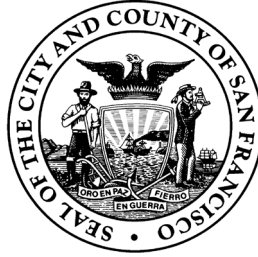


BOARD of SUPERVISORS



City Hall  
Dr. Carlton B. Goodlett Place, Room 244  
San Francisco 94102-4689  
Tel. No. (415) 554-5184  
Fax No. (415) 554-5163  
TDD/TTY No. (415) 554-5227

## MEMORANDUM

TO: Katy Tang, Director, Small Business Commission  
Kerry Birnbach, Commission Secretary

**Small Business Commission, City Hall, Room 448**

FROM: Victor Young, Assistant Clerk *Victor Young*  
Rules Committee

DATE: November 20, 2025

SUBJECT: REFERRAL FROM BOARD OF SUPERVISORS  
Rules Committee

The Board of Supervisors' Rules Committee has received the following legislation, which is being referred to the Small Business Commission for comment and recommendation. The Commission may provide any response it deems appropriate within 12 days from the date of this referral.

### **File No. 251090**

Hearing to consider the proposed Initiative Ordinance submitted by four or more Supervisors to the voters for the **November 3, 2026**, Election, entitled "Ordinance amending the Business and Tax Regulations Code, beginning January 1, 2027, to: 1) increase the gross receipts tax (Article 12-A-1) rates for ridesharing and ride hailing services, 2) make the administrative office taxes inapplicable to providers of those ridesharing and ride hailing services for purposes of the Article 12-A-1 tax, the homelessness gross receipts tax (Article 28), and the overpaid executive gross receipts tax (Article 33), 3) increase the Article 33 tax rates, and 4) change the method for determining the executive pay ratio for purposes of calculating the Article 33 tax; and increasing the City's appropriations limit by the amounts collected under Article 12-A-1 for ridesharing and ride hailing services and by the amounts collected under Article 33, for four years from November 3, 2026."

Please return this cover sheet with the Commission's response to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.

\*\*\*\*\*

**RESPONSE FROM SMALL BUSINESS COMMISSION - Date:** \_\_\_\_\_

\_\_\_\_\_ **No Comment**

\_\_\_\_\_ **Recommendation Attached**

\_\_\_\_\_  
**Chairperson, Small Business Commission**



# City and County of San Francisco

## Master Report

City Hall  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102-4689

<b>File Number:</b> 251090	<b>File Type:</b> Hearing	<b>Status:</b> Pending Committee Action
<b>Enacted:</b>		<b>Effective:</b>
<b>Version:</b> 1	<b>In Control:</b> Rules Committee	
<b>File Name:</b> Hearing - Initiative Ordinance - Business and Tax Regulations Code - Gross Receipts Tax Increase for Certain Ride Services; Overpaid Executive Gross Receipts Tax Rate Increase		<b>Date Introduced:</b> 10/28/2025
<b>Requester:</b>	<b>Cost:</b>	<b>Final Action:</b>
<b>Comment:</b>	<b>Title:</b> Hearing to consider the proposed Initiative Ordinance submitted by four or more Supervisors to the voters for the November 3, 2026, Election, entitled "Ordinance amending the Business and Tax Regulations Code, beginning January 1, 2027, to: 1) increase the gross receipts tax (Article 12-A-1) rates for ridesharing and ride hailing services, 2) make the administrative office taxes inapplicable to providers of those ridesharing and ride hailing services for purposes of the Article 12-A-1 tax, the homelessness gross receipts tax (Article 28), and the overpaid executive gross receipts tax (Article 33), 3) increase the Article 33 tax rates, and 4) change the method for determining the executive pay ratio for purposes of calculating the Article 33 tax; and increasing the City's appropriations limit by the amounts collected under Article 12-A-1 for ridesharing and ride hailing services and by the amounts collected under Article 33, for four years from November 3, 2026."	
<b>Sponsors:</b> Chan; Chen, Fielder and Walton		

### History of Legislative File 251090

Ver	Acting Body	Date	Action	Sent To	Due Date	Result
1	Clerk of the Board	10/24/2025	RECEIVED			
1	President	10/28/2025	RECEIVED AND ASSIGNED	Rules Committee		



2025 OCT 24 AM 10:28

## ACKNOWLEDGEMENT OF RECEIPT

**Submission of Measures:** Ordinance or Declaration of Policy by E-140

(circle one)

Initiative Ordinance – [Business and Tax Regulations Code - Gross Receipts Tax Increase for Certain Ride Services; Overpaid Executive Gross Receipts Tax Rate Increase]

(Unofficial Title of Measure)

☐ Proposed measure submitted to Clerk of the Board: Date Submitted: \_\_\_\_/\_\_\_\_/\_\_\_\_  
☒ Copy to Department of Elections: Date Submitted: 10 / 24 / 2025

**1) BOARD OF SUPERVISORS:** The following four and/or more members of the Board are submitting: (check boxes)

✓ CHAN, Connie  
✓ CHEN, Chyanne  
DORSEY, Matt  
✓ FIELDER, Jackie  
MAHMOOD, Bilal  
MANDELMAN, Rafael  
MELGAR, Myrna  
SAUTER, Danny  
SHERRILL, Stephen  
✓ WALTON, Shamann

**2) MAYOR:**

LURIE, Daniel

**3) ELECTRONIC COPY OF TEXT**

EMAIL- [publications@sfgov.org](mailto:publications@sfgov.org)

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2025 OCT 24 AM 10:31  
dn

4) Contact Person: Frances Hsieh

Address: 1 Dr. Carlton B. Goodlett Place, Room 244

San Francisco, CA 94102

Phone: (415) 554-7410

Date: 10 / 24 / 2025

Submitted By: Frances Hsieh (print)

 (sign)

## 5) COPIES

John Arntz- Director of Elections, in consultation with the City Attorney, shall forward the measure (within two working days after receipt of the petition) to departments that are effected by the measure.

