

1 [Urging the California State Legislature to Amend the Revenue and Taxation Code to Enable
2 California Local Jurisdictions to Levy a Personal Income Tax and a Corporate Income Tax]

3 **Resolution urging the California state legislature to amend the Revenue and Taxation**
4 **Code to enable local California jurisdictions to levy personal and corporate income**
5 **taxes, which the City and County of San Francisco could utilize as a sustained source**
6 **of funding for transportation and public health priorities.**

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8 WHEREAS, Then-State Assemblyman Mark Leno introduced Assembly Bill 1690 in
9 2003, which set forth a process by which cities and counties could establish a “Public Safety
10 Finance Agency” and fund its supplemental safety services and capital improvements with
11 revenue generated by a local income tax; and

12 WHEREAS, AB 1690, on file with the Clerk of the Board of Supervisors in File
13 No. 170217, which is hereby declared to be a part of this resolution as if set forth fully herein,
14 ensured that any income tax levied could not be greater than 10% of an individual’s state
15 income tax liability, and that the local legislative branch and the voting public must approve
16 any tax; and

17 WHEREAS, AB 1690 ultimately did not prevail and died in committee; and

18 WHEREAS, The City and County of San Francisco continues to look for progressive
19 revenue sources to fund the transportation and health and human services needs of the City’s
20 growing population; and

21 WHEREAS, The federal administration has threatened to exacerbate local budgetary
22 shortfalls with the withdrawal of federal funds from cities across the nation that have adopted
23 Sanctuary City policies, including San Francisco; and

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1 WHEREAS, The operational and capital costs of providing adequate and equitable
2 health and human services are expected to increase dramatically with the threatened
3 rescission of the Affordable Care Act; and

4 WHEREAS, At least 170 U.S. cities currently levy a municipal income tax as a valuable
5 and reliable source of revenue; and

6 WHEREAS, An income tax is a progressive revenue source, which local California
7 governments are presently precluded from assessing under provisions of the California
8 Revenue and Taxation Code; and

9 WHEREAS, The State of California levies a State income tax which collected \$3.6
10 billion in Tax Year 2013 within the City and County of San Francisco, as well as a corporation
11 tax which in Tax Year 2013 assessed \$7,200,000,000 within the State; and

12 WHEREAS, As an example, a 1% increase in the highest State tax bracket and
13 proportional increases in lower tax brackets would have generated \$270,000,000 from
14 personal income taxes collected within San Francisco in Tax Year 2013, demonstrating that
15 fractional additions to State taxation rates could provide a new and valuable revenue source
16 for California cities; now, therefore, be it

17 WHEREAS, A corporation tax is an alternative to a gross receipts tax, which allows for
18 corporation profits to be taxed as opposed to receipts; and

19 WHEREAS, Both a local income tax and a corporation tax are intended to be included
20 in a menu of options San Francisco could avail itself of to generate sustainable progressive
21 revenue to meet the City's growth demands; and

22 WHEREAS, Should the State Legislature amend the Revenue and Taxation Code, any
23 proposed local tax would require a 2/3 vote of the people of the City and County of San
24 Francisco; and

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1 WHEREAS, Assemblyman Phil Ting has introduced legislation which, if passed, could
2 enable San Francisco to place such a measure on a 2018 ballot; now, therefore, be it

3 RESOLVED, That the San Francisco Board of Supervisors urges the California
4 Legislature to amend California Revenue and Taxation Code Section 17041.5 to remove the
5 prohibition against California cities levying a tax on personal income; and be it

6 FURTHER RESOLVED, That the San Francisco Board of Supervisors urges the
7 California Legislature to enact legislation to permit California cities to levy a corporate income
8 tax; and be it

9 FURTHER RESOLVED, That the City Lobbyist for the City and County of San
10 Francisco shall advocate for this policy; and be it

11 FURTHER RESOLVED, That the San Francisco Board of Supervisors hereby directs
12 the Clerk of the Board to transmit copies to the members of the San Francisco State
13 Legislative Delegation.