



CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE CONTROLLER

Ben Rosenfield
Controller

Todd Rydstrom
Deputy Controller

June 28, 2016

Ms. Angela Calvillo
Clerk of the Board of Supervisors
1 Dr. Carlton B. Goodlett Place Room 244
San Francisco, CA 94102-4689

RE: File 160604 – Ordinance to increase real property transfer tax on properties of at least \$5,000,000 (first draft)

Dear Ms. Calvillo,

The proposed ordinance would increase the real property transfer tax assessed on transfers in excess of \$5 million, and would in my opinion generate significant additional revenues for government services.

The ordinance would increase the property transfer tax rate on transactions between \$5 million and \$10 million from 2% to 2.25%, the tax rate on transactions between \$10 million up to \$25 million from 2.5% to 2.75%, and the rate on transactions valued at least \$25 million from 2.5% to 3%. Applying these tax rates and current estimated property values to transactions that occurred during the most recent economic cycle, annual revenue resulting from this proposition would have ranged from a low of \$10 million to a high of \$73 million, with an average of \$45 million.

While we estimate that the proposed ordinance would have resulted in average additional revenue of \$45 million per year based on transactions from the most recent economic cycle, it is important to note that this is the City's most volatile revenue source, and estimates based on prior years' activity may not be predictive of future revenues.

Sincerely,

for Ben Rosenfield
Controller

This analysis reflects our current understanding of the proposal. We will update this analysis as additional information becomes available. Should this item be placed on the November 8, 2016 ballot, we will prepare a fiscal impact statement for the Voter Information Pamphlet.