Publications

Public- copy

Office- original

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2026 OCT 24 AM 9:56

DEPARTMENT OF ELECTIONS

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*mw*

**Submittal Form  
For Proposed Initiative Measure(s)  
Prior to Submittal to the Department of Elections  
by 4 or more Supervisors or the Mayor**

I, hereby submit the following proposed initiative measure(s) for hearing before the Board of Supervisors' Rules Committee prior to the submittal of the proposed initiative measure to the Department of Elections (per Proposition C, November 2007).

This matter is for the **November 3, 2026** Election.

**Sponsor(s): Supervisor Connie Chan, Shamann Walton, Jackie Fielder, Chyanne Chen**

---

**Subject:** Initiative Ordinance - Business and Tax Regulations Code - Gross Receipts Tax Increase for Certain Ride Services; Overpaid Executive Gross Receipts Tax Rate Increase

The text is listed below or attached:

(See attached.)

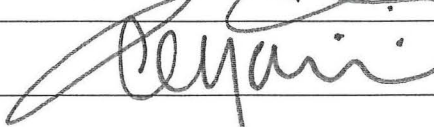
Supervisor Connie Chan: \_\_\_\_\_



Supervisor Shamann Walton: \_\_\_\_\_



Supervisor Jackie Fielder: \_\_\_\_\_



Supervisor Chyanne Chen: \_\_\_\_\_







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SAN FRANCISCO  
FILED

2026 OCT 24 AM 9:56

**PROPOSED INITIATIVE ORDINANCE TO BE SUBMITTED BY FOUR OR MORE SUPERVISORS TO THE VOTERS AT THE NOVEMBER 3, 2026 ELECTION.**

[Under Charter Section 2.113(b), this measure must be submitted to the Board of Supervisors and filed with the Department of Elections no less than 45 days prior to the deadline for submission of such initiatives to the Department of Elections set in Municipal Elections Code Section 300(b).]

Initiative Ordinance - Business and Tax Regulations Code - Gross Receipts Tax Increase for Certain Ride Services; Overpaid Executive Gross Receipts Tax Rate Increase]

**Ordinance amending the Business and Tax Regulations Code, beginning January 1, 2027, to: 1) increase the gross receipts tax (Article 12-A-1) rates for ridesharing and ride hailing services, 2) make the administrative office taxes inapplicable to providers of those ridesharing and ride hailing services for purposes of the Article 12-A-1 tax, the homelessness gross receipts tax (Article 28), and the overpaid executive gross receipts tax (Article 33), 3) increase the Article 33 tax rates, and 4) change the method for determining the executive pay ratio for purposes of calculating the Article 33 tax; and increasing the City's appropriations limit by the amounts collected under Article 12-A-1 for ridesharing and ride hailing services and by the amounts collected under Article 33, for four years from November 3, 2026.**

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

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



Section 1. This ordinance shall be submitted to the qualified electors of the City and County of San Francisco at the November 3, 2026 election.

Section 2. Article 12-A-1 of the Business and Tax Regulations Code is hereby amended by revising Sections 952.4, 953.8, 953.23, 953.24, 953.27, 956, 960.1, and 962, and adding Section 953.26-1, to read as follows:

**SEC. 952.4. NAICS CODE.**

“NAICS code” means the numerical classification for business activities established in the North American Industry Classification System used by federal governmental agencies to classify business establishments. References in Sections 953.1 through 953.7 of this Article 12-A-1 to particular numerical NAICS codes are intended to apply the definitions and descriptions adopted in that system as of December 15, 2012. References in Sections 953.20 through 953.26-1, 960.1, and 960.3 of this Article to particular numerical NAICS codes are intended to apply the definitions and descriptions adopted in that system as of January 1, 2022.

**SEC. 953.8. TAX ON ADMINISTRATIVE OFFICE BUSINESS ACTIVITIES.**

(a) Except as provided in this Section 953.8, notwithstanding any other provision of this Article 12-A-1 and in lieu of the other taxes provided by this Article for any person or combined group, every person engaging in business within the City as an administrative office, as defined below, shall pay an annual administrative office tax measured by its total payroll expense that is attributable to the City. If a person is a member of a combined group, then its tax shall be measured by the total payroll expense of the combined group attributable to the City. Such combined group shall pay only the administrative office tax. The

administrative office tax rate is:

- (1) For tax years beginning on or after January 1, 2014 and ending on or before December 31, 2021: 1.4%.
- (2) For tax years 2022 and 2023: 1.47%.
- (3) For tax year 2024: 1.54%.
- (4) For tax years 2025 and 2026: 1.47%.
- (5) For tax year 2027: 1.59%.
- (6) For tax years beginning on or after January 1, 2028: 1.68%

\* \* \* \*

(i) Notwithstanding subsection (a), for tax years beginning on or after January 1, 2027, a person or combined group that has any amount of gross receipts from Category 8 Business Activities in a tax year, without regard to Section 953.27 of this Article 12-A-1, shall not pay the administrative office tax under this Section 953.8 and instead shall pay the gross receipts tax under Sections 953.20 through 953.26-1 of this Article, as applicable, for that tax year. The exclusion from the administrative office tax in this subsection (i) shall apply to each tax year without application of the rules in subsection (b)(2).

