

San Francisco faces budget crisis

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By Carolyn Tyler

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SAN FRANCISCO (KGO) -- San Francisco leaders are considering holding an emergency special election to deal with the city government's budget crisis. The financial situation is so dire, voters would be asked to agree to raise taxes on themselves and local businesses.

Mayor Gavin Newsom does not support holding a special election on June 2nd. The idea was proposed by the former Board of Supervisor's President Aaron Peskin. He was just termed out of office, but his controversial proposal lives on.

San Francisco is facing what the mayor calls the worst budget crisis since the Great Depression. On Tuesday afternoon, demonstrators rallied outside City Hall and protested the projected cuts to healthcare programs.

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Programs like Hyde Street Community Services which helps the mentally ill in the Tenderloin. They have already laid off staff and reduced hours. Now the director says it's time to ask voters to approve new funding sources.

"To give the people a voice in an election to say whether these services are so essential they are willing to pay additional fees or taxes or whatever the board of supervisors proposes," said Cindy Gyori from Hyde Street Community Services.

The board is considering a special election in June.

The city controller has laid out possible money makers that could go on the ballot to ease the pain not only for health programs but all city services.

For example if the state gives permission, San Francisco could impose a local vehicle license fee that would raise \$33 million, hiking the sales tax to nine percent would bring in \$56 million and increasing the hotel room tax another percent would generate about \$12 million.

Gabriel Metcalf of the civic organization SPUR is urging caution when it comes to local businesses.

"When you're in a climate where companies are failing and laying off workers, it's not the time to be raising business taxes," said Metcalf.

Supervisor Carmen Chu believes before increasing any taxes the city should tighten its belt.

"We need to take a look at any efficiency we can gain, if there are any areas we can cut," said Chu.

The city has already announced layoffs and is trying to get wage concessions from labor, but supervisor Chris Daly says tax hikes are still needed to save vital services like healthcare.

"It's not going to solve the entire budget problem. There will still be cuts, but it may save some lives," said Daly.

According to the Elections Director, holding a special election could cost the city as much as \$3.5 million -- not insignificant, in and of itself, given San Francisco's budget crisis.