

1 [Business and Tax Regulations Code - Real Property Transfer Tax Rates and Penalties]

2

3 **Ordinance amending the Business and Tax Regulations Code to, for transfers**
4 **occurring on or after July 1, 2026: halve the real property transfer tax rate from 5.5% to**
5 **2.75% when the consideration or value of the property conveyed equals or exceeds**
6 **\$10,000,000 but is less than \$25,000,000, and from 6% to 3% when the consideration or**
7 **value equals or exceeds \$25,000,000; exempt from these reductions the transfer of**
8 **single-family residences; reduce the penalties for delinquent real property transfer**
9 **taxes; and affirming the Planning Department’s determination under the California**
10 **Environmental Quality Act.**

11 NOTE: **Unchanged Code text and uncodified text** are in plain Arial font.
12 **Additions to Codes** are in *single-underline italics Times New Roman font*.
13 **Deletions to Codes** are in *strikethrough italics Times New Roman font*.
14 **Board amendment additions** are in double-underlined Arial font.
15 **Board amendment deletions** are in ~~strikethrough Arial font~~.
16 **Asterisks (* * * *)** indicate the omission of unchanged Code
17 subsections or parts of tables.

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

19 Section 1. The Planning Department has determined that the actions contemplated in
20 this ordinance comply with the California Environmental Quality Act (California Public
21 Resources Code Sections 21000 et seq.). Said determination is on file with the Clerk of the
22 Board of Supervisors in File No. _____ and is incorporated herein by reference. The
23 Board affirms this determination.

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25

1 Section 2. Article 12-C of the Business and Tax Regulations Code is hereby amended
2 by revising Sections 1102, 1108.6, and 1115.2 to read as follows:

3
4 **SEC. 1102. TAX IMPOSED.**

5 There is hereby imposed on each deed, instrument or writing by which any lands,
6 tenements, or other realty sold within the City and County of San Francisco shall be granted,
7 assigned, transferred or otherwise conveyed to, or vested in, the purchaser or purchasers, or
8 any other person or persons, by his or her or their direction, when the consideration or value
9 of the interest or property conveyed (not excluding the value of any lien or encumbrances
10 remaining thereon at the time of sale):

11 (a) exceeds \$100 but is less than or equal to \$250,000, a tax at the rate of \$2.50 for
12 each \$500 or fractional part thereof; or

13 (b) more than \$250,000 and less than \$1,000,000, a tax at the rate of \$3.40 for each
14 \$500 or fractional part thereof for the entire value or consideration, including, but not limited
15 to, any portion of such value or consideration that is less than \$250,000; or

16 (c) at least \$1,000,000 and less than \$5,000,000, a tax at the rate of \$3.75 for each
17 \$500 or fractional part thereof for the entire value or consideration, including, but not limited
18 to, any portion of such value or consideration that is less than \$1,000,000; or

19 (d) at least \$5,000,000 and less than \$10,000,000, a tax at the rate of \$11.25 for each
20 \$500 or fractional part thereof for the entire value or consideration, including, but not limited
21 to, any portion of such value or consideration that is less than \$5,000,000; or

22 (e) at least \$10,000,000 and less than \$25,000,000, a tax at the rate of ~~\$27.50~~\$13.75
23 for each \$500 or fractional part thereof for the entire value or consideration, including but not
24 limited to, any portion of such value or consideration that is less than \$10,000,000, except that
25 the rate on a deed, instrument or writing by which only a Single-Family Residence within the City and

1 County of San Francisco is granted, assigned, transferred or otherwise conveyed shall be \$27.50 for
2 each \$500 or fractional part thereof for the entire value or consideration, including but not limited to,
3 any portion of such value or consideration that is less than \$10,000,000; or

4 (f) at least \$25,000,000, a tax at the rate of ~~\$30~~\$15 for each \$500 or fractional part
5 thereof for the entire value or consideration, including but not limited to, any portion of such
6 value or consideration that is less than \$25,000,000, except that the rate on a deed, instrument or
7 writing by which only a Single-Family Residence within the City and County of San Francisco is
8 granted, assigned, transferred or otherwise conveyed shall be \$30 for each \$500 or fractional part
9 thereof for the entire value or consideration, including but not limited to, any portion of such value or
10 consideration that is less than \$25,000,000.

11 (g) For purposes of this Section 1102, the following terms shall have the following meanings:

12 (1) "Single-Family Residence" means:

13 (A) A single Dwelling Unit; or

14 (B) Shares in a corporation that holds legal title to real property, where such
15 shares are coupled with the exclusive right to possess a single Dwelling Unit in the real property.

16 (2) "Dwelling Unit" means a house, apartment, mobile home, live/work unit, group of
17 rooms, or single room that is designed as separate living quarters. Separate living quarters are those
18 in which the occupants live and eat separately from any other persons in the building, and which have
19 a kitchen and direct access from the outside of the building or through a common hall. An accessory
20 dwelling unit, junior accessory dwelling unit, or housekeeping room shall not be considered a separate
21 Dwelling Unit.

