

BOARD of SUPERVISORS



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

June 6, 2024

The Honorable Gavin Newsom
Governor of the State of California
1021 O Street, Suite 9000
Sacramento, CA 95814

Re: Board of Supervisors Resolution No. 289-24

Dear Governor Newsom:

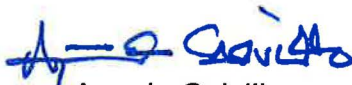
On May 21, 2024, the Board of Supervisors of the City and County of San Francisco adopted Resolution No. 289-24 (Opposing California Department of Finance Proposal - Local Property Taxes and ERAF Provisions in the Education Omnibus Trailer Bill), which was enacted on May 31, 2024.

The Board of Supervisors directs the Clerk of the Board to forward the following document to your attention:

- One copy of Resolution No. 289-24 (File No. 240512)

If you have any questions or require additional information, please contact the Office of the Clerk of the Board at (415) 554-5184, or by e-mail: board.of.supervisors@sfgov.org.

Sincerely,


Angela Calvillo
Clerk of the Board

ll:ak:jw:ams

- c. Members of the Board of Supervisors; Supervisors Aaron Peskin, Connie Chan, Rafael Mandelman
Tom Paulino, Mayor's Liaison to the Board of Supervisors
Eileen F. Mariano, Mayor's Manager of State and Federal Legislative Affairs
Andres Power, Mayor's Policy Director

1 [Opposing California Department of Finance Proposal - Local Property Taxes and ERAF
2 Provisions in the Education Omnibus Trailer Bill]

3 **Resolution urging the California Legislature to reject the Department of Finance**
4 **proposal to shift Educational Revenue Augmentation Fund (ERAF) property tax**
5 **revenues away from the City and County of San Francisco and direct those funds to**
6 **charter schools in order to relieve the State's General Fund Obligation to those charter**
7 **schools.**

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9 WHEREAS, In the early 1990s, in response to State fiscal challenges, the State
10 created a craftily misnamed "Educational Revenue Augmentation Fund" (ERAF) within each
11 county and the State funded ERAF by imposing a substantial shift of property taxes from
12 counties and cities to offset the State's obligations to schools; and

13 WHEREAS, Despite its name, ERAF does not result in any additional funding for
14 schools or children because it actually offsets the State's obligations for school funding by
15 instead using local property taxes the State takes from counties and cities; and

16 WHEREAS, ERAF now represents a multibillion-dollar annual shift of local property
17 taxes to benefit the State; and

18 WHEREAS, The way ERAF has always worked is that once it has fulfilled the State's
19 school funding obligations, any remaining funds would be returned to the counties and cities
20 that funded ERAF through property taxes—these returned funds are referred to as "excess
21 ERAF," although they are really returned funds originally taken from counties and cities; and

22 WHEREAS, Five Bay Area counties, including the City and County of San Francisco,
23 currently have "excess ERAF" funds that they use for critical discretionary purposes similar to
24 other local property taxes; and
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1 WHEREAS, The State Controller has always been the independently elected official
2 responsible for auditing local property tax calculations and distributions to determine ERAF
3 and excess ERAF, calculations upon which the five Bay Area counties have relied; and

4 WHEREAS, The State Department of Finance (DOF) is proposing amendments to the
5 Revenue and Taxation Code that would result in the five Bay Area counties permanently
6 losing hundreds of millions of dollars in "excess ERAF" from their General Funds; and

7 WHEREAS, The affected counties, including the City and County of San Francisco,
8 strongly dispute any errors, and believe the DOF's proposal, which overturns the State
9 Controller's confirmed guidance and case law violates the Constitutional prohibition on
10 redirecting county property taxes; and

11 WHEREAS, The City and County of San Francisco will lose an estimated \$43 million in
12 ongoing and increasing annual funding; and

13 WHEREAS, Approval of the trailer bill and DOF's proposal would result in the affected
14 counties having to make devastating cuts to their General Funds since those counties already
15 face hundreds of millions of dollars in deficits due the economic downturn; and

16 WHEREAS, The immediate cuts that the City and County of San Francisco and other
17 affected counties would have to make to transfer these funds effective in the 2024-2025 State
18 Budget would mean the significant and immediate reduction or elimination of programs that
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20 RESOLVED, That the Board of Supervisors calls upon the State Legislature,
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22 Delegation (Senator Scott Wiener, Assemblymember Matt Haney, and Assemblymember Phil
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1 FURTHER RESOLVED, That the Board of Supervisors directs the Clerk of the Board
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City and County of San Francisco

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

Tails
Resolution

File Number: 240512

Date Passed: May 21, 2024

Resolution urging the California Legislature to reject the Department of Finance proposal to shift Educational Revenue Augmentation Fund (ERAF) property tax revenues away from the City and County of San Francisco and direct those funds to charter schools in order to relieve the State's General Fund Obligation to those charter schools.