#### **SEC. 953.23. GROSS RECEIPTS TAX APPLICABLE TO CATEGORY 4 BUSINESS ACTIVITIES.**

(a) The gross receipts tax rates applicable to Category 4 Business Activities are:

\* \* \* \*

(2) For tax year 2027:

0.26% for taxable gross receipts between \$0 and \$1,000,000

0.26% for taxable gross receipts between \$1,000,000.01 and \$2,500,000

0.312% for taxable gross receipts between \$2,500,000.01 and \$25,000,000

0.534% for taxable gross receipts between \$25,000,000.01 and \$50,000,000  
0.89% for taxable gross receipts between \$50,000,000.01 and \$75,000,000  
0.89% for taxable gross receipts between \$75,000,000.01 and \$100,000,000  
1.246% for taxable gross receipts between \$100,000,000.01 and \$150,000,000  
1.246% for taxable gross receipts between \$150,000,000.01 and \$250,000,000  
1.424% for taxable gross receipts between \$250,000,000.01 and \$500,000,000  
1.424% for taxable gross receipts between \$500,000,000.01 and \$1,000,000,000  
1.602% for taxable gross receipts over \$1,000,000,000

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

0.268% for taxable gross receipts between \$0 and \$1,000,000  
0.268% for taxable gross receipts between \$1,000,000.01 and \$2,500,000  
0.321% for taxable gross receipts between \$2,500,000.01 and \$25,000,000  
0.557% for taxable gross receipts between \$25,000,000.01 and \$50,000,000  
0.929% for taxable gross receipts between \$50,000,000.01 and \$75,000,000  
0.929% for taxable gross receipts between \$75,000,000.01 and \$100,000,000  
1.301% for taxable gross receipts between \$100,000,000.01 and \$150,000,000  
1.301% for taxable gross receipts between \$150,000,000.01 and \$250,000,000  
1.486% for taxable gross receipts between \$250,000,000.01 and \$500,000,000  
1.486% for taxable gross receipts between \$500,000,000.01 and \$1,000,000,000  
1.672% for taxable gross receipts over \$1,000,000,000

(b) "Category 4 Business Activities" means:

\* \* \* \*

(2) For tax year 2026 ~~and subsequent tax years~~, one or more of the business activities described in NAICS codes 11 (Agriculture, Forestry, Fishing and Hunting), 21 (Mining, Quarrying, and Oil and Gas Extraction), 22 (Utilities), 31 through

33 (Manufacturing), 48 and 49 (Transportation and Warehousing), 517 (Telecommunications), 524 (Insurance Carriers and Related Activities), 541714 (Research and Development in Biotechnology (except Nanobiotechnology)), 5611 (Office Administrative Services), 5613 (Employment Services), 5614 (Business Support Services), 5615 (Travel Arrangement and Reservation Services), 5616 (Investigation and Security Services), 5619 (Other Support Services), and 92 (Public Administration).

*(3) For tax years beginning on or after January 1, 2027, one or more of the business activities described in NAICS codes 11 (Agriculture, Forestry, Fishing and Hunting), 21 (Mining, Quarrying, and Oil and Gas Extraction), 22 (Utilities), 31 through 33 (Manufacturing), 48 and 49 (Transportation and Warehousing) but for NAICS code 485310 (Taxi and Ridesharing Services) including only services provided by taxicab owner/operators, taxicab fleet operators, and taxicab organizations and not including the remainder of the business activities described in NAICS code 485310 (Taxi and Ridesharing Services), 517 (Telecommunications), 524 (Insurance Carriers and Related Activities), 541714 (Research and Development in Biotechnology (except Nanobiotechnology)), 5611 (Office Administrative Services), 5613 (Employment Services), 5614 (Business Support Services), 5615 (Travel Arrangement and Reservation Services), 5616 (Investigation and Security Services), 5619 (Other Support Services), and 92 (Public Administration).*

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

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

\* \* \* \*

(b) "Category 5 Business Activities" means:

\* \* \* \*

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

(3) For tax years beginning on or after January 1, 2027, one or more of the business activities described in NAICS codes 51 (Information) but not 517 (Telecommunications), 5222 (Nondepository Credit Intermediation), 5223 (Activities Related to Credit Intermediation), 533 (Lessors of Nonfinancial Intangible Assets (except Copyrighted Works)), 54 (Professional, Scientific, and Technical Services) but not including 541714 (Research and Development in Biotechnology (except Nanobiotechnology)), 55 (Management of Companies and Enterprises), 562 (Waste Management and Remediation Services), 61 (Educational Services), 62 (Health Care and Social Assistance), and all business activities not otherwise exempt and not elsewhere subjected to a gross receipts tax rate by Sections 953.20 through 953.26-1 or an administrative office tax under Section 953.8.

