

[Business and Tax Regulations Code - Commercial Vacancy Tax Exemption]

**Ordinance amending the Business and Tax Regulations Code to exempt from the commercial vacancy tax beginning on January 1, 2025, any taxable commercial space located in a named neighborhood commercial district or named neighborhood commercial transit district in which a City public infrastructure or construction project has a construction duration of more than 180 days in a calendar year, and from January 1, 2022, through December 31, 2024, any taxable commercial space located in the Taraval Street Neighborhood Commercial District or the Inner Taraval Street Neighborhood Commercial District.**

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

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

Section 1. Article 29 of the Business and Tax Regulations Code is hereby amended by adding Section 2905.1, to read as follows:

**SEC. 2905.1. EXEMPTION FOR DISTRICTS WITH MAJOR INFRASTRUCTURE PROJECTS; REFUNDS FOR TAX YEARS 2022, 2023, AND 2024.**

*(a) In addition to the exemptions in Section 2905, the following exemptions apply:*

1                   (1) Beginning January 1, 2025, any Taxable Commercial Space that is located in a  
2 Temporarily Excluded District during a tax year shall be exempt from the Vacancy Tax for that tax  
3 year.

4                   (2) For tax years 2022, 2023, and 2024, any Taxable Commercial Space located in the  
5 Taraval Street Neighborhood Commercial District or the Inner Taraval Street Neighborhood  
6 Commercial District, listed in Section 201 of the Planning Code, as those districts existed on  
7 March 3, 2020, shall be exempt from the Vacancy Tax.

8                   (b) For purposes of this Section 2905.1:

9                   (1) "Major Public Infrastructure or Construction Project" means a public  
10 infrastructure or construction project by the Department of Public Works, Public Utilities Commission,  
11 or the Municipal Transportation Agency with a construction duration of more than 180 days in a tax  
12 year in a Named Neighborhood Commercial District or Named Neighborhood Commercial Transit  
13 District.

14                   (2) "Named Neighborhood Commercial District" and "Named Neighborhood  
15 Commercial Transit District" are as described under the definition of "Taxable Commercial Space" in  
16 Section 2903 of this Article 29.

17                   (3) "Temporarily Excluded District" means, for a tax year, any Named Neighborhood  
18 Commercial District or Named Neighborhood Commercial Transit District with a Major Public  
19 Infrastructure or Construction Project in that tax year.

20                   (c) For purposes of this Article 29, Taxable Commercial Space shall be deemed not kept  
21 Vacant for the tax year or tax years during which that Taxable Commercial Space is exempt from the  
22 Vacancy Tax under subsection (a) of this Section 2905.1.

23                   (d) Commencing with a report filed no later than December 1, 2025, covering the 2025 tax  
24 year, the Department Head or Department Head's designee of the Department of Public Works, Public  
25

1 Utilities Commission, and Municipal Transportation Agency shall submit reports annually to the Board  
2 of Supervisors and the Tax Collector for each tax year by December 1 of that tax year, listing:

3 (1) Any Major Public Infrastructure or Construction Projects identified for that tax  
4 year; and

5 (2) Any projects that are projected to meet the requirements of a Major Public  
6 Infrastructure or Construction Project by the end of December 31 of that year.

7 (e) The Tax Collector shall refund, without interest, any overpayments of tax, penalties, and/or  
8 interest under this Article 29 for tax years 2022, 2023, and/or 2024 that result or have resulted from  
9 Taxable Commercial Space being in the Taraval Street Neighborhood Commercial District or the Inner  
10 Taraval Street Neighborhood Commercial District. The Tax Collector shall refund overpayments  
11 under this subsection (e):

12 (1) By June 30, 2025; or

13 (2) Upon request of the person who made the overpayment, if such request is filed in  
14 writing with the Tax Collector by the later of December 31, 2025, or the deadline for requesting  
15 refunds under Business and Tax Regulations Code Article 6, Section 6.15-1(g).

16 (f) Notwithstanding Business and Tax Regulations Code Article 6, Section 6.9-1(j)(2), persons  
17 exempt under this Section 2905.1 for a tax year shall not be required to file a Vacancy Tax return for  
18 that tax year. Persons exempt under this Section for a tax year also shall not be subject to  
19 Section 6.9-1(j)(3) for that tax year.

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21 Section 2. Effective Date; Retroactivity.

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

1 (b) Retroactive Date. This ordinance shall be retroactive to January 1, 2022, insofar  
2 as it relates to tax years 2022, 2023, and 2024 for the Taraval Street Neighborhood  
3 Commercial District and Inner Taraval Street Neighborhood Commercial District. This  
4 ordinance shall otherwise be retroactive to January 1, 2025.

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6 Section 3. Supermajority Vote Required. In accordance with Section 2909 of  
7 Article 29 of the Business and Tax Regulations Code, passage of this ordinance by the Board  
8 of Supervisors requires an affirmative vote of two-thirds of the Board of Supervisors.

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10 APPROVED AS TO FORM:  
11 DAVID CHIU, City Attorney

12 By: /s/  
13 KERNE H. O. MATSUBARA  
14 Deputy City Attorney

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**City and County of San Francisco**  
**Tails**  
**Ordinance**

City Hall  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102-4689

**File Number:** 241172

**Date Passed:** February 11, 2025

Ordinance amending the Business and Tax Regulations Code to exempt from the commercial vacancy tax beginning on January 1, 2025, any taxable commercial space located in a named neighborhood commercial district or named neighborhood commercial transit district in which a City public infrastructure or construction project has a construction duration of more than 180 days in a calendar year, and from January 1, 2022, through December 31, 2024, any taxable commercial space located in the Taraval Street Neighborhood Commercial District or the Inner Taraval Street Neighborhood Commercial District.

January 29, 2025 Budget and Finance Committee - RECOMMENDED

February 04, 2025 Board of Supervisors - PASSED ON FIRST READING

Ayes: 11 - Chan, Chen, Dorsey, Engardio, Fielder, Mahmood, Mandelman, Melgar, Sauter, Sherrill and Walton


February 11, 2025 Board of Supervisors - FINALLY PASSED

Ayes: 11 - Chan, Chen, Dorsey, Engardio, Fielder, Mahmood, Mandelman, Melgar, Sauter, Sherrill and Walton

File No. 241172

**I hereby certify that the foregoing Ordinance was FINALLY PASSED on 2/11/2025 by the Board of Supervisors of the City and County of San Francisco.**

  
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Angela Calvillo  
Clerk of the Board

  
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Daniel Lurie  
Mayor

  
\_\_\_\_\_  
Date Approved