

BUDGET AND FINANCE COMMITTEE CITY AND COUNTY OF SAN FRANCISCO

MEETING MINUTES

Thursday, July 16, 2020 - 1:00 PM

Held via Videoconference
(remote public access provided via teleconference)
www.sfgovtv.org

Special Meeting

Members: Sandra Lee Fewer, Shamann Walton, Rafael Mandelman

Clerk: Linda Wong (415) 554-7719

Angela Calvillo, Clerk of the Board

BOARD COMMITTEES

Committee Membership

Meeting Days

Budget and Appropriations Committee

Supervisors Fewer, Walton, Mandelman, Yee, Ronen

Wednesday
1:00 PM

Budget and Finance Committee

Supervisors Fewer, Walton, Mandelman

Wednesday
10:