\* \* \* \*

**SEC. 953.26-1. GROSS RECEIPTS TAX APPLICABLE TO CATEGORY 8 BUSINESS ACTIVITIES.**

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

*(1) For tax year 2027:*

*0.65% for taxable gross receipts between \$0 and \$1,000,000*

*0.65% for taxable gross receipts between \$1,000,000.01 and \$2,500,000*

*0.78% for taxable gross receipts between \$2,500,000.01 and \$25,000,000*

*1.335% for taxable gross receipts between \$25,000,000.01 and \$50,000,000*

*2.225% for taxable gross receipts between \$50,000,000.01 and \$75,000,000*

*2.225% for taxable gross receipts between \$75,000,000.01 and \$100,000,000*

*3.115% for taxable gross receipts between \$100,000,000.01 and \$150,000,000*

*3.115% for taxable gross receipts between \$150,000,000.01 and \$250,000,000*

*3.56% for taxable gross receipts between \$250,000,000.01 and \$500,000,000*

*3.56% for taxable gross receipts between \$500,000,000.01 and \$1,000,000,000*

*4.005% for taxable gross receipts over \$1,000,000,000*

*(2) For tax years beginning on or after January 1, 2028:*

*0.67% for taxable gross receipts between \$0 and \$1,000,000*

*0.67% for taxable gross receipts between \$1,000,000.01 and \$2,500,000*

*0.803% for taxable gross receipts between \$2,500,000.01 and \$25,000,000*

*1.393% for taxable gross receipts between \$25,000,000.01 and \$50,000,000*

*2.323% for taxable gross receipts between \$50,000,000.01 and \$75,000,000*

*2.323% for taxable gross receipts between \$75,000,000.01 and \$100,000,000*

*3.253% for taxable gross receipts between \$100,000,000.01 and \$150,000,000*

*3.253% for taxable gross receipts between \$150,000,000.01 and \$250,000,000*

*3.715% for taxable gross receipts between \$250,000,000.01 and \$500,000,000*

3.715% for taxable gross receipts between \$500,000,000.01 and \$1,000,000,000

4.18% for taxable gross receipts over \$1,000,000,000

(b) For tax years beginning on or after January 1, 2027, "Category 8 Business Activities" means: (1) the business activities described in NAICS code 485310 (Taxi and Ridesharing Services) other than services provided by taxicab owner/operators, taxicab fleet operators, and taxicab organizations; and (2) any ride and ride-related services provided by transportation network companies and providers of autonomous vehicle rides regardless of the NAICS code in which such business activities are described. This Section 953.26-1 shall apply to Category 8 Business Activities even if such business activities could also be described as business activities in Categories 1 through 7 of Sections 953.20 through 953.26 of this Article 12-A-1.

(c) For purposes of this Section 953.26-1, the Business Registration Fee (Article 12), the Homelessness Gross Receipts Tax (Article 28), and the Overpaid Executive Gross Receipts Tax (Article 33), "gross receipts" for Category 8 Business Activities shall include, but not be limited to, all amounts riders pay in connection with rides, without reduction for any amounts paid to or received by drivers, but excluding optional gratuities riders pay to or for drivers.

(d) The amount of taxable gross receipts from Category 8 Business Activities subject to the gross receipts tax shall be three-quarters of the amount determined under Section 956.1 plus one-quarter of the amount determined under Section 956.2.

## **SEC. 953.27. PERSONS OR COMBINED GROUPS ENGAGED IN MULTIPLE BUSINESS ACTIVITY CATEGORIES.**

(a) For tax years beginning on or after January 1, 2025 and ending on or before December 31, 2026, if a person, or a combined group as described in Section 956.3, derives gross receipts from more than one of Business Activity Categories 1 through 7, inclusive:

(1~~a~~) If the person or combined group has \$10,000 or less in gross receipts from



any one of Business Activity Categories 1 through 7, inclusive, before allocating or apportioning gross receipts under Section 956, such person or combined group may combine those gross receipts for all purposes related to computing the gross receipts tax with the gross receipts from whichever of Business Activity Categories 1 through 7, inclusive, generated the most gross receipts for the person or combined group, before allocating or apportioning gross receipts under Section 956. If there is no Business Activity Category that generated the most gross receipts for the person or combined group because the person or combined group generated the same amount of gross receipts from one or more Business Activity Categories, then such person or combined group may combine the gross receipts in this subsection (a)(1) for all purposes related to computing the gross receipts tax with the gross receipts from whichever Business Activity Category has the highest rates among the Business Activity Categories that generated the same amount of gross receipts.

(2b) If the person or combined group continues to derive gross receipts from more than one of Business Activity Categories 1 through 7, inclusive, after applying subsection (a)(1) of this Section 953.27, then such person or combined group shall separately compute the gross receipts tax for each Business Activity Category as provided in the Section applicable to that particular Business Activity Category as follows:

(A1) The small business exemption provided in Section 954.1 shall apply only if the sum of receipts within the City from all Business Activity Categories does not exceed the applicable threshold in Section 954.1 in total; and

(B2) The gross receipts tax liability for the person or combined group shall be the sum of the liabilities for each Business Activity Category.

(b) For tax years beginning on or after January 1, 2027, if a person, or a combined group as described in Section 956.3, derives gross receipts from more than one of Business Activity Categories 1 through 8, inclusive:

(1) If the person or combined group has \$10,000 or less in gross receipts from any one of Business Activity Categories 1 through 8, inclusive, before allocating or apportioning gross receipts under Section 956, such person or combined group may combine those gross receipts for all purposes related to computing the gross receipts tax with the gross receipts from whichever of Business Activity Categories 1 through 8, inclusive, generated the most gross receipts for the person or combined group, before allocating or apportioning gross receipts under Section 956. If there is no Business Activity Category that generated the most gross receipts for the person or combined group because the person or combined group generated the same amount of gross receipts from one or more Business Activity Categories, then such person or combined group may combine the gross receipts in this subsection (b)(1) for all purposes related to computing the gross receipts tax with the gross receipts from whichever Business Activity Category has the highest rates among the Business Activity Categories that generated the same amount of gross receipts.

(2) If the person or combined group continues to derive gross receipts from more than one of Business Activity Categories 1 through 8, inclusive, after applying subsection (b)(1) of this Section 953.27, then such person or combined group shall separately compute the gross receipts tax for each Business Activity Category as provided in the Section applicable to that particular Business Activity Category as follows:

(A) The small business exemption provided in Section 954.1 shall apply only if the sum of receipts within the City from all Business Activity Categories does not exceed the applicable threshold in Section 954.1 in total; and

(B) The gross receipts tax liability for the person or combined group shall be the sum of the liabilities for each Business Activity Category.

