

Real Estate Transfer Tax*

Digest by the Ballot Simplification Committee

Status: Final Digest

On: Friday, August 5, 2016

Members: Packard, Anderson, Fasick, Fraps, Jorgensen

Deadline to Request Reconsideration: 11 a.m. on Wednesday, August 3

The Way It Is Now: The City collects a transfer tax on most sales of residential and commercial real estate in San Francisco. The tax also applies to leases with terms of 35 years or more. The tax rate usually depends on the real estate's sale price. The current transfer tax rates are:

Sale Price of Real Estate	Tax Rate
More than \$250,000 and less than \$1,000,000	0.68%
At least \$1,000,000 and less than \$5,000,000	0.75%
At least \$5,000,000 and less than \$10,000,000	2.00%
At least \$10,000,000	2.50%

The money collected from this tax goes into the City's General Fund.

When a business changes ownership, it must pay a transfer tax on the real estate it owns.

State law limits the amount of revenue, including tax revenue, the City can spend each year. State law authorizes San Francisco voters to approve increases to this limit for a maximum of four years.

The Proposal: Proposition ___ would increase the transfer tax rate for real estate with a sale price of more than \$5 million, including leases of 35 years or more. For property with a sale price of less than \$5 million, the current tax rate would not change. The proposed tax rates are:

Sale Price of Real Estate	Proposed Tax Rate
More than \$250,000 and less than \$1,000,000	0.68% (no change)
At least \$1,000,000 and less than \$5,000,000	0.75% (no change)
At least \$5,000,000 and less than \$10,000,000	2.25%
At least \$10,000,000 and less than \$25,000,000	2.75%
At least \$25,000,000	3.00%

Proposition ___ would also increase the state's limit on the City's annual tax revenue spending by the amount of additional taxes collected under the proposed rate increases. The increased limit would last for four years.

A "YES" Vote Means: If you vote "yes," you want to increase the transfer tax rate for sales of residential and commercial properties:

- to 2.25% for sales from \$5 million up to \$10 million;
- to 2.75% for sales from \$10 million up to \$25 million; and

**Working title, for identification only. The Director of Elections determines the title of each local ballot measure; measure titles are not considered during Ballot Simplification Committee meetings.*

- to 3.00% for sales of \$25 million or more.

A "NO" Vote Means: If you vote "no," you do not want to make these changes.