



**OFFICE OF THE CONTROLLER**  
**CITY AND COUNTY OF SAN FRANCISCO**

Ben Rosenfield  
Controller

Todd Rydstrom  
Deputy Controller

Mr. John Arntz  
Department of Elections  
City Hall 1 Dr. Carlton B. Goodlett Place Room 48  
San Francisco, CA 94102-4689

August 13, 2018

RE: Proposition C - Ordinance setting gross receipts on certain businesses to fund homeless services

Dear Mr. Arntz,

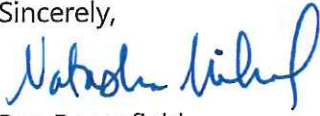
Should the proposed ordinance be approved by the voters, in my opinion, it would generate new tax revenue of approximately \$250 million to \$300 million annually beginning in 2019. The proposed tax is dedicated for defined homeless services, including housing, shelter, prevention, and mental service services.

The City currently assesses a business tax on approximately 13,000 companies in the city, the majority of which is based upon a given company's gross receipts. This current tax is expected to generate approximately \$880 million in fiscal year (FY) 2018-19 for the City's General Fund. The proposed ordinance would establish an additional dedicated tax on gross receipts for approximately 300 to 400 of these businesses, at a rate between 0.175 percent and 0.69 percent of gross receipts above \$50 million, depending on business type. Businesses subject to the proposed tax currently comprise approximately 15 to 20 percent of the city's job base and pay approximately 40 percent of the city's business taxes.

The revenues generated would be deposited into the Our City, Our Home Fund to be used for specific homeless services. Housing programs, including short-term rent subsidies, permanent supportive housing, and permanent rent subsidies would be allocated at least 50 percent of expenditures, or \$125-150 million annually. Short-term residential shelters and hygiene programs would receive up to 10 percent, or \$25-30 million annually. Prevention programs for those at-risk of becoming homeless or who have recently become homeless would receive up to 15 percent, or \$38-45 million annually. Lastly, mental health services for homeless individuals would be allocated at least 25 percent, or \$63-75 million annually. In FY 2017-18, the City allocated approximately \$380 million for similar services.

The measure also creates the Our City, Our Home Oversight Committee to monitor the administration of the special fund and to make recommendations to the Board of Supervisors and Mayor's Office to ensure the fund is administered in accordance with the proposed ordinance.

Sincerely,



Ben Rosenfield  
Controller