**SEC. 956. ALLOCATION AND APPORTIONMENT FOR ALL PERSONS DERIVING GROSS RECEIPTS FROM BUSINESS ACTIVITIES BOTH WITHIN AND OUTSIDE THE CITY.**

All persons deriving gross receipts from business activities both within and outside the City shall allocate and/or apportion their gross receipts to the City as follows:

(a) for taxable years ending on or before December 31, 2024, using the rules set forth in Sections 956.1 and 956.2, in the manner directed in Sections 953.1 through 953.7, inclusive, and in Section 953.9 of this Article 12-A-1; ~~and~~

(b) for taxable years beginning on or after January 1, 2025 and ending on or before December 31, 2026, in the manner directed in Sections 953.20 through 953.26, inclusive, and using the rules set forth in Sections 956.1 and 956.2, as applicable; and

(c) for taxable years beginning on or after January 1, 2027, in the manner directed in Sections 953.20 through 953.26-1, inclusive, and using the rules set forth in Sections 956.1 and 956.2, as applicable.

**SEC. 960.1. TAX CREDIT FOR OPENING A PHYSICAL LOCATION IN DESIGNATED AREAS IN THE CITY.**

(a) A person or combined group that opens a physical location in the Designated Areas on or after January 1, 2023 through and including December 31, 2027, shall be allowed a credit against that person or combined group's Gross Receipts Tax if the person or combined group did not have a physical location in the City for at least three years prior to opening the physical location. The credit under this Section 960.1 shall be an annual credit for each of up to three tax years immediately following the tax year in which the person or combined group opened the physical location in the Designated Areas, provided the person or combined group maintains a physical location in the Designated Areas in the tax year that the

credit is taken. To be eligible for the credit, the person or combined group must take the credit for each tax year on an original Gross Receipts Tax return filed with the Tax Collector. The credit shall be in an amount per tax year, not to exceed \$1,000,000 per tax year, calculated as follows:

\* \* \* \*

(2) for a person or combined group engaged in business within the City as an administrative office, as defined in Section 953.8 of Article 12-A-1 (excluding, for tax years beginning on or after January 1, 2027, a person or combined group that has any amount of gross receipts from Category 8 Business Activities in a tax year, without regard to Section 953.27 of this Article 12-A-1), 0.7% of the person or combined group's taxable payroll expense during the tax year.

\* \* \* \*

## **SEC. 962. AMENDMENT OF ORDINANCE.**

(a) The Board of Supervisors may amend or repeal this Article 12-A-1 of the Business and Tax Regulations Code, other than Section 953.26-1 of this Article, by ordinance by majority vote and without a vote of the people except as limited by Article XIIC of the California Constitution.

(b) The Board of Supervisors may amend Section 953.26-1 of this Article by ordinance by a two-thirds vote and without a vote of the people except as limited by Article XIIC of the California Constitution.

Section 3. Subsection (c) of Section 953.26-1 of Article 12-A-1 of the Business and Tax Regulations Code, as added by this ordinance, is intended to be declaratory of existing law that determined the gross receipts of ridesharing and ride hailing services prior to the

adoption of this ordinance.

Section 4. Article 28 of the Business and Tax Regulations Code is hereby amended by revising Sections 2804.9 and 2804.10, and adding Section 2804.8-1, to read as follows:

**SEC. 2804.8-1. HOMELESSNESS GROSS RECEIPTS TAX APPLICABLE TO CATEGORY 8 BUSINESS ACTIVITIES.**

*(a) The homelessness gross receipts tax rates applicable to Category 8 Business Activities for tax years beginning on or after January 1, 2027, are:*

*0% for taxable gross receipts between \$0 and \$1,000,000*

*0% for taxable gross receipts between \$1,000,000.01 and \$2,500,000*

*0% for taxable gross receipts between \$2,500,000.01 and \$25,000,000*

*0.246% for taxable gross receipts between \$25,000,000.01 and \$50,000,000*

*0.41% for taxable gross receipts between \$50,000,000.01 and \$75,000,000*

*0.41% for taxable gross receipts between \$75,000,000.01 and \$100,000,000*

*0.574% for taxable gross receipts between \$100,000,000.01 and \$150,000,000*

*0.574% for taxable gross receipts between \$150,000,000.01 and \$250,000,000*

*0.656% for taxable gross receipts between \$250,000,000.01 and \$500,000,000*

*0.656% for taxable gross receipts between \$500,000,000.01 and \$1,000,000,000*

*0.738% for taxable gross receipts over \$1,000,000,000*

*(b) "Category 8 Business Activities" has the same meaning as in Section 953.26-1(b) of Article 12-A-1 of this Business and Tax Regulations Code.*

*(c) The amount of taxable gross receipts from Category 8 Business Activities subject to the homelessness gross receipts tax shall be three-quarters of the amount determined under Section 956.1 of Article 12-A-1 plus one-quarter of the amount determined under Section 956.2 of Article 12-A-1.*

#### **SEC. 2804.9. TAX ON ADMINISTRATIVE OFFICE BUSINESS ACTIVITIES.**

(a) For tax years beginning on or after January 1, 2025, notwithstanding Sections 2804.1 through 2804.8 and in lieu of the other taxes imposed under Sections 2804.1 through 2804.8, every person engaging in business within the City as an administrative office, as defined in Section 953.8 of Article 12-A-1, shall pay an annual homelessness administrative office tax in the manner set forth in Section 953.8, except that the homelessness administrative office tax rate shall be 1.5%.

(b) Notwithstanding subsection (a), for tax years beginning on or after January 1, 2027, a person or combined group that has any amount of gross receipts from Category 8 Business Activities in a tax year, without regard to Section 2804.10 of this Article 28, shall not pay the homelessness administrative office tax under subsection (a) and instead shall pay the homelessness gross receipts tax under Sections 2804.1 through 2804.8-1 of this Article, as applicable, for that tax year. The exclusion from the homelessness administrative office tax provided for in this subsection (b) shall apply to each tax year without application of the rules in subsection 953.8(b)(2) of Article 12-A-1.

