent tax (Article 12-E), on or before the last day of February of each  
2 year.

3  
4       **SEC. 6.9-3. DETERMINATIONS, RETURNS AND PAYMENTS; PREPAYMENTS.**

5           (a) **Prepayments.** Notwithstanding the due dates otherwise provided in  
6 Section 6.9-1, taxpayers shall make prepayments of taxes and third party taxes (“tax  
7 payments”) to the Tax Collector as follows:

8                   (1) **Hotel and Parking Taxes.** The Hotel Tax (Article 7) and the Parking Tax  
9 (Article 9) shall be paid in monthly installments. Such monthly installments shall be due and  
10 payable to the Tax Collector on or before the last day of the month immediately following the  
11 month for which the prepayment is due. Taxes paid in the first two monthly installments of  
12 any quarterly period shall be a credit against the total liability such third party taxes for the  
13 quarterly period. Estimated tax prepayments shall be computed based on the estimated tax  
14 accrued during the month in question, but in no instance shall a prepayment be equal to a  
15 sum less than 30 percent of the tax collected in the immediately preceding quarterly period. If  
16 the taxpayer can establish by clear and convincing evidence that the amount of any  
17 prepayment will exceed the total tax liability for the quarterly period for which the tax  
18 prepayment becomes due, the Tax Collector may, in writing, adjust the amount of the tax  
19 prepayment. The third monthly installment of any quarterly period shall be in an amount equal  
20 to the total tax liability for the quarterly period, less the amount of any tax prepayments  
21 actually paid.

22                   (2) **Payroll Expense Tax and Commercial Rent Tax.** The Payroll Expense Tax  
23 (Article 12-A) and the Commercial Rent Tax (Article 12-E) shall be paid in biannual or quarterly  
24 installments as follows:



1 (A) **Small Firm Prepayments.** Every person liable for payment of a total  
2 Payroll Expense Tax in excess of \$3,750, and/or a Commercial Rent Tax in excess of \$2,500,  
3 but less than \$50,000 for any tax year shall pay such tax for the following tax year in two  
4 installments. The first installment shall be due and payable, and shall be delinquent if not paid  
5 on or before, August 1st. The first installment shall be a credit against the person's total  
6 Payroll Expense and Commercial Rent Tax for the tax year in which the first installment is due.  
7 The first installment shall be in an amount equal to one-half ( $\frac{1}{2}$ ) of the person's estimated  
8 Payroll Expense and Commercial Rent Tax for such tax year. The estimated liability shall be  
9 computed by using 52% of the person's taxable payroll expense (as defined in Section 902.2  
10 of Article 12-A) for the preceding tax year and 52% of the person's estimated taxable gross receipts  
11 (as defined in Section 1303.2 of Article 12-E for the preceding tax year) and the rates of taxes  
12 applicable to the tax year in which the first installment is due. The second installment shall be  
13 reported and paid on or before the last day of February of the following year. The second  
14 installment shall be in an amount equal to the person's total Payroll Expense Tax and  
15 Commercial Rent Tax for the subject tax year, less the amount of the first installment and other  
16 tax prepayments for such tax year, if any, actually paid.

17 (B) **Large Firm Prepayments.** Every person liable for payment of a total  
18 Payroll Expense Tax and a Commercial Rent Tax in excess of \$50,000 for any tax year shall pay  
19 such tax for the following tax year in four quarterly installments. The first, second and third  
20 quarterly installments shall be due and payable, and shall be delinquent if not paid on or  
21 before, May 1st, August 1st and November 1st, respectively. The first, second and third  
22 quarterly installments shall be a credit against the person's total Payroll Expense Tax and total  
23 Commercial Rent Tax for the tax year in which such first, second and third quarterly installments  
24 are due. Such quarterly installments each shall be in an amount equal to one-quarter ( $\frac{1}{4}$ ) of  
25 the person's estimated Payroll Expense Tax liability and Commercial Rent Tax liability for such

1 tax year. The estimated liability for such tax year shall be computed by using 104% of the  
2 person's taxable payroll expense (as defined in Section 902.1 of Article 12-A) and 104% of the  
3 person's taxable gross receipts (as defined in Section 1303.2 of Article 12-E) for the preceding tax  
4 year, and the rates of taxes applicable to the tax year in which the first, second and third  
5 quarterly installments are due. The fourth installment shall be reported and paid on or before  
6 the last day of February of the following year. The fourth quarterly installment shall be  
7 reported and paid on or before the last day of February of the following year. The fourth  
8 quarterly installment shall be in an amount equal to the person's total Payroll Expense Tax  
9 liability and total Commercial Rent Tax liability for the subject tax year, less the amount of the  
10 first, second and third quarterly installments and other tax prepayments, if any, actually paid.

