

1 [Urging the California State Legislature to Amend the Revenue and Taxation Code to Enable  
2 San Francisco 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 San Francisco to levy personal and corporate income taxes, which the**  
5 **City and County of San Francisco could utilize as a sustained source of funding for**  
6 **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 State Legislature has expressed concerns about the potential for the  
2 federal government to lower the federal income tax, particularly for high-wage earners, which  
3 will only further exacerbate our growing income inequality in California; and

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

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

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

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

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

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

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

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

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

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

9           FURTHER RESOLVED, That the San Francisco Board of Supervisors urges the  
10 California Legislature to enact legislation to permit San Francisco to levy a local personal or  
11 corporate income tax; and be it

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

14           FURTHER RESOLVED, That the San Francisco Board of Supervisors hereby directs  
15 the Clerk of the Board to transmit copies to the members of the San Francisco State  
16 Legislative Delegation.

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