

1 [Neighborhood Beautification and Graffiti Clean-up Fund - Tax Designation Ceiling - Tax Year
2 2014]

3 **Ordinance adopting the Neighborhood Beautification and Graffiti Clean-up Fund Tax**
4 **designation ceiling for tax year 2014.**

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

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

14 Section 1. The Board of Supervisors hereby adopts the rate determined by the
15 Controller, pursuant to Business and Tax Regulations Code Article 12B-1, Section 1032, as
16 the percentage ceiling that a taxpayer may designate for deposit in the Neighborhood
17 Beautification and Graffiti Clean-up Fund. Said determination is on file with the Clerk of the
18 Board of Supervisors in File No. 140624, and is incorporated herein by reference. For the
19 2014 tax year, the designation ceiling shall be 3% of a taxpayer's payroll expense tax and
20 gross receipts tax liability for the year.

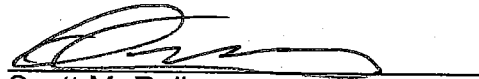
21 The Treasurer and Tax Collector shall post the designation ceiling to the website of the
22 Treasurer and Tax Collector.

23 Section 2. Effective Date. This ordinance shall become effective 30 days after
24 enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the
25

1 ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board
2 of Supervisors overrides the Mayor's veto of the ordinance.

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4 APPROVED AS TO FORM:
5 DENNIS J. HERRERA, City Attorney

6 By:


7 Scott M. Reiber
8 Deputy City Attorney

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LEGISLATIVE DIGEST

[Neighborhood Beautification and Graffiti Clean-up Fund Tax Designation Ceiling]

Ordinance adopting the Neighborhood Beautification and Graffiti Clean-up Fund Tax designation ceiling for tax year 2014.

Existing Law

Article 12B-1 of the Business and Tax Regulations Code permits taxpayers to designate up to a set percentage of their payroll expense tax and gross receipts tax liability for deposit in the Neighborhood Beautification and Graffiti Clean-up Fund (commonly known as the Community Challenge Grant Program). Section 1032 of the Business and Tax Regulations Code requires the Controller to calculate the percentage ceiling so that the fund is likely to have a total of one million dollars, adjusted for inflation, for the year.

Amendments to Current Law


This ordinance adopts the percentage ceiling calculated by the Controller as three percent of a taxpayer's payroll expense tax and gross receipts tax liability for the year 2014. It also requires the Treasurer and Tax Collector to post the designation ceiling to the website of the Treasurer and Tax Collector.

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MEMORANDUM

TO: Members, Board of Supervisors
Clerk of the Board

FROM: Ben Rosenfield 

DATE: May 9, 2014

SUBJECT: Notification of Payroll Expense Tax and 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 payroll expense tax and/or 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:

On the basis of the prior year's experience of taxpayer contributions and total revenues generated by the payroll expense and business taxes, the Controller shall calculate a percentage ceiling of total tax liability which taxpayers may designate for deposit in the fund the following tax year. The Controller shall set the percentage ceiling so that the revenues produced thereby are most likely to generate a total of one million dollars (adjusted for inflation) in the fund for the forthcoming tax year. The Controller shall transmit his or her calculation to the Board of Supervisors, which shall adopt a new tax designation ceiling, if necessary, in advance of the tax year to enable the Tax Collector to perform his or her collection duties.

To permit the Office of the Treasurer and Tax Collector to create the online filing systems necessary for the payroll expense tax and gross receipts tax that went into effect on January 1, 2014, our office calculated the tax year 2014 target contribution amount and rate in January 2014 assuming an inflation adjustment for 2014 equal to that of 2013. The inflationary increase for tax year 2013 was calculated using 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–San Jose CA Area, using December factors from the end of the prior year. The difference between the inflation index for December 2012 (239.533) and December 2013 (245.711) is 6.178, or 2.6%. The tax year 2014 inflationary increase is assumed to be the same rate, bringing the inflation-adjusted target amount to \$1,865,643. Given tax year 2012 contributions of \$503,688 (tax year 2013 contributions are not known at this time), we estimate that a 3% contribution ceiling would result in contributions of approximately \$1.5 million, within a reasonable range of the target amount given estimation volatility. Figures are provided in the table below.

Tax Year	CPI	Fiscal Year	Target Contributions	Actual Contributions	Contribution Rate
2012	2.2%	FY 2012-13	1,773,005	503,688	1%
2013	2.6%	FY 2013-14	1,818,734	n/a	1%
2014*	2.6%	FY 2014-15	1,865,643	1,511,064	3.0%

*Estimated.

Notes:
Tax year 2014 CPI estimated to be equal to tax year 2013 CPI of 2.6%.
Tax year 2013 contributions are not available at this time, therefore the contribution rate is assumed to be equal to the tax year 2012 rate of 1%.

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.

OFFICE OF THE MAYOR
SAN FRANCISCO



RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO

EDWIN M. LEE
MAYOR

2014 JUN -2 PM 12:34

TO: Angela Calvillo, Clerk of the Board of Supervisors *h*
FROM: *pa* Mayor Edwin M. Lee *JE*
RE: Neighborhood Beautification and Graffiti Clean-up Fund Tax Designation Ceiling
DATE: June 2, 2014

Attached for introduction to the Board of Supervisors is the Ordinance adopting the Neighborhood Beautification and Graffiti Clean-up Fund Tax designation ceiling for tax year 2014.

I request that this item be calendared in Budget and Finance Committee.

Should you have any questions, please contact Jason Elliott (415) 554-5105.