11 (b) **Tax Prepayment Penalties.** Every person who fails to pay any tax prepayment  
12 required under this Section before the relevant delinquency date shall pay a penalty in the  
13 amount of five percent (5%) of the amount of the delinquent tax prepayment per month, or  
14 fraction thereof, up to twenty percent (20%) in the aggregate, and shall also pay interest on  
15 the amount of the delinquent tax prepayment from the date of delinquency at the rate of one  
16 percent (1%) per month, or fraction thereof, for each month the prepayment is delinquent, until  
17 paid.

18 (c) **Hotel and Parking Taxes.** Upon commencing business, an operator subject to the  
19 Hotel Tax (Article 7) or the Parking Tax (Article 9) shall have the option of making  
20 prepayments in the amount of the actual tax owed or making an estimate of the prepayment  
21 for the month based on the estimated tax accrued during the month in question. Once the  
22 operator has selected an option, the operator must continue to follow that procedure unless  
23 prior written permission to use the alternative procedure has been obtained from the Tax  
24 Collector.

25

1 In no instance shall an estimated prepayment of hotel or parking taxes be less than 30  
2 percent of such tax collected in the immediately preceding quarterly period. If such estimated  
3 prepayment is less than 30 percent of the tax collected in such preceding quarterly period, the  
4 operator shall be subject to penalties and interest for the deficiency pursuant to Section  
5 6.17-1. If a prepayment based on actual tax owed is less than 90 percent of the actual liability  
6 for the month, the operator shall be subject to penalties and interest for the deficiency  
7 pursuant to Section 6.17-1.

8 (d) **Forms and Adjustments.** Tax prepayments required under this Section shall be  
9 accompanied by a tax prepayment form prepared by the Tax Collector, but failure of the Tax  
10 Collector to furnish the taxpayer with a tax prepayment form shall not relieve the taxpayer  
11 from any tax prepayment obligation. The Tax Collector may, in writing, adjust the amount of a  
12 tax prepayment if the taxpayer can establish by clear and convincing evidence that the first  
13 installment of biannual tax prepayments, or first, second or third monthly installments of a  
14 quarterly tax prepayment, will amount to more than one half or one quarter, respectively, of  
15 the person's total tax liability for the tax year in which the installment is due.

16  
17 **SEC. 6.9-5. DETERMINATIONS, RETURNS AND PAYMENTS; CREDITS AND**  
18 **EXEMPTIONS.**

19 The credits and exemptions set forth in Articles 7, 9, 10, 10A, 11, 12 ~~and~~ , 12A, and 12E  
20 are provided on the assumption that the City has the power to offer such credits and  
21 exemptions. If a credit or exemption is invalidated by a court of competent jurisdiction, the  
22 taxpayer must pay any additional amount that the taxpayer would have owed but for such  
23 invalid credit or exemption. Amounts owed as a result of the invalidation or a credit or  
24 exemption that are paid within three years after the decision of the court becomes final shall  
25 not be subject to interest or penalties.

1 **SEC. 6.9-8. LIMITATION ON TAX BENEFITS.**

2 (a) A group of related entities may claim one and only one of each of the following enumerated  
3 tax benefits: (i) Small Business Tax Exemption (Article 12-A, section 90-A), (ii) Small Commercial  
4 Rent Tax Exemption (Article 12-E, section 1306), and (iii) Standard Payroll Expense Tax Credit  
5 (Article 6, section 906F).