#### **SEC. 2804.10. PERSONS OR COMBINED GROUPS ENGAGED IN MULTIPLE BUSINESS ACTIVITY CATEGORIES.**

(a) For tax years beginning on or after January 1, 2025 and ending on or before December 31, 2026, if a person, or a combined group as described in Section 956.3 of Article 12-A-1 of this Business and Tax Regulations Code, derives gross receipts from more than one of Business Activity Categories 1 through 7, inclusive:

(1~~a~~) If the person or combined group has \$10,000 or less in gross receipts from any one of Business Activity Categories 1 through 7, inclusive, before allocating or apportioning gross receipts under Section 956 of Article 12-A-1, such person or combined group may combine those gross receipts for all purposes related to computing the

homelessness gross receipts tax with the gross receipts from whichever of Business Activity Categories 1 through 7, inclusive, generated the most gross receipts for the person or combined group, before allocating or apportioning gross receipts under Section 956. If there is no Business Activity Category that generated the most gross receipts for the person or combined group because the person or combined group generated the same amount of gross receipts from one or more Business Activity Categories, then such person or combined group may combine the gross receipts in this subsection (a)~~(1)~~ for all purposes related to computing the homelessness gross receipts tax with the gross receipts from whichever Business Activity Category has the highest rates among the Business Activity Categories that generated the same amount of gross receipts.

(~~2b~~) If the person or combined group continues to derive gross receipts from more than one of Business Activity Categories 1 through 7, inclusive, after applying subsection (a)~~(1)~~ of this Section 2804.10, then such person or combined group shall separately compute the homelessness gross receipts tax for each Business Activity Category as provided in the Section applicable to that particular Business Activity Category as follows:

(~~A1~~) The small business exemption provided in Section 2805.4 shall apply only if the sum of receipts within the City from all Business Activity Categories does not exceed the applicable threshold in Section 2805.4 in total; and

(~~B2~~) The homelessness gross receipts tax liability for the person or combined group shall be the sum of the liabilities for each Business Activity Category.

*(b) For tax years beginning on or after January 1, 2027, if a person, or a combined group as described in Section 956.3 of Article 12-A-1 of this Business and Tax Regulations Code, derives gross receipts from more than one of Business Activity Categories 1 through 8, inclusive:*

*(1) If the person or combined group has \$10,000 or less in gross receipts from any one of Business Activity Categories 1 through 8, inclusive, before allocating or apportioning gross receipts*



under Section 956 of Article 12-A-1, such person or combined group may combine those gross receipts for all purposes related to computing the homelessness gross receipts tax with the gross receipts from whichever of Business Activity Categories 1 through 8, inclusive, generated the most gross receipts for the person or combined group, before allocating or apportioning gross receipts under Section 956. If there is no Business Activity Category that generated the most gross receipts for the person or combined group because the person or combined group generated the same amount of gross receipts from one or more Business Activity Categories, then such person or combined group may combine the gross receipts in this subsection (b)(1) for all purposes related to computing the homelessness gross receipts tax with the gross receipts from whichever Business Activity Category has the highest rates among the Business Activity Categories that generated the same amount of gross receipts.

(2) If the person or combined group continues to derive gross receipts from more than one of Business Activity Categories 1 through 8, inclusive, after applying subsection (b)(1) of this Section 2804.10, then such person or combined group shall separately compute the homelessness gross receipts tax for each Business Activity Category as provided in the Section applicable to that particular Business Activity Category as follows:

(A) The small business exemption provided in Section 2805.4 shall apply only if the sum of receipts within the City from all Business Activity Categories does not exceed the applicable threshold in Section 2805.4 in total; and

(B) The homelessness gross receipts tax liability for the person or combined group shall be the sum of the liabilities for each Business Activity Category.

Section 5. Article 33 of the Business and Tax Regulations Code is hereby amended by revising Sections 3302, 3303, and 3310, to read as follows:

## **SEC. 3302. DEFINITIONS.**

(a) Unless otherwise defined in this Article 33, the terms used in this Article shall have the meanings given to them in Articles 6, 12-A, and 12-A-1 of the Business and Tax Regulations Code, as amended from time to time.

(b) For purposes of this Article 33:

\* \* \* \*

(2) The following definitions apply for tax years beginning on or after January 1, 2025 and ending on or before December 31, 2026:

“Compensation” means wages, salaries, commissions, bonuses, property issued or transferred in exchange for the performance of services (including but not limited to stock options), compensation for services to owners of pass-through entities, and any other form of remuneration paid to employees for services.

“Executive Pay Ratio” means the ratio of the Compensation paid to the person or combined group’s Highest-Paid Managerial Employee for a tax year to the median Compensation paid to the person or combined group’s full-time and part-time employees based in the City for that tax year. The median Compensation paid to the person or combined group’s full-time and part-time employees based in the City for that tax year shall be determined on a full-time equivalency and annualized basis, and shall be determined without regard to any Compensation paid to the Highest-Paid Managerial Employee who may be based in the City for that tax year. For purposes of this definition:

(i) An employee is “based in the City for [a] tax year” if the employee’s total working hours in the City for the person or combined group during the tax year exceeds the employee’s total working hours in any other local jurisdiction for the person or combined group during the tax year.

(ii) Compensation paid to a part-time employee for the tax year shall be

converted to a “full-time equivalency” by multiplying the part-time employee's Compensation for the tax year by 40, and dividing the result by the average number of hours the part-time employee worked per week during the tax year for the person or combined group.

(iii) Compensation paid to an employee who was employed by the person or combined group for only a portion of the tax year shall be “annualized” by multiplying the employee's Compensation (or, as stated, for a part-time employee, full-time equivalent Compensation) for the tax year by 52, and dividing the result by the number of weeks that the employee was employed by that person or combined group during the tax year.

“Highest-Paid Managerial Employee” means the individual employee or officer of a person or combined group with managerial responsibility in a business function who received the most Compensation for a tax year. For purposes of determining the Highest-Paid Managerial Employee and the Compensation of such employee, Compensation shall not be annualized or converted to a full-time equivalency.

