



CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE CONTROLLER

Ben Rosenfield
Controller

Todd Rydstrom
Deputy Controller

August 15, 2016

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

RE: Proposition S – Allocation of Hotel Tax Funds for Homeless Families and Arts

Dear Mr. Arntz,

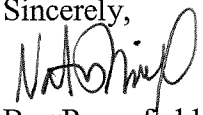
Should the proposed amendment be approved by the voters, in my opinion, it would have a significant impact on the cost of government. The measure dedicates a portion of the City's hotel tax revenue which is currently available for any public purpose to specific services that support the arts and homeless families. As these funds are shifted to these purposes, other City spending would have to be reduced or new revenues identified to maintain current service levels.

The hotel tax currently generates approximately \$380 million that are available for any governmental purpose. The proposed amendment would allocate specific proportions of the tax to a set of specified services in support of the arts and services for homeless families, growing from approximately 16% (\$69 million) of total hotel tax revenues in fiscal year (FY) 2017-18 to approximately 21% (\$103 million) in FY 2020-21.

The City currently allocates General Fund revenues to many of these same purposes. When compared to these current spending levels, funds allocated to the uses specified in the amendment would grow by approximately \$26 million in FY 2017-18, increasing to approximately \$56 million in FY 2020-21.

As these funds are shifted to these uses, spending reductions or new revenues would need to be identified to maintain services levels in other service areas. Budget allocations for public transit, youth services, libraries, and schools that have been previously adopted by the voters would be reduced by approximately \$15 million in FY 2017-18, increasing to approximately \$24 million in FY 2020-21. The remaining shift of approximately \$11 million in FY 2017-18, increasing to approximately \$32 million in FY 2020-21, would be from the City's general fund discretionary budget.

Sincerely,


for Ben Rosenfield
Controller