

## LEGISLATIVE DIGEST

[Initiative Ordinance - Business and Tax Regulations Code - Three-Quarter Cent Sales Tax Increase]

**Ordinance amending the Business and Tax Regulations Code to impose a transactions (sales) and use tax at the rate of three-quarters of one percent (0.75%) for a period of 25 years, to be administered by the State Board of Equalization in accordance with Parts 1.6 and 1.7 of Division 2 of the California Revenue and Taxation Code; and increasing the City's appropriations limit by the amount of the tax increase for four years from November 8, 2016; and directing submission of the tax for voter approval at the November 8, 2016 general municipal election.**

### Existing Law

Existing Article 12-D of the Business and Tax Regulations Code, known as the "Uniform Local Sales and Use Tax Ordinance of the City and County of San Francisco," establishes and implements a sales tax on retailers for the privilege of selling tangible personal property at retail in the City. Article 12-D incorporates provisions identical to those of the Sales and Use Tax Law of the State of California. Existing law, Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code and Section 7285 of Part 1.7 of Division 2, authorize the City to adopt an additional local retail transactions (sales) and use tax.

### Amendments to Current Law

This ordinance would add Article 12-E, the San Francisco Transactions and Use Tax Ordinance, to the Business and Tax Regulations Code, to impose a transactions (sales) and use tax at a rate of 0.75% for 25 years. The City's combined sales and use tax rate would be 9.25%. The tax is a general tax and the proceeds of the tax would be deposited in the General Fund.

This ordinance would also increase the City's annual appropriations limit under Article XIII B of the California Constitution by the aggregate sum collected by the levy of the San Francisco Transactions and Use Tax imposed by the ordinance, for four years.

### Background Information

This tax may only be imposed upon a majority vote of the people. Currently, the combined state and local sales and use tax rate in the City is 8.75%. The 0.25% of the state component of the tax imposed under Article XIII, section 36 of the California Constitution will expire December 31, 2016, reducing the combined rate to 8.5%.

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