22
23 **SEC. 1108.6. EXEMPTION FOR RENT-RESTRICTED AFFORDABLE HOUSING.**

24 * * * *

25 (d) **Revocation of Exemption.**

1 (1) If a transfer of Rent-Restricted Affordable Housing was granted an
2 exemption under Section 1108.6(b) on the basis that the property satisfied subsection (iii) of
3 the definition of Rent-Restricted Affordable Housing in Section 1108.6(a)(2)(A) and the
4 property did not satisfy subsection (i) or (ii) of that definition, the person claiming such
5 exemption must, within the later of 25 months of the transfer and the date such person
6 submits any request for refund, cancellation, or reduction under Section 1108.6(c)(2)(B),
7 submit proof to the County Recorder that the property was granted a welfare exemption by the
8 County Assessor under California Revenue and Taxation Code Section 214(g) for at least
9 90% of all residential units in the property within two years from the date of the transfer. The
10 County Recorder may grant a one-year extension to the 25-month and two-year periods in
11 this subsection (d)(1) if the welfare exemption application submitted to the County Assessor
12 was substantially complete within nine months of the date of the transfer and the person
13 claiming the exemption was diligently pursuing the required welfare exemption but was unable
14 to obtain such welfare exemption within the two-year period.

15 (2) If the County Recorder determines that a transfer of Rent-Restricted
16 Affordable Housing was granted an exemption under Section 1108.6(b) on the basis that
17 ~~that~~the property satisfied subsection (iii) of the definition of Rent-Restricted Affordable Housing
18 in Section 1108.6(a)(2)(A) and the property did not satisfy subsection (i) or (ii) of that
19 definition, and that the property was not granted a welfare exemption by the County Assessor
20 under California Revenue and Taxation Code Section 214(g) for at least 90% of all residential
21 units in the property within two years from the date of the transfer (or the extended date under
22 Section 1108.6(d)(1)), the County Recorder may revoke the exemption and issue a deficiency
23 determination for the amount of tax exempted upon the basis of any information within the
24 County Recorder's possession or that may come into the County Recorder's possession.
25 Such deficiency determination shall bear interest at the rate of 1% per month, or fraction

1 thereof, on the amount of tax exempted, from the date the tax would have become delinquent
2 had the exemption in Section 1108.6 not applied, and shall be subject to a penalty of ~~35%~~15%
3 of the amount of tax exempted. Such deficiency determinations and the amounts paid
4 pursuant to such deficiency determinations shall be subject to the procedures otherwise
5 applicable in Article 12-C of the Business and Tax Regulations Code, except for the
6 provisions in Sections 1115.2(a)(1) and 1115.2(b), and except that, if the County Recorder
7 grants the one-year extension under Section 1108.6(d)(1), the time period in Section 1115(b)
8 of the Business and Tax Regulations Code for the County Recorder to serve notice of the
9 deficiency determination under this Section 1108.6(d)(2) shall also be extended by one year.

10
11 **SEC. 1115.2. PENALTIES AND INTEREST.**

12 (a) **Penalties.**

13 (1) **Delinquency Penalties.** If any tax is not paid prior to becoming delinquent,
14 as described in Section 1103(b), a delinquency penalty of ~~25%~~15% of the amount of tax due shall
15 accrue. In the event only a portion of the tax is unpaid prior to becoming delinquent, the
16 penalty shall accrue only as to the portion remaining unpaid. The 15% penalty in this
17 subsection (a)(1) shall not accrue with respect to a deficiency where the deficient tax amount is less
18 than 10% of the total amount of tax due, except that the 15% penalty in this subsection (a)(1) shall
19 accrue with respect to a deficiency of any amount determined under Section 1115(e).~~An additional~~
20 ~~penalty of 10% shall accrue if the tax remains unpaid on the ninetieth day following the date of the~~
21 ~~original delinquency.~~

22 (2) **Penalties for Fraud or Intent to Evade Tax.** When the County Recorder
23 determines that the failure of any person to timely pay any tax due under this Article 12-C was
24 attributable to fraud or an intent to evade this Article 12-C, the County Recorder shall impose
25 a penalty in the amount of 50% of the amount of the unpaid tax. This penalty shall be in

1 addition to the penalty imposed under Section 1115.2(a)(1) and any other fines, penalties, or
2 other charges imposed by law.

3 (b) **Interest.** Interest shall accrue at the rate of 1% a month, or fraction thereof, on the
4 amount of delinquent tax, exclusive of penalties and interest, from the date the tax becomes
5 delinquent, as described in Section 1103(b), to the date of payment.

6 (c) **Penalties and Interest Part of Tax.** Interest and penalties accrued shall become
7 part of the tax.

8
9 Section 3. Scope of Ordinance. In enacting this ordinance, the Board of Supervisors
10 intends to amend only those words, phrases, paragraphs, subsections, sections, articles,
11 numbers, punctuation marks, charts, diagrams, or any other constituent parts of the Municipal
12 Code that are explicitly shown in this ordinance as additions, deletions, Board amendment
13 additions, and Board amendment deletions in accordance with the “Note” that appears under
14 the official title of the ordinance.

15
16 Section 4. Effective and Operative Dates.

17 (a) This ordinance shall become effective at 12:00 a.m. on the 31st day after
18 enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the
19 ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board
20 of Supervisors overrides the Mayor’s veto of the ordinance.

1 (b) This ordinance shall become operative at 12:00 a.m. on July 1, 2026, such that the
2 amendments in this ordinance shall apply to deeds, instruments, or writings that are delivered
3 on or after July 1, 2026.

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7 APPROVED AS TO FORM:
8 DAVID CHIU, City Attorney

9 By: /s/ Carole F. Ruwart
10 CAROLE F. RUWART
11 Deputy City Attorney

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