(3) The following definitions apply for tax years beginning on or after January 1, 2027:

“Compensation” means wages, salaries, commissions, bonuses, property issued or transferred in exchange for the performance of services (including but not limited to stock options), compensation for services to owners of pass-through entities, and any other form of remuneration paid to employees for services.

“Executive Pay Ratio” means the ratio of the Compensation paid to the person or combined group's Highest-Paid Managerial Employee for a tax year to the median Compensation paid to the person or combined group's full-time and part-time employees for that tax year. The median Compensation paid to the person or combined group's full-time and part-time employees for that tax year shall be determined on a full-time equivalency and annualized basis, and shall be determined without regard to any Compensation paid to the Highest-Paid Managerial Employee for that tax year.

For purposes of this definition:

(i) Compensation paid to a part-time employee for the tax year shall be converted to a "full-time equivalency" by multiplying the part-time employee's Compensation for the tax year by 40, and dividing the result by the average number of hours the part-time employee worked per week during the tax year for the person or combined group.

(ii) Compensation paid to an employee who was employed by the person or combined group for only a portion of the tax year shall be "annualized" by multiplying the employee's Compensation (or, as stated, for a part-time employee, full-time equivalent Compensation) for the tax year by 52, and dividing the result by the number of weeks that the employee was employed by that person or combined group during the tax year.

"Highest-Paid Managerial Employee" means the individual employee or officer of a person or combined group with managerial responsibility in a business function who received the most Compensation for a tax year. For purposes of determining the Highest-Paid Managerial Employee and the Compensation of such employee, Compensation shall not be annualized or converted to a full-time equivalency.

### **SEC. 3303. IMPOSITION OF TAX.**

(a) Except as otherwise provided in this Article 33, commencing with tax years beginning on or after January 1, 2022, for the privilege of engaging in business in the City, the City imposes an annual Overpaid Executive Gross Receipts Tax on each person engaging in business within the City where the Executive Pay Ratio for the tax year of that person or the combined group of which it is a part exceeds 100:1.

\* \* \* \*

(d) For tax year 2027, the Overpaid Executive Gross Receipts Tax shall be calculated as follows:

(1) ~~0.1040.021~~% of the person or combined group's taxable gross receipts for a tax year if the person or combined group has an Executive Pay Ratio for that tax year of greater than 100:1, but less than or equal to 200:1;

(2) ~~0.2080.042~~% of the person or combined group's taxable gross receipts for a tax year if the person or combined group has an Executive Pay Ratio for that tax year of greater than 200:1, but less than or equal to 300:1;

(3) ~~0.3120.062~~% of the person or combined group's taxable gross receipts for a tax year if the person or combined group has an Executive Pay Ratio for that tax year of greater than 300:1, but less than or equal to 400:1;

(4) ~~0.4160.083~~% of the person or combined group's taxable gross receipts for a tax year if the person or combined group has an Executive Pay Ratio for that tax year of greater than 400:1, but less than or equal to 500:1;

(5) ~~0.520.104~~% of the person or combined group's taxable gross receipts for a tax year if the person or combined group has an Executive Pay Ratio for that tax year of greater than 500:1, but less than or equal to 600:1; or

(6) ~~0.6240.125~~% of the person or combined group's taxable gross receipts for a tax year if the person or combined group has an Executive Pay Ratio for that tax year of greater than 600:1.

(e) For tax years beginning on or after January 1, 2028, the Overpaid Executive Gross Receipts Tax shall be calculated as follows:

(1) ~~0.1070.021~~% of the person or combined group's taxable gross receipts for a tax year if the person or combined group has an Executive Pay Ratio for that tax year of greater than 100:1, but less than or equal to 200:1;

(2) ~~0.2140.043~~% of the person or combined group's taxable gross receipts for a tax year if the person or combined group has an Executive Pay Ratio for that tax year of

greater than 200:1, but less than or equal to 300:1;

(3) ~~0.3210~~<sup>0.064</sup>% of the person or combined group's taxable gross receipts for a tax year if the person or combined group has an Executive Pay Ratio for that tax year of greater than 300:1, but less than or equal to 400:1;

(4) ~~0.4280~~<sup>0.086</sup>% of the person or combined group's taxable gross receipts for a tax year if the person or combined group has an Executive Pay Ratio for that tax year of greater than 400:1, but less than or equal to 500:1;

(5) ~~0.5360~~<sup>0.107</sup>% of the person or combined group's taxable gross receipts for a tax year if the person or combined group has an Executive Pay Ratio for that tax year of greater than 500:1, but less than or equal to 600:1; or

(6) ~~0.6430~~<sup>0.129</sup>% of the person or combined group's taxable gross receipts for a tax year if the person or combined group has an Executive Pay Ratio for that tax year of greater than 600:1.

\* \* \* \*

(g) Notwithstanding any other subsection of this Section 3303, every person engaging in business within the City as an administrative office, as defined in Section 953.8 of Article 12-A-1, shall pay an annual overpaid executive administrative office tax if the Executive Pay Ratio for the tax year of that person or the combined group of which it is a part exceeds 100:1. This overpaid executive administrative office tax shall be measured by the person's total payroll expense, as defined in Section 953.8(f) of Article 12-A-1, that is attributable to the City. If a person is a member of a combined group, then its tax shall be measured by the total payroll expense of the combined group attributable to the City. Such person or combined group shall pay only the overpaid executive administrative office tax, and not the tax imposed under other subsections of this Section 3303, but a person or combined group may be liable for the administrative office tax imposed by Section 953.8 of

Article 12-A-1 and the homelessness administrative office tax imposed by Section 2804(d) or Section 2804.9 of Article 28 in addition to the overpaid executive administrative office tax imposed by this subsection (g). Unless specified otherwise, this overpaid executive administrative office tax shall be considered part of the Overpaid Executive Gross Receipts Tax for all purposes.

