



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

November 13, 2019

RE: File 191005 – Ordinance creating an excise tax on keeping commercial property vacant

Dear Ms. Calvillo,

Should the proposed ordinance be approved by the voters, in my opinion, it would result in an annual tax revenue increase to the City of a de minimus amount up to a maximum of \$5 million. The proposed tax is a dedicated tax and proceeds would be deposited into the Small Business Assistance Fund.

The proposed ordinance would amend the City's Business Tax and Regulations Code to impose an annual excise tax of \$1,000 per linear foot of street-facing frontage of vacant ground floor commercial space that is located in a neighborhood commercial district or a neighborhood transit commercial district. The tax would be paid by the building owner, should the commercial space not be leased; the lessee, if leased and not subleased; or the sublessee. Generally, commercial ground floor space would be considered vacant if it is unoccupied, uninhabited, or unused for more than 182 days.

The proposed ordinance would establish the Small Business Assistance Fund. After allowable administrative costs and refunds of any overpayments of the vacancy tax, the Fund would provide assistance to the maintenance and operation of small businesses in San Francisco.

Sincerely,

A handwritten signature in black ink, appearing to read "B. Rosenfield", written over a horizontal line.

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 Pamphlet.