



OFFICE OF THE CONTROLLER
CITY AND COUNTY OF SAN FRANCISCO

Ben Rosenfield
Controller

Todd Rydstrom
Deputy Controller

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

July 3, 2018

RE: File 180629 - Ordinance amending the Business Tax & Regulations Code – Additional gross receipts tax on cannabis

Dear Ms. Calvillo,

Should this ordinance be approved, in my opinion, it would result in an annual tax revenue increase to the City of between \$0.5 million and \$1.5 million in fiscal year FY 2019-2020, between \$3 million and \$7 million in FY 2020-21, and between \$5 million and \$12 million annually beginning in FY 2021-22. The tax is a general tax and proceeds would be deposited into the General Fund.

The measure would amend the City's Business Tax and Regulations Code to impose a cannabis business tax rate of two percent for all cannabis business activities, but exempting the first \$500,000 of gross receipts and exempting retail sales of medicinal cannabis, beginning on January 1, 2020. The tax rate will increase in 2021 to between two percent and five percent depending on the type of cannabis business activity and amount of a business's gross receipts, which may be adjusted at any time within a range of zero percent to ten percent by ordinance adopted by a two-thirds vote of the Board of Supervisors.

Sincerely,


for Ben Rosenfield
Controller

Note: This analysis reflects our understanding of the proposal as of the date shown. At times further information is provided to us which may result in revisions being made to this analysis before the final Controller's statement appears in the Voter Information