RE: Proposition O – Additional Parcel Tax for City College

Dear Mr. Arntz,

Should the proposed parcel tax be approved by the voters, in my opinion, based on currently available parcel data it would generate approximately $37 million annually, and would increase over time as the per parcel rates are adjusted for inflation each year. The cost to government to administer this parcel tax would exceed the one percent administrative cost allowance by $6 million in one-time spending and $3 million per year to administer.

Revenues would be deposited into the San Francisco Workforce Education and Reinvestment in Community Success Fund, a new fund established by the measure. Revenues would be transferred to the San Francisco Community College District and must be spent on for wraparound services to support students, basic-skills needs of City residents, workforce development programs, and equity and social justice programs.

The proposed tax of $150 to $4,000 per parcel or unit, varying by square footage, would be imposed beginning July 1, 2023 and continue until June 30, 2043. Properties that are exempt from ad valorem property taxes, as well as residential properties whose owners are sixty-five or older and occupy the property as a primary residence, would be exempt from the parcel tax. The City does not currently use square footage, parcel use type, or unit number data as a basis for taxation. The cost to validate and maintain these data, establish and maintain senior exemptions, and conduct the auditing and other administrative tasks required by the measure would increase the cost of government by approximately $6 million on a one-time basis and $3 million on an ongoing, annual basis, which is the amount that exceeds the one percent administrative cost allowance in the measure. The time required to obtain and validate parcel data may delay the imposition of the tax and receipt of proceeds.

Sincerely,

Ben Rosenfield
Controller

Note: This analysis reflects our understanding of the proposal as of the date shown. At times further information is provided to us which may result in revisions being made to this analysis before the final Controller’s statement appears in the Voter Information Pamphlet.