6 (b) A group of related entities means:

7 (1) husband and wife;

8 (2) grantor and fiduciary;

9 (3) grantor and beneficiary;

10 (4) fiduciary and beneficiary, legatee, or heir;

11 (5) decedent and decedent's estate;

12 (6) partner; and

13 (7) one or more persons related by common ownership, direct or indirect, of more than  
14 50 percent.

15  
16 Section 4. The San Francisco Business and Tax Regulation Code is hereby amended  
17 by amending Section 903.1 and adding Sections 902.7 and 906F, to read as follows:

18 **SEC. 902.7. LOWER BRACKET PAYROLL FACTOR.**

19 (a) The term "lower bracket payroll factor" means a multiplier that the Controller will use to  
20 calculate the Payroll Expense Tax rate applicable to the compensation paid to certain individuals for  
21 tax years 2012-2014, according to a formula described in this section. The Controller shall compute  
22 the "lower bracket payroll factor" for tax years 2012 through 2014 according to a formula in which a  
23 fraction is subtracted from the number one. If the fraction is ever less than zero, the lower bracket  
24 payroll factor shall equal one. If the fraction is ever greater than one, the lower bracket payroll factor  
25 shall be zero. The fraction shall consist of a numerator of CRT minus SPETC and a denominator of

1 LBPT, all as expressed in numerical form as:

2 
$$(1 - ((CRT - SPETC) * .45) / LBPT)$$

3 Where: CRT = the actual amount of Commercial Rent Tax revenue received by the Tax Collector  
4 for the previous tax year made as of the first business day of July, minus the actual amount  
5 of Commercial Rent Tax revenue received by the Tax Collector for the tax year two years  
6 prior as of the first business day of July of the previous year, if any. For example, CRT for  
7 tax year 2013 shall be the Commercial Rent Tax revenue received for tax year 2012 as of  
8 the first business day in July 2013, minus the Commercial Rent Tax revenue received by the  
9 Tax Collector for tax year 2011 as of the first business day of July 2012.

10 SPETC = the total amount of standard payroll expense tax credit that, based on information  
11 provided by the Tax Collector, the Controller determines that persons subject to the payroll  
12 expense tax claimed for the previous tax year as of the first business day of July, minus the  
13 total amount of standard payroll expense tax credit that the Controller determines that  
14 persons subject to the payroll expense tax claimed for the tax year two years prior, as of the  
15 first business day of July the previous year, if any. For example, SPETC for tax year 2013  
16 shall be the total amount of standard payroll tax credit claimed for tax year 2012 as of the  
17 first business day of July 2013, minus the total amount of standard payroll tax credit  
18 claimed for tax year 2011 as of the first business day of July 2012; and

19 LBPT = the total amount of Payroll Expense Taxes that the Controller determines the City  
20 received as of the first business day of July with respect to individuals receiving  
21 compensation at or below the payroll tax cut off amount for the previous tax year.

22 (b) The Controller shall compute the lower bracket payroll factor for 2012 through 2014 on or  
23 before September 1 of each year commencing September 1, 2012 using the formula described in the  
24 previous clause. The lower bracket payroll factor for each tax year after 2014 shall be the factor  
25 established as of December 31, 2014.

1     **SEC. 903.1. RATE OF PAYROLL EXPENSE TAX.**

2             (a) The term "payroll expense tax cut off amount" shall mean a dollar value used to separate  
3 payroll expense tax brackets. The payroll expense tax cut off amount will change to reflect changes in  
4 the consumer price index as dictated in subsection (f).

5             (b) The term "upper bracket payroll expense tax rate" shall mean the payroll tax expense tax  
6 rate applicable to a portion of payroll expense of a person subject to this tax consisting of the  
7 compensation paid to individuals during the tax year that exceeds the payroll tax cut off amount  
8 applicable for that tax year.

9             (c) The term "lower bracket payroll expense tax rate" shall mean the payroll tax expense tax  
10 rate applicable to a portion of payroll expense of persons subject to this tax consisting of the  
11 compensation paid to individuals during the tax year that is less than or equal to the payroll tax cut off  
12 amount applicable for that tax year.

