

Real Estate Transfer Tax*

Digest by the Ballot Simplification Committee

Status: Final digest
On: Wednesday, July 22, 2020
Members: Packard, Anderson, Girardin, Patterson

Deadline to Request Reconsideration: 4 p.m. on Thursday, July 23

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

Sale Price of Real Estate	Current Tax Rate
More than \$100 and less than or equal to \$250,000	0.50%
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	2.25%
At least \$10,000,000 and less than \$25,000,000	2.75%
At least \$25,000,000	3.00%

If property is sold to the City, the transfer tax does not apply. If property is sold to qualified affordable housing nonprofits, the transfer tax rate is no greater than 0.75%.

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

The Proposal: Proposition ___ would increase the transfer tax rate on certain sales as well as leases of 35 years or more of real estate with a price of at least \$10 million. For property with a sale price of less than \$10 million, the current tax rate would not change. The proposed tax rates are:

Sale Price of Real Estate	Proposed Tax Rate
More than \$100 and less than or equal to \$250,000	0.50% (no change)
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% (no change)
At least \$10,000,000 and less than \$25,000,000	5.50%
At least \$25,000,000	6.00%

The transfer tax rate increase would not apply if property is sold to the City or to qualified affordable housing nonprofits.

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.

**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.*

A "YES" Vote Means: If you vote "yes," you want to increase the transfer tax rate on sales as well as leases of 35 years or more of real estate with a price of at least \$10 million.

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