

File No. 100750

Committee Item No. 2

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee BUDGET AND FINANCE

Date 7/14/10

Board of Supervisors Meeting

Date _____

Cmte Board

- | | | |
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| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Motion |
| <input type="checkbox"/> | <input type="checkbox"/> | Resolution |
| <input type="checkbox"/> | <input type="checkbox"/> | Ordinance |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Legislative Digest |
| <input type="checkbox"/> | <input type="checkbox"/> | Budget Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Introduction Form (for hearings) |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/> | <input type="checkbox"/> | MOU |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Information Form |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Budget |
| <input type="checkbox"/> | <input type="checkbox"/> | Subcontract Budget |
| <input type="checkbox"/> | <input type="checkbox"/> | Contract/Agreement |
| <input type="checkbox"/> | <input type="checkbox"/> | Award Letter |
| <input type="checkbox"/> | <input type="checkbox"/> | Application |
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OTHER

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Completed by: Gail Johnson

Date 7/12/10

Completed by: _____

Date _____

An asterisked item represents the cover sheet to a document that exceeds 25 pages. The complete document is in the file.

1 [Increase the Real Property Transfer Tax.]

2
3 **Motion ordering submitted to the voters an ordinance authorizing an amendment to the**
4 **Real Property Transfer Tax at an election to be held on November 2, 2010.**

5
6 MOVED, That the Board of Supervisors hereby submits the following ordinance to the
7 voters of the City and County of San Francisco, at an election to be held on November 2,
8 2010.

9
10 **Ordinance amending the San Francisco Business and Tax Regulations Code by**
11 **amending Section 1102 of Article 12-C - Real Property Transfer Tax to increase the Real**
12 **Property Transfer Tax on certain properties.**

13 NOTE: Additions are *single-underline italics Times New Roman*;
14 deletions are *strike-through italics Times New Roman*.

15 Be it ordained by the People of the City and County of San Francisco:

16 Section 1. The San Francisco Business and Tax Regulations Code is hereby amended
17 by amending Section 1102 of Article 12-C to read as follows:

18 SEC. 1102. TAX IMPOSED.

19 There is hereby imposed on each deed, instrument or writing by which any lands,
20 tenements, or other realty sold within the City and County of San Francisco shall be granted,
21 assigned, transferred or otherwise conveyed to, or vested in, the purchaser or purchasers, or
22 any other person or persons, by his or her or their direction, when the consideration or value
23 of the interest or property conveyed (not excluding the value of any lien or encumbrances
24 remaining thereon at the time of sale) (i) exceeds \$100.00 but is less than or equal to
25 ~~\$250,000.00~~\$250,000.00, a tax at the rate of \$2.50 for each \$500.00 or fractional part thereof; or

1 (ii) more than \$250,000.00 and less than ~~\$1,000,000.00~~\$1,000,000.00, a tax at the rate of \$3.40
2 for each \$500.00 or fractional part thereof for the entire value or consideration, including, but
3 not limited to, any portion of such value or consideration that is less than \$250,000.00; or
4 (iii) ~~more than~~at least \$1,000,000.00 and less than \$5,000,000.00, a tax at the rate of \$3.75 for
5 each \$500.00 or fractional part thereof for the entire value or consideration, including, but not
6 limited to, any portion of such value or consideration that is less than \$1,000,000.00; or
7 (iv) ~~more than~~at least \$5,000,000.00 and ~~above~~less than \$10,000,000.00, a tax at the rate of
8 \$10.00~~\$7.50~~ for each \$500.00 or fractional part thereof for the entire value or consideration,
9 including, but not limited to, any portion of such value or consideration that is less than
10 \$5,000,000.00; or (v) at least \$10,000,000.00 and above, a tax at the rate of \$12.50 for each \$500.00
11 or fractional part thereof for the entire value or consideration, including but not limited to, any portion
12 of such value or consideration that is less than \$10,000,000.00. The People of the City and County
13 of San Francisco authorize the Board of Supervisors to enact ordinances, without further voter
14 approval, that will exempt rent-restricted affordable housing, as the Board may define that
15 term, from the increased tax rate in subsections (iv) and (v).

16
17 APPROVED AS TO FORM:
18 DENNIS J. HERRERA, City Attorney

19 By: Carol A. Boardman
20 Carol A. Boardman
21 Deputy City Attorney
22
23
24
25

LEGISLATIVE DIGEST

[Increase the Real Property Transfer Tax]

Motion ordering submitted to the voters an ordinance authorizing an amendment to the Real Property Transfer Tax at an election to be held on November 2, 2010.

Existing Law

The Real Property Transfer Tax is currently imposed at rates that vary depending on the value or consideration of the property transferred. The rate for property valued at more than \$100 but less than or equal to \$250,000.00 is \$2.50 for each \$500.00 or fractional part thereof. The rate for property valued at more than \$250,000.00 but less than or equal to \$1,000,000.00 is \$3.40 for each \$500.00 or fractional part thereof that is less than \$250,000.00. The rate for property valued at more than \$1,000,000.00 but less than \$5,000,000.00 is \$3.75 for each \$500.00 or fractional part thereof that is less than \$1,000,000.00. The rate for property valued at more than \$5,000,000.00 is \$7.50 for each \$500.00 or fractional part thereof that is less than \$5,000,000.00.

Amendments to Current Law

This ordinance increases the rate for property valued at least \$5,000,000.00 and less than \$10,000,000.00, to \$10.00 for each \$500.00 or fractional part thereof for the entire value or consideration, including, but not limited to, any portion of such value or consideration that is less than \$5,000,000.00 and adds a new rate for property valued at least \$10,000,000.00. The rate for property valued at \$10,000,000.00 and above is \$12.50 for each \$500.00 or fractional part thereof for the entire value or consideration, including but not limited to, any portion of such value or consideration that is less than \$10,000,000.00.

Background Information

The amendment increases the rate for property valued at \$5,000,000.00 and above.



CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE CONTROLLER

Ben Rosenfield
Controller

Monique Zmuda
Deputy Controller

July 9, 2010

Mr. John Arntz
Department of Elections
City Hall, Room 48
Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

RE: Ordinance to increase the Real Property Transfer Tax on certain properties

Dear Mr. Arntz,

Had the proposed ordinance been in place during the period from Fiscal Year 2000-01 through Fiscal Year 2008-09, in my opinion, it would have resulted in average annual revenue increases of approximately \$54 million. Current property transfer tax rates range from 0.5% for transactions valued at less than \$250,000 to 1.5% for transactions valued at \$5,000,000 and above. The ordinance would increase tax rates on all transactions, ranging from 0.75% for any transaction of \$875,000 or less to 2.0% for transactions valued at \$5,000,000 and above.

While we estimate that the proposed ordinance would have resulted in average additional revenue of \$54 million per year in the recent past, it is important to note that this is the City's most volatile revenue source, and estimates based on prior years' activity may not be predictive of future revenues.

Sincerely,

Ben Rosenfield
Controller

This analysis reflects our current understanding of the proposal. We will update this analysis as additional information becomes available. Should this item be placed on the November 2, 2010 ballot, we will prepare a fiscal impact statement for the Voter Information Pamphlet.