13             (d) The ~~rate rates~~ of the payroll expense tax shall be ~~1 1/2 percent~~ determined as provided  
14 in this section. The amount of a person's liability for the payroll expense tax shall be the  
15 product of such person's taxable payroll expense multiplied by ~~0.015~~ the rates determined in this  
16 section. The amount of such tax for Associations shall be ~~1 1/2 percent of the applicable tax rates~~  
17 determined in this section multiplied times the applicable portions of the payroll expense of such  
18 Association, plus ~~1 1/2 percent of the applicable tax rates determined in this section multiplied times~~  
19 the applicable portions of total distributions made by such Association by way of salary to those  
20 having an ownership interest in such Association. Amounts paid or credited to those having  
21 an ownership interest in such Association prior and in addition to the distribution of ownership  
22 profit or loss shall be presumed to be distributions "by way of salary" and for personal services  
23 rendered, unless the taxpayer proves otherwise by clear and convincing evidence.

24             (e) The upper bracket payroll expense tax rate shall be 1 1/2 percent.

1           (f) For purposes of this Section the payroll expense tax cut off amount shall be \$85,000 as  
2 adjusted for a taxable year, commencing with the 2012 tax year, by the year over year percentage  
3 increase in the United States Department of Labor’s Bureau of Labor Statistics annual average  
4 consumer price index for all urban customers for the San Francisco – Oakland – San Jose area from  
5 the previous tax year. The Controller shall compute and publish the applicable and adjusted payroll  
6 tax cut off amount on or before February 1 of each year following the previous tax year.

7           (g) For Tax Year 2011, the lower bracket payroll expense tax rate shall be 1 ½ percent. For  
8 Tax Years 2012-2014, the Controller shall calculate the lower bracket payroll expense tax rate by  
9 multiplying the lower bracket payroll factor for that tax year, by the lower bracket payroll expense tax  
10 rate that was in effect the previous tax year. For tax year 2015 and subsequent tax years the lower  
11 bracket payroll expense tax rate shall be the lower bracket payroll expense tax rate for the 2014 tax  
12 year. The lower bracket payroll expense tax rate shall never exceed 1 ½ percent.

13  
14 **SEC. 906F. STANDARD PAYROLL EXPENSE TAX CREDIT.**

15           (a) A person subject to the tax imposed by this Article shall be allowed a credit against the  
16 person’s total tax liability in the following amounts and for the following tax years (as adjusted in  
17 accordance with this section), except that in no event shall the tax credit reduce a person’s tax liability  
18 to less than zero:

<u>Tax Year</u>	<u>Tax Credit</u>
<u>2011</u>	<u>\$500</u>
<u>2012</u>	<u>\$1,000</u>
<u>2013 and subsequent years</u>	<u>\$1,500</u>

23           (b) Commencing for the 2014 tax year, the credit allowed by this section shall be adjusted by  
24 the year over year percentage increase in the United States Department of Labor Statistics average  
25 annual consumer price index for all urban customers for the San Francisco – Oakland – San Jose area

1 from the previous tax year. The Controller shall compute and publish the applicable standard payroll  
2 tax credit on or before February 1 of each year following the previous tax year, commencing on or  
3 before February 1, 2015.

4  
5 **Section 5. Savings Clause.**

6 (a) No section, clause, part or provision of this ordinance shall be construed as  
7 requiring the payment of any tax that would be in violation of the United States Constitution or  
8 a statute of the United States or of the California Constitution or a statute of the State of  
9 California. Except as provided in (b) of this section, if any section, clause, part or provision of  
10 this ordinance, or the application thereof to any person or circumstance, is held invalid or  
11 unconstitutional, the remainder of this ordinance, including the application of such part or  
12 provision to other persons or circumstances, shall not be affected thereby and shall continue  
13 in full force and effect. To this end, the provisions of this ordinance are severable.

14 (b) If the imposition of Commercial Rent Tax in Section 2 of this ordinance is held  
15 invalid or unconstitutional in a final court determination, the remainder of the ordinance shall  
16 be null and void and of no force and effect.

17  
18 APPROVED AS TO FORM:  
19 DENNIS J. HERRERA, City Attorney

20 By: \_\_\_\_\_  
21 JULIE VAN NOSTERN  
22 Deputy City Attorney