


**OFFICE OF THE CONTROLLER**  
CITY AND COUNTY OF SAN FRANCISCO

Ben Rosenfield  
Controller  
Todd Rydstrom  
Deputy Controller

## MEMORANDUM

**TO:** Members, Board of Supervisors  
Clerk of the Board

**FROM:** Ben Rosenfield 

**DATE:** May 10, 2023

**SUBJECT:** Notification of Gross Receipts Tax Designation Ceiling to the Neighborhood Beautification Fund

---

Article 12B-1 of the Business & Tax Regulations Code establishes the Neighborhood Beautification and Graffiti Clean-Up Fund Option (now known as the Community Challenge Grant Program), under which taxpayers subject to the gross receipts tax may elect to designate a portion of their tax liability to the Fund. Section 1032 requires the Controller to calculate the maximum percentage of their tax liability that taxpayers can elect to contribute to the Fund such that total contributions will be approximately \$1,000,000, adjusted for inflation.

To permit the Office of the Treasurer and Tax Collector to create the online filing forms necessary to collect the gross receipts taxes, our office calculated the tax year 2022 target contribution amount and resultant contribution rate. The inflationary increase for tax year 2022 was calculated with data from the US Department of Labor Bureau of Labor Statistics website using the Consumer Price Index (CPI) – All Urban Consumers for the San Francisco–Oakland–Hayward CA Area, with annual factors from the end of the prior year.

Given tax year 2022 contributions of \$2.56 million, we estimate that a 5.7% contribution ceiling would result in contributions equal to the inflation adjusted target amount of \$2.59 million for tax year 2023. Figures are provided in the table below.

Tax Year	CPI	Fiscal Year	Target Contributions (\$ millions)	Actual Contributions (\$ millions)	Contribution Rate
2019	3.87%	FY 2019-20	2.26	2.52	4.2%
2020	3.31%	FY 2020-21	2.33	2.33	3.8%
2021	1.72%	FY 2021-22	2.37	1.50	5.9%
2022	3.21%	FY 2022-23	2.45	2.56	5.9%
2023	5.60%	FY 2023-24	2.59	n/a	5.7%

Please contact me or Michelle Allersma, Director of the Controller's Office Budget and Analysis Division, at (415) 554-4792 if you have any questions regarding this information.