\* \* \* \*

(3) For tax year 2027, the overpaid executive administrative office tax shall be calculated as follows:

(A) 0.4160~~.083~~% of the person or combined group's total payroll expense attributable to the City for a tax year if the person or combined group has an Executive Pay Ratio for that tax year of greater than 100:1, but less than or equal to 200:1;

(B) 0.8320~~.166~~% of the person or combined group's total payroll expense attributable to the City for a tax year if the person or combined group has an Executive Pay Ratio for that tax year of greater than 200:1, but less than or equal to 300:1;

(C) 1.2480~~.25~~% of the person or combined group's total payroll expense attributable to the City for a tax year if the person or combined group has an Executive Pay Ratio for that tax year of greater than 300:1, but less than or equal to 400:1;

(D) 1.6640~~.333~~% of the person or combined group's total payroll expense attributable to the City for a tax year if the person or combined group has an Executive Pay Ratio for that tax year of greater than 400:1, but less than or equal to 500:1;

(E) 2.0800~~.416~~% of the person or combined group's total payroll expense attributable to the City for a tax year if the person or combined group has an Executive Pay Ratio for that tax year of greater than 500:1, but less than or equal to 600:1; or

(F) 2.4960~~.499~~% of the person or combined group's total payroll expense attributable to the City for a tax year if the person or combined group has an Executive Pay



Ratio for that tax year of greater than 600:1.

(4) For tax years beginning on or after January 1, 2028, the overpaid executive administrative office tax shall be calculated as follows:

(A) ~~0.4280.086~~% of the person or combined group's total payroll expense attributable to the City for a tax year if the person or combined group has an Executive Pay Ratio for that tax year of greater than 100:1, but less than or equal to 200:1;

(B) ~~0.8570.171~~% of the person or combined group's total payroll expense attributable to the City for a tax year if the person or combined group has an Executive Pay Ratio for that tax year of greater than 200:1, but less than or equal to 300:1;

(C) ~~1.2850.257~~% of the person or combined group's total payroll expense attributable to the City for a tax year if the person or combined group has an Executive Pay Ratio for that tax year of greater than 300:1, but less than or equal to 400:1;

(D) ~~1.7140.343~~% of the person or combined group's total payroll expense attributable to the City for a tax year if the person or combined group has an Executive Pay Ratio for that tax year of greater than 400:1, but less than or equal to 500:1;

(E) ~~2.1420.428~~% of the person or combined group's total payroll expense attributable to the City for a tax year if the person or combined group has an Executive Pay Ratio for that tax year of greater than 500:1, but less than or equal to 600:1; or

(F) ~~2.5710.514~~% of the person or combined group's total payroll expense attributable to the City for a tax year if the person or combined group has an Executive Pay Ratio for that tax year of greater than 600:1.

*(5) Notwithstanding this subsection (g), for tax years beginning on or after January 1, 2027, a person or combined group that has any amount of gross receipts from Category 8 Business Activities in a tax year, as defined in Section 953.26-1(b) of Article 12-A-1, without regard to Section 953.27 of Article 12-A-1, shall not pay the overpaid executive administrative office tax under*

this subsection (g) and instead shall pay the overpaid executive gross receipts tax under other subsections of this Section 3303, as applicable, for that tax year. The exclusion from the overpaid executive administrative office tax in this subsection (g)(5) shall apply to each tax year without application of the rules in subsection 953.8(b)(2) of Article 12-A-1.

## **SEC. 3310. AMENDMENT OF ORDINANCE.**

The Board of Supervisors may amend or repeal this Article 33 by ordinance by a two-thirds vote without a vote of the people except as limited by Article XIII C of the California Constitution.

Section 6. Appropriations Limit Increase. Pursuant to California Constitution Article XIII B and applicable laws, for four years from November 3, 2026, the appropriations limit for the City shall be increased by the aggregate sum of: (1) the gross receipts taxes collected with respect to Category 8 Business Activities described in Business and Tax Regulations Code Article 12-A-1, Section 953.26-1; and (2) the overpaid executive gross receipts taxes collected under Business and Tax Regulations Code Article 33.

Section 7. No Conflict with Federal or State Law. Nothing in this measure shall be interpreted or applied so as to create any requirement, power, or duty in conflict with any federal or state law.

Section 8. Scope of Ordinance. In enacting this ordinance, the People of the City and County of San Francisco intend to amend only those words, phrases, paragraphs, subsections, sections, articles, numbers, punctuation marks, charts, diagrams, or any other constituent parts of the Municipal Code that are explicitly shown in this ordinance as additions

or deletions, in accordance with the "Note" that appears under the official title of the ordinance.

Section 9. Severability. If any section, subsection, sentence, clause, phrase, or word of this ordinance, or any application thereof to any person or circumstance, is held to be invalid or unconstitutional by a decision of a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions or applications of the ordinance. The People of the City and County of San Francisco hereby declare that they would have adopted this ordinance and each and every section, subsection, sentence, clause, phrase, and word not declared invalid or unconstitutional without regard to whether any other portion of this ordinance or application thereof would be subsequently declared invalid or unconstitutional.

Section 10. Effective Date. The effective date of this ordinance shall be ten days after the date the official vote count is declared by the Board of Supervisors.

\* \* \*

SUBMITTED.

  
\_\_\_\_\_  
Connie Chan  
Member, Board of Supervisors


Date:

10/24/25

  
\_\_\_\_\_  
Shamann Walton  
Member, Board of Supervisors


Date:

10/24/25

  
\_\_\_\_\_  
Jackie Fielder  
Member, Board of Supervisors

Date:

10/24/25

  
\_\_\_\_\_  
Chyanne Chen  
Member, Board of Supervisors

Date:

10/24/25

