

BOARD of SUPERVISORS



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## MEMORANDUM

TO: Jose Cisneros, Treasurer, Office of the Treasurer and Tax Collector  
Greg Wagner, City Controller, Office of the City Controller

FROM: Monique Crayton, Assistant Clerk, Government Audit and Oversight  
Committee, Board of Supervisors

DATE: June 12, 2024

SUBJECT: LEGISLATION INTRODUCED

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The Board of Supervisors' Government Audit and Oversight Committee has received the following proposed legislation, introduced by Supervisor Peskin on June 4, 2024:

**File No. 240639**

**Ordinance amending the Business and Tax Regulations Code to increase the daily transient occupancy tax exemption amount from less than \$52 to less than \$60; to increase the weekly transient occupancy tax exemption amount from less than \$130 to less than \$149; and to require review in the September 2027 - September 2029 time frame by the Controller of the exemption amounts for the purpose of considering adjustments in the amounts.**

If you have any additional comments or reports to be included with the file, please forward them to the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102 or by email at: [monique.crayton@sfgov.org](mailto:monique.crayton@sfgov.org).

C: Office of Chair Preston  
Office of Supervisor Peskin  
Todd Rydstrom, Office of the Controller  
Amanda Kahn Fried, Office of the Treasurer and Tax Collector

1 [Business and Tax Regulations Code - Transient Occupancy Tax Exemption Increase]

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3 **Ordinance amending the Business and Tax Regulations Code to increase the daily**  
 4 **transient occupancy tax exemption amount from less than \$52 to less than \$60; to**  
 5 **increase the weekly transient occupancy tax exemption amount from less than \$130 to**  
 6 **less than \$149; and to require review in the September 2027 - September 2029 time**  
 7 **frame by the Controller of the exemption amounts for the purpose of considering**  
 8 **adjustments in the amounts.**

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

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

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17 Section 1. The Business and Tax Regulations Code is hereby amended by revising  
 18 Article 7, Section 506, to read as follows:

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20 **SEC. 506. EXEMPTIONS.**

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No tax shall be imposed hereunder:

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(a) Upon a permanent resident;

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(b) Upon a corporation or association having a formally recognized exemption from

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income taxation pursuant to Section 501(c) or 501(d) or 401(a) of Title 26 of the United States

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Code as qualified by Sections 502, 503, 504 and 508 of Title 26 of the United States Code; or

1 (c) Where the rent is less than at the rate of ~~\$6052~~ a day or ~~\$149130~~ per week. For  
2 multiple-occupancy guest rooms where the hotel determines who will share the rooms, the  
3 exemption shall be based on the rent charged per person.

4 (d) At some point between September 1, ~~20272022~~ and September 1, ~~20292024~~, the  
5 Controller's Office shall review the exemption amounts in subsection (c), and make a written  
6 report and recommendation to the Mayor as to whether the amounts should be adjusted to  
7 take into account, among other things, changes in the economy; the cost of living; impact on  
8 the City's revenue; and affordability and overall impact on the market for hotel guest rooms  
9 subject to the transient occupancy tax.

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11 Section 2. Effective and Operative Dates. This ordinance shall become effective 30  
12 days after enactment, and shall be operative on the first day of the month following the  
13 effective date. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the  
14 ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board  
15 of Supervisors overrides the Mayor's veto of the ordinance.

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17 Section 3. Scope of Ordinance. In enacting this ordinance, the Board of Supervisors  
18 intends to amend only those words, phrases, paragraphs, subsections, sections, articles,  
19 numbers, letters, punctuation marks, charts, diagrams, or any other constituent parts of the  
20 Municipal Code that are explicitly shown in this ordinance as additions, deletions, Board  
21  
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1 amendment additions, and Board amendment deletions in accordance with the “Note” that  
2 appears under the official title of the ordinance.

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4 APPROVED AS TO FORM:  
5 DAVID CHIU, City Attorney

6 By: /s/ Kerne H. O. Matsubara  
7 KERNE H. O. MATSUBARA  
8 Deputy City Attorney

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**LEGISLATIVE DIGEST**

[Business and Tax Regulations Code - Transient Occupancy Tax Exemption Increase]

**Ordinance amending the Business and Tax Regulations Code to increase the daily transient occupancy tax exemption amount from less than \$52 to less than \$60; to increase the weekly transient occupancy tax exemption amount from less than \$130 to less than \$149; and to require review in the September 2027 - September 2029 time frame by the Controller of the exemption amounts for the purpose of considering adjustments in the amounts.**

Existing Law

Existing law provides that no transient occupancy tax shall be imposed where the rent is less than \$52 per day or less than \$130 per week. The Controller is required to review these exemption amounts between September 1, 2022 and September 1, 2024, and to make a written report and recommendation to the Mayor as to whether they should be adjusted.

Amendments to Current Law

This ordinance would increase the exemptions from the transient occupancy tax to less than \$60 per day or less than \$149 per week. These changes would apply to hotel stays commencing on or after the first day of the month following the effective date of this ordinance. This ordinance also would require the Controller to review these exemption amounts between September 1, 2027 and September 1, 2029, and to make a written report and recommendation to the Mayor as to whether they should be adjusted.

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