

March 2, 2026

To: Ballot Simplification Committee
From: Hilary Gibson & Sean Welch, Nielsen Merksamer

Re: Comments on Draft Digest for “Decreases to Business Taxes”

To ensure voters understand the measure, and to maintain consistency with both past practice and digests pertaining to other measures on the same ballot, the following change must be made to the Digest for the measure tentatively provided the working title “Decreases to Business Taxes”:

Revise the first bullet point under “The Proposal” to state that the initiative “exempts most small businesses with up to \$7.5 million in San Francisco gross receipts from the Gross Receipts Tax . . .”

- The word “small” must be inserted in front of the word “businesses” to clearly communicate to voters the nature of the businesses subject to the exemption. Omission of the word “small” would be misleading given the term is expressly used in the City’s code. Omitting the term would also be inconsistent with the City’s past practice for similar measures, as the term is easily understood by the average voter.
- The title of the relevant provision amended by the Initiative is “Small Business Exemption” (Section 954.1 of the San Francisco Business and Tax Regulations Code), and the Initiative amends this provision to increase the threshold for the exemption from \$5 million to \$7.5 million. “Small Business” is the existing terminology of the City’s Municipal Code, and the Digest should reflect that.
- In 2024, San Francisco Proposition M similarly amended Section 954.1 (“Small Business Exemption”) to increase the small business exemption from \$2.25 million to \$5 million. The 2024 Digest accurately described that change as “exempt most small businesses with gross receipts up to \$5 million (increased by inflation).” Similarly, the ballot question for Prop M described this change as “increasing the gross receipts tax exemption for small businesses.”
- Further, the Digest for the other tax measure on the ballot—tentatively provided the working title “Increases to Business Tax Based on Comparison of Top Executive’s Pay to Employees’ Pay”—repeatedly uses the plain language phrase “Top Executive Pay Tax” to describe that measure. The Digest for the “Decreases to Business Taxes” measure should similarly use plain, straightforward language to tell voters that the measure expands the Small Business Exemption.