

Decreases to Business Taxes*

Digest by the Ballot Simplification Committee

Status: Draft for Consideration
On: Tuesday, March 3, 2026
Members: Packard, Anderson, Troy, Wang

Deadline to Request Reconsideration: TBD

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 certain large businesses when their highest-paid managerial employee earns more than 100 times the median compensation paid to their San Francisco employees. The tax rate increases depending on how much higher the highest-paid managerial employee's pay is above the median San Francisco employee's pay.

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

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

The Proposal: The proposed measure 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 Top Executive Pay Tax.
- Accelerate the Top Executive Pay Tax rate increase scheduled for tax year 2028 to apply in tax year 2027 and moving forward, with no scheduled increases for subsequent years.

All these changes would apply indefinitely until repealed, subject to certain adjustments based on increases in the Consumer Price Index.

All these taxes' revenues would continue to 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 change the City's business taxes.

**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.*