

LEGISLATIVE DIGEST

[Initiative Ordinance - Business and Tax Regulations Code - Sales Tax for Transportation Authority]

Ordinance approving a new 2022 Transportation Expenditure Plan for the County Transportation Authority and submitting to the voters at an election to be held on November 8, 2022, an Ordinance amending the Business and Tax Regulations Code to continue in effect the existing local transactions and use tax at the existing rate of 0.5% for 30 years to fund transportation improvements under the 2022 Transportation Expenditure Plan; increasing the Transportation Authority’s appropriations limit by the amount collected under the transactions and use tax for four years from November 8, 2022; authorizing the Transportation Authority to issue limited tax bonds secured by transactions and use tax revenues; affirming the Transportation Authority’s determination under the California Environmental Quality Act; and making findings of consistency with the General Plan, and the eight priority policies of Planning Code, Section 101.1.

Existing Law

Existing Article 12-D of the Business and Tax Regulations Code, known as the “Uniform Local Sales and Use Tax Ordinance of the City and County of San Francisco,” establishes and implements a transactions and use tax (sometimes called a “sales tax”) on retailers for the privilege of selling tangible personal property at retail in the City.

Division 12.5 (commencing with Section 131000) of the Public Utilities Code and Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code authorize the San Francisco County Transportation Authority (Transportation Authority) to impose an additional local sales tax within San Francisco, if the tax is approved by the Board of Supervisors and a two-thirds vote of the people. The proceeds of the tax must be spent on transportation projects set forth in a transportation expenditure plan approved by the Metropolitan Transportation Commission, the Board of Supervisors, and the voters.

Since 1990, the Transportation Authority has imposed a 0.5% sales tax under the above authorities, which is codified in Article 14 of the Business and Tax Regulations Code. The Transportation Authority administers the funding of the projects and programs set forth in the existing transportation expenditure plan (adopted by the voters in 2003 as part of Proposition K), and is authorized to issue up to \$1,880,000,000 in bonds secured by revenues from the sales tax.

Amendments to Current Law

This ordinance would amend existing Article 14 of the Business and Tax Regulations Code to continue the sales tax at the existing 0.5% rate for 30 years to pay for the transportation

projects and programs set forth in a new 2022 Transportation Expenditure Plan. This ordinance authorizes the Transportation Authority to issue up to \$1,190,000,000 in bonds that would be repaid with the proceeds of the tax. This ordinance would also increase the Transportation Authority's appropriations limit under Article XIII B of the California Constitution for the next four years by the amount of the tax collected.

Background Information

The combined state and local sales and use tax rate in the City is 8.625%. The Transportation Authority has received 0.5% of the combined rate since the voters approved Proposition B in 1989 and Proposition K in 2003. The tax imposed by this ordinance is a continuation of the Transportation Authority's existing 0.5% rate.

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