

1 [Business and Tax Regulations Code - Gross Receipts Tax Rates for NAICS Code 721
2 (Accommodation)]

3 **Ordinance amending the Business and Tax Regulations Code to lower the gross**
4 **receipts tax rates for business activities described in North American Industry**
5 **Classification System (NAICS), Code 721 (Accommodation), the classification generally**
6 **applicable (with some exceptions) to providing lodging or short-term accommodations**
7 **for travelers, vacationers, and others, applicable to taxable gross receipts between**
8 **\$2,500,000.01 and \$25,000,000 in tax years 2025 and 2026, from 0.253% to 0.201%; in**
9 **tax year 2027, from 0.264% to 0.209%; and in tax year 2028 and subsequent tax years,**
10 **from 0.271% to 0.215%, all conditioned on the passage of the ballot measure, entitled**
11 **the “Local Small Business Tax Cut Ordinance,” at the November 5, 2024, General**
12 **Election.**

13 NOTE: **Unchanged Code text proposed by the Local Small Business Tax Cut**
14 **Ordinance, and uncodified text,** are in plain Arial font.
15 **Additions to Code text proposed by the Local Small Business Tax Cut**
16 **Ordinance** are in *single-underline italics Times New Roman font*.
17 **Deletions to Code text proposed by the Local Small Business Tax Cut**
18 **Ordinance** are in *strikethrough italics Times New Roman font*.
19 **Board amendment additions** are in double-underlined Arial font.
20 **Board amendment deletions** are in ~~strikethrough Arial font~~.
21 **Asterisks (* * * *)** indicate the omission of unchanged Code
22 subsections or parts of tables.

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

21 Section 1. The Business and Tax Regulations Code is hereby amended by revising
22 Section 953.21, as proposed by the measure entitled the “Local Small Business Tax Cut
23 Ordinance” on the November 5, 2024 General Election ballot, to read as follows:

1 **SEC. 953.21. GROSS RECEIPTS TAX APPLICABLE TO CATEGORY 2 BUSINESS**
2 **ACTIVITIES.**

3 (a) The gross receipts tax rates applicable to Category 2 Business Activities are:

4 (1) For tax years 2025 and 2026:

- 5 0.185% for taxable gross receipts between \$0 and \$1,000,000
- 6 0.201% for taxable gross receipts between \$1,000,000.01 and \$2,500,000
- 7 0.20153% for taxable gross receipts between \$2,500,000.01 and \$25,000,000
- 8 0.331% for taxable gross receipts between \$25,000,000.01 and \$50,000,000
- 9 0.582% for taxable gross receipts between \$50,000,000.01 and \$75,000,000
- 10 0.582% for taxable gross receipts between \$75,000,000.01 and \$100,000,000
- 11 0.582% for taxable gross receipts between \$100,000,000.01 and \$150,000,000
- 12 0.582% for taxable gross receipts between \$150,000,000.01 and \$250,000,000
- 13 0.582% for taxable gross receipts between \$250,000,000.01 and \$500,000,000
- 14 0.582% for taxable gross receipts between \$500,000,000.01 and \$1,000,000,000
- 15 0.582% for taxable gross receipts over \$1,000,000,000

16 (2) For tax year 2027:

- 17 0.192% for taxable gross receipts between \$0 and \$1,000,000
- 18 0.209% for taxable gross receipts between \$1,000,000.01 and \$2,500,000
- 19 0.20964% for taxable gross receipts between \$2,500,000.01 and \$25,000,000
- 20 0.351% for taxable gross receipts between \$25,000,000.01 and \$50,000,000
- 21 0.617% for taxable gross receipts between \$50,000,000.01 and \$75,000,000
- 22 0.617% for taxable gross receipts between \$75,000,000.01 and \$100,000,000
- 23 0.617% for taxable gross receipts between \$100,000,000.01 and \$150,000,000
- 24 0.617% for taxable gross receipts between \$150,000,000.01 and \$250,000,000
- 25 0.617% for taxable gross receipts between \$250,000,000.01 and \$500,000,000

1 0.617% for taxable gross receipts between \$500,000,000.01 and \$1,000,000,000

2 0.617% for taxable gross receipts over \$1,000,000,000

3 (3) For tax years beginning on or after January 1, 2028:

4 0.198% for taxable gross receipts between \$0 and \$1,000,000

5 0.215% for taxable gross receipts between \$1,000,000.01 and \$2,500,000

6 0.21571% for taxable gross receipts between \$2,500,000.01 and \$25,000,000

7 0.366% for taxable gross receipts between \$25,000,000.01 and \$50,000,000

8 0.644% for taxable gross receipts between \$50,000,000.01 and \$75,000,000

9 0.644% for taxable gross receipts between \$75,000,000.01 and \$100,000,000

10 0.644% for taxable gross receipts between \$100,000,000.01 and \$150,000,000

11 0.644% for taxable gross receipts between \$150,000,000.01 and \$250,000,000

12 0.644% for taxable gross receipts between \$250,000,000.01 and \$500,000,000

13 0.644% for taxable gross receipts between \$500,000,000.01 and \$1,000,000,000

14 0.644% for taxable gross receipts over \$1,000,000,000

15 (b) "Category 2 Business Activities" means the business activities described in NAICS
16 code 721 (Accommodation).

17 (c) The amount of taxable gross receipts from Category 2 Business Activities subject
18 to the gross receipts tax shall be the total amount of gross receipts derived from or related to
19 real properties located within the City.

20

21 Section 2. Effective and Operative Dates.

22 (a) This ordinance shall become effective 30 days after enactment. Enactment occurs
23 when the Mayor signs the ordinance, the Mayor returns the ordinance unsigned or does not
24 sign the ordinance within ten days of receiving it, or the Board of Supervisors overrides the
25 Mayor's veto of the ordinance.

1 (b) This ordinance shall become operative on the effective date of the measure entitled
2 the “Local Small Business Tax Cut Ordinance” on the November 5, 2024 General Election
3 ballot. If that measure does not pass at the November 5, 2024 General Election, or if it
4 passes but the Mayor terminates that measure by January 1, 2025 in accordance with
5 Section 15 of that measure, then this ordinance shall be null and void; but if the Board of
6 Supervisors reinstates that measure in accordance with Section 15, this ordinance shall be
7 reinstated by operation of law.

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 APPROVED AS TO FORM:
17 DAVID CHIU, City Attorney

18 By: /s/ Scott M. Reiber
19 SCOTT M. REIBER
Chief Tax Attorney

20 n:\legana\as2024\2300249\01766371.docx
21
22
23
24
25