May 21, 2024 Board of Supervisors - ADOPTED

Ayes: 11 - Chan, Dorsey, Engardio, Mandelman, Melgar, Peskin, Preston, Ronen, Safai, Stefani and Walton

File No. 240512

I hereby certify that the foregoing Resolution was ADOPTED on 5/21/2024 by the Board of Supervisors of the City and County of San Francisco.

Handwritten signature of Angela Calvillo
Angela Calvillo
Clerk of the Board

Unsigned

London N. Breed
Mayor

05/31/2024

Date Approved

I hereby certify that the foregoing resolution, not being signed by the Mayor within the time limit as set forth in Section 3.103 of the Charter, or time waived pursuant to Board Rule 2.14.2, became effective without her approval in accordance with the provision of said Section 3.103 of the Charter or Board Rule 2.14.2.

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June 6, 2024

The Honorable Mike McGuire
California State Senator
Senate President Pro Tempore
California State Capitol
1021 O Street, Suite 8518
Sacramento, CA 95814

Re: Board of Supervisors Resolution No. 289-24

Dear President Pro Tempore McGuire:

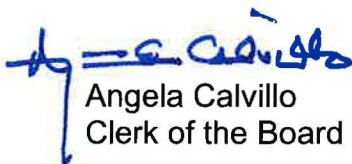
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City and County of San Francisco

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Tails
Resolution

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Date Passed: May 21, 2024

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Handwritten signature of Angela Calvillo
Angela Calvillo
Clerk of the Board

Unsigned

London N. Breed
Mayor

05/31/2024

Date Approved

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June 6, 2024

The Honorable Scott Wiener
California State Senator
California State Capitol
1021 O Street, Suite 8620
Sacramento, CA 95814-4900

Re: Board of Supervisors Resolution No. 289-24

Dear Senator Wiener:

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City and County of San Francisco

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Tails Resolution

File Number: 240512

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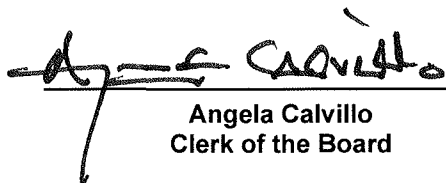
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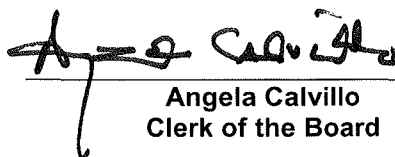
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June 6, 2024

The Honorable Robert Rivas
Speaker of the California State Assembly
California State Capitol
P.O. Box 942849
Sacramento, CA 94249-0029

Re: Board of Supervisors Resolution No. 289-24

Dear Speaker Rivas:

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California State Assembly Member
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1021 O Street, Suite 5220
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16 WHEREAS, ERAF now represents a multibillion-dollar annual shift of local property
17 taxes to benefit the State; and

18 WHEREAS, The way ERAF has always worked is that once it has fulfilled the State's
19 school funding obligations, any remaining funds would be returned to the counties and cities
20 that funded ERAF through property taxes—these returned funds are referred to as "excess
21 ERAF," although they are really returned funds originally taken from counties and cities; and

22 WHEREAS, Five Bay Area counties, including the City and County of San Francisco,
23 currently have "excess ERAF" funds that they use for critical discretionary purposes similar to
24 other local property taxes; and
25

1 WHEREAS, The State Controller has always been the independently elected official
2 responsible for auditing local property tax calculations and distributions to determine ERAF
3 and excess ERAF, calculations upon which the five Bay Area counties have relied; and

4 WHEREAS, The State Department of Finance (DOF) is proposing amendments to the
5 Revenue and Taxation Code that would result in the five Bay Area counties permanently
6 losing hundreds of millions of dollars in "excess ERAF" from their General Funds; and

7 WHEREAS, The affected counties, including the City and County of San Francisco,
8 strongly dispute any errors, and believe the DOF's proposal, which overturns the State
9 Controller's confirmed guidance and case law violates the Constitutional prohibition on
10 redirecting county property taxes; and

11 WHEREAS, The City and County of San Francisco will lose an estimated \$43 million in
12 ongoing and increasing annual funding; and

13 WHEREAS, Approval of the trailer bill and DOF's proposal would result in the affected
14 counties having to make devastating cuts to their General Funds since those counties already
15 face hundreds of millions of dollars in deficits due the economic downturn; and

16 WHEREAS, The immediate cuts that the City and County of San Francisco and other
17 affected counties would have to make to transfer these funds effective in the 2024-2025 State
18 Budget would mean the significant and immediate reduction or elimination of programs that
19 serve the most vulnerable of their residents; now, therefore, be it

20 RESOLVED, That the Board of Supervisors calls upon the State Legislature,
21 specifically including each member of the City and County of San Francisco's Legislative
22 Delegation (Senator Scott Wiener, Assemblymember Matt Haney, and Assemblymember Phil
23 Ting) to reject the DOF's unconstitutional shift of local property taxes away from the City and
24 County of San Francisco and to charter schools; and, be it

1 FURTHER RESOLVED, That the Board of Supervisors directs the Clerk of the Board
2 to transmit a copy of this Resolution upon adoption to the Governor, the Assembly Speaker,
3 the Senate Pro Tempore, the City Lobbyist, and each member of the San Francisco
4 Legislative Delegation.

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City and County of San Francisco

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

Tails
Resolution

File Number: 240512

Date Passed: May 21, 2024

Resolution urging the California Legislature to reject the Department of Finance proposal to shift Educational Revenue Augmentation Fund (ERAF) property tax revenues away from the City and County of San Francisco and direct those funds to charter schools in order to relieve the State's General Fund Obligation to those charter schools.

May 21, 2024 Board of Supervisors - ADOPTED

Ayes: 11 - Chan, Dorsey, Engardio, Mandelman, Melgar, Peskin, Preston, Ronen, Safai, Stefani and Walton

File No. 240512

I hereby certify that the foregoing Resolution was ADOPTED on 5/21/2024 by the Board of Supervisors of the City and County of San Francisco.

Handwritten signature of Angela Calvillo
Angela Calvillo
Clerk of the Board

Unsigned

London N. Breed
Mayor

05/31/2024

Date Approved

I hereby certify that the foregoing resolution, not being signed by the Mayor within the time limit as set forth in Section 3.103 of the Charter, or time waived pursuant to Board Rule 2.14.2, became effective without her approval in accordance with the provision of said Section 3.103 of the Charter or Board Rule 2.14.2.

Handwritten signature of Angela Calvillo
Angela Calvillo
Clerk of the Board

05/31/2024

Date

BOARD of SUPERVISORS



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

June 6, 2024

The Honorable Matt Haney
California State Assembly Member
California State Capitol
1021 O Street, Suite 5740
P.O. Box 942849
Sacramento, CA 94249-0017

Re: Board of Supervisors Resolution No. 289-24

Dear Assembly Member Haney:


On May 21, 2024, the Board of Supervisors of the City and County of San Francisco adopted Resolution No. 289-24 (Opposing California Department of Finance Proposal - Local Property Taxes and ERAF Provisions in the Education Omnibus Trailer Bill), which was enacted on May 31, 2024.

The Board of Supervisors directs the Clerk of the Board to forward the following document to your attention:

- One copy of Resolution No. 289-24 (File No. 240512)

If you have any questions or require additional information, please contact the Office of the Clerk of the Board at (415) 554-5184, or by e-mail: board.of.supervisors@sfgov.org.

Sincerely,


Angela Calvillo
Clerk of the Board

ll:ak:jw:ams

- c. Members of the Board of Supervisors; Supervisors Aaron Peskin, Connie Chan, Rafael Mandelman
Tom Paulino, Mayor's Liaison to the Board of Supervisors
Eileen F. Mariano, Mayor's Manager of State and Federal Legislative Affairs
Andres Power, Mayor's Policy Director

1 [Opposing California Department of Finance Proposal - Local Property Taxes and ERAF
2 Provisions in the Education Omnibus Trailer Bill]

3 **Resolution urging the California Legislature to reject the Department of Finance**
4 **proposal to shift Educational Revenue Augmentation Fund (ERAF) property tax**
5 **revenues away from the City and County of San Francisco and direct those funds to**
6 **charter schools in order to relieve the State's General Fund Obligation to those charter**
7 **schools.**

8
9 WHEREAS, In the early 1990s, in response to State fiscal challenges, the State
10 created a craftily misnamed "Educational Revenue Augmentation Fund" (ERAF) within each
11 county and the State funded ERAF by imposing a substantial shift of property taxes from
12 counties and cities to offset the State's obligations to schools; and

13 WHEREAS, Despite its name, ERAF does not result in any additional funding for
14 schools or children because it actually offsets the State's obligations for school funding by
15 instead using local property taxes the State takes from counties and cities; and

16 WHEREAS, ERAF now represents a multibillion-dollar annual shift of local property
17 taxes to benefit the State; and

18 WHEREAS, The way ERAF has always worked is that once it has fulfilled the State's
19 school funding obligations, any remaining funds would be returned to the counties and cities
20 that funded ERAF through property taxes—these returned funds are referred to as "excess
21 ERAF," although they are really returned funds originally taken from counties and cities; and

22 WHEREAS, Five Bay Area counties, including the City and County of San Francisco,
23 currently have "excess ERAF" funds that they use for critical discretionary purposes similar to
24 other local property taxes; and
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1 WHEREAS, The State Controller has always been the independently elected official
2 responsible for auditing local property tax calculations and distributions to determine ERAF
3 and excess ERAF, calculations upon which the five Bay Area counties have relied; and

4 WHEREAS, The State Department of Finance (DOF) is proposing amendments to the
5 Revenue and Taxation Code that would result in the five Bay Area counties permanently
6 losing hundreds of millions of dollars in "excess ERAF" from their General Funds; and

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8 strongly dispute any errors, and believe the DOF's proposal, which overturns the State
9 Controller's confirmed guidance and case law violates the Constitutional prohibition on
10 redirecting county property taxes; and

11 WHEREAS, The City and County of San Francisco will lose an estimated \$43 million in
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17 affected counties would have to make to transfer these funds effective in the 2024-2025 State
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City and County of San Francisco

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

Tails
Resolution

File Number: 240512

Date Passed: May 21, 2024

Resolution urging the California Legislature to reject the Department of Finance proposal to shift Educational Revenue Augmentation Fund (ERAF) property tax revenues away from the City and County of San Francisco and direct those funds to charter schools in order to relieve the State's General Fund Obligation to those charter schools.

May 21, 2024 Board of Supervisors - ADOPTED

Ayes: 11 - Chan, Dorsey, Engardio, Mandelman, Melgar, Peskin, Preston, Ronen, Safai, Stefani and Walton

File No. 240512

I hereby certify that the foregoing Resolution was ADOPTED on 5/21/2024 by the Board of Supervisors of the City and County of San Francisco.

Handwritten signature of Angela Calvillo
Angela Calvillo
Clerk of the Board

Unsigned

London N. Breed
Mayor

05/31/2024

Date Approved

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BOARD of SUPERVISORS



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June 6, 2024

Paul Yoder
Karen Lange
Erica Smith
Shaw Yoder Antwih Schmelzer & Lange
1415 L Street, Suite 1000
Sacramento, CA 95814

Re: Board of Supervisors Resolution No. 289-24

Dear Mr. Yoder, Ms. Lange, and Ms. Smith:


On May 21, 2024, the Board of Supervisors of the City and County of San Francisco adopted Resolution No. 289-24 (Opposing California Department of Finance Proposal - Local Property Taxes and ERAF Provisions in the Education Omnibus Trailer Bill), which was enacted on May 31, 2024.

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- One copy of Resolution No. 289-24 (File No. 240512)

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Sincerely,


Angela Calvillo
Clerk of the Board

ll:ak;jw:ams

- c. Members of the Board of Supervisors; Supervisors Aaron Peskin, Connie Chan, Rafael Mandelman
Tom Paulino, Mayor's Liaison to the Board of Supervisors
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City and County of San Francisco

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Tails Resolution

File Number: 240512

Date Passed: May 21, 2024

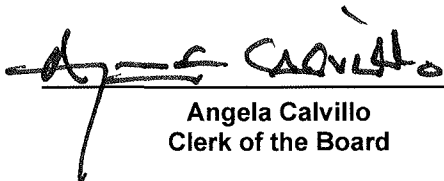
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May 21, 2024 Board of Supervisors - ADOPTED

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Angela Calvillo
Clerk of the Board

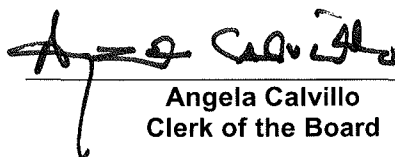
Unsigned

London N. Breed
Mayor

05/31/2024

Date Approved

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Angela Calvillo
Clerk of the Board

05/31/2024

Date