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

Status:	Final Digest
On:	Thursday, July 30, 2026
Members:	Packard, Wong, Bella, Paxton, Pon

The Way It Is Now: The Municipal Railway (Muni) provides public transit in San Francisco, including bus, light rail, streetcar and cable car. Muni provides over 500,000 rides per weekday. Muni service is funded by transit fares and local, state and federal sources, but not through a parcel tax.

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

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

The Proposal: Starting July 1, 2027, and continuing until June 30, 2042, Proposition ___ would fund Muni service through a new annual parcel tax on real estate in San Francisco. The tax would be adjusted annually for inflation.

The proposed 2027 tax rates would be:

- **Single-Family Residential Parcels:**
  - A base tax of $129.
  - For buildings with more than 3,000 square feet of building area:
    - $0.42 per square foot between 3,001 and 5,000, and
    - $1.99 per square foot over 5,000.

- **Multifamily Residential Parcels:**
  - A base tax of $249.
  - For buildings with more than 5,000 square feet of building area:
    - $0.195 per square foot over 5,000.
  - This tax is capped at $50,000 per parcel.

- **Non-Residential Parcels:**
  - A base tax of $799.
  - For buildings with more than 5,000 square feet of building area:
    - $0.76 per square foot between 5,001 and 50,000,
    - $0.84 per square foot between 50,001 and 250,000, and
    - $0.99 per square foot over 250,000.
  - This tax is capped at $400,000 per parcel.

- **Mixed-Use Parcels:**
  - A base tax of $799.
  - For buildings with more than 5,000 square feet of building area:
    - A combination of the marginal rates for residential and non-residential parcels above.
  - This tax is capped at $400,000 per parcel.

- **Parcels with No Buildings**:
  - No base tax.
  - $392 for land area over 2,000 square feet.

The tax would not apply to:

1. Properties or portions of properties not required to pay standard property taxes; and
2. Single Room Occupancy (SRO) units and their shared facilities such as kitchens or bathrooms.

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.

Most homeowners aged 65 or older living in their primary home would get a discount or pay no tax.

Revenues from the tax would only be used for Muni service and administering the tax. In addition to the annual required audit by an independent auditor, an annual report and efficiency review would be required.

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

Owners could pass up to 50% of the tax onto tenants in rent-controlled units where the rent was set before June 1, 2027, up to a maximum of $65 per unit per year.

A "YES" Vote Means: If you vote "yes," you want the City to fund Muni service through a new annual parcel tax on real estate.

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