



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 E - Ordinance amending the Business Tax & Regulations Code – Hotel tax allocations

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 arts and cultural services. As these funds are shifted to these purposes, they would not be available to support other City spending.

The hotel tax currently generates approximately \$370 million that is available for any governmental purpose. The proposed amendment would allocate approximately eight percent of total hotel tax revenue to specified arts and cultural services. The City currently allocates General Fund revenues to many of these same purposes. When compared to these current spending levels, \$22.4 million in fiscal year (FY) 2017-18, funds allocated to the uses specified in the amendment would grow by approximately \$5 million in FY 2018-19, increasing to approximately \$13 million in FY 2021-22.

As these funds are shifted to these purposes, they would not be available to support other City spending. This shift includes approximately \$5 million annually from the City's general discretionary budget and approximately \$8 million from funding requirements previously adopted by the voters for public transit, youth services, libraries, schools, and other services.

Sincerely,

for Ben Rosenfield
Controller