<u>Parcel Tax to Fund Muni Operations</u>*
Digest by the Ballot Simplification Committee

Status:	Draft for Consideration
On:	Wednesday, July 22, 2026
Members:	Packard, Wong, Bella, Paxton

Deadline to Request Reconsideration: TBD

The Way It Is Now: The San Francisco Municipal Transportation Agency (SFMTA) is a City department that manages Muni buses, light rail vehicles, streetcars, and cable cars. These services (Muni operations) are funded by transit fares, and local, state, and federal sources, but not through a parcel tax.

Owners of rent-controlled residential property in the City are generally limited in what costs they can pass onto their tenants.

State law limits the total revenue, including tax revenue, the City may spend each year. The voters may approve increases to this limit for up to four years.

The Proposal: Rules Regulating Contracts and Grants: Starting July 1, 2027, and continuing until June 30, 2042, Proposition ___ would impose an annual tax on parcels of real property in San Francisco. The tax would be adjusted annually for inflation. The proposed 2027 tax rates would be:

- **Single-Family Residential Parcels:** Base tax of $129 for the first 3,000 square feet of building area, plus marginal rates of: $0.42 per square foot of building area between 3,001 and 5,000 square feet, and $1.99 per square foot of building area over 5,000 square feet.

- **Multifamily Residential Parcels:** Base tax of $249 for the first 5,000 square feet of building area, plus a marginal rate of $0.195 per square foot of building area over 5,000 square feet, capped at $50,000 per parcel.

- **Non-Residential Parcels:** Base tax of $799 for the first 5,000 square feet of building area, plus marginal rates of: $0.76 per square foot of building area between 5,001 and 50,000 square feet, $0.84 per square foot of building area between 50,001 and 250,000 square feet, and $0.99 per square foot of building area over 250,000 square feet, capped at $400,000 per parcel.

- **Mixed-Use Parcels:** Base tax of $799, plus a combination of the marginal rates for residential and non-residential parcels above if the mixed-use parcel has more than 5,000 square feet of building area, capped at $400,000 per parcel.

- **Parcels with No Buildings**: No tax if the land area is up to 2,000 square feet, or $392 if the land area is over 2,000 square feet.

The tax would not apply to:

1. Properties or portions of properties not required to pay property taxes based on value; and
2. The building area of any single-room-occupancy unit and any shared facilities.

Most properties owned and occupied as a primary residence by a person who is at least 65 years old would either be exempt from the tax or entitled to a tax reduction.

Owners of rent-controlled residential units could pass through up to 50% of the tax to their tenants, capped at $65 per unit, if the initial base rent was set before June 1, 2027.

Revenues from the tax would be used for Muni operations and for the costs of administering the tax.

This measure would increase the City's spending limit for four years.

*****_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._

A "YES" Vote Means: If you vote "yes," you want to impose an annual tax on parcels of real property to fund Muni operations.

A "NO" Vote Means: If you vote "no," you do not to impose an annual tax for these purposes.