



OFFICE OF THE CONTROLLER

CITY AND COUNTY OF SAN FRANCISCO

Greg Wagner
Controller
ChiaYu Ma
Deputy Controller

Mr. John Arntz
Department of Elections
City Hall 1 Dr. Carlton B. Goodlett Place Room 48
San Francisco, CA 94102-4689

August 10, 2026

RE: Proposition H – Parcel Tax to Fund Muni Operations

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 \$177 million annually for Muni transit service starting in Fiscal Year (FY) 2027-2028, and would increase over time as the per parcel taxes are adjusted for inflation each year. The cost to government to administer this parcel tax could range from approximately \$2 million to \$3 million in one-time startup costs, and from approximately \$4 million to \$6 million annually in ongoing costs.

Revenues would be deposited into the Stronger Muni Fund to support Muni transit service operations and administration.

The proposed tax would start at \$129 per year for single-family residential parcel building areas that are up to 3,000 square feet, \$249 for multifamily residential parcel building areas that are up to 5,000 square feet and \$799 for non-residential parcel and mixed-use parcel building areas up to 5,000 square feet. The tax for each property would increase with the square footage of the building area and would have a maximum tax amount for non-single family residential parcels. For unimproved parcels with 2,001 or more square feet of land area, the tax would be \$392. Seniors of 65 years or older and some other groups can apply to SFMTA for an exemption or reduction from the tax. Total revenue will depend on the number of exemptions requested and granted.

Landlords of rent-controlled residential units are limited in the amount of the parcel tax they can pass through to tenants to 50% of the parcel tax for a maximum of \$65 per unit annually, unless the unit is exempt from the parcel tax or base rent is set on or after June 1, 2027. Properties or portions of properties that are exempt from ad valorem property taxes, as well as single-family parcels whose owners are sixty-five or older and occupy the property as a primary residence, would be exempt from the parcel tax. A deduction of \$249 would apply for each unit in a multifamily residential parcel that is occupied by an owner that is sixty-five or older and that occupies the property as a primary residence.

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 exemptions and manage appeals would increase the cost of government by approximately \$2 million to \$3 million in one-time startup costs, then approximately \$4 million to \$6 million annually, likely decreasing over time. The total cost would be dependent on future operational and staffing decisions made by the SFMTA. Additional costs may include the financial efficiency review, ongoing community outreach and education costs, and other administrative costs to implement the tax.

Note that the proposed measure would change the duties of the Controller's Office, which has prepared this statement.

Sincerely,



Greg Wagner
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.