Decreases to Business Taxes*
Digest by the Ballot Simplification Committee

Status:	Approved Digest
On:	Tuesday, March 3, 2026
Members:	Packard, Anderson, Troy, Wong

Deadline to Request Reconsideration: 4:00 p.m. on Wednesday, March 4, 2026

The Way It Is Now: The City collects a Gross Receipts Tax that for most businesses is a percentage of their overall revenues in San Francisco (gross receipts). Most businesses with San Francisco gross receipts up to $5 million are exempt from the Gross Receipts Tax.

The City also collects a Top Executive Pay Tax from some large businesses when their highest-paid managerial employee (Top Executive) earns more than 100 times the median compensation paid to their San Francisco employees. The tax rate increases based on how much the Top Executive’s pay exceeds the median San Francisco employee’s pay.

Most businesses subject to the Top Executive Pay Tax are taxed between 0.02% and 0.12% of their San Francisco gross receipts. By 2028, the tax rates will increase to between 0.021% and 0.129%. Most businesses with San Francisco gross receipts up to $5 million are exempt from this tax.

Some large businesses use more than half of their San Francisco payroll expenses to provide their own in-house administrative and management services. These businesses pay the Top Executive Pay Tax based on their San Francisco payroll instead of their gross receipts at rates between 0.08% and 0.48%. By 2028, this tax rate will increase to between 0.086% and 0.514%.

The Proposal: Proposition ___ would change the City’s business taxes to:

- Exempt most businesses with up to $7.5 million in San Francisco gross receipts from the Gross Receipts Tax and the Top Executive Pay Tax.
- Accelerate the 2028 Top Executive Pay Tax increase to apply in 2027.

These changes would apply indefinitely until repealed, subject to adjustments based on the Consumer Price Index.

Tax revenues would be available for general governmental purposes.

If Proposition ___ passes with more votes than Proposition ___, then Proposition __ would have no legal effect.

A "YES" Vote Means: If you vote "yes," you want to change the Gross Receipts Tax and the Top Executive Pay Tax.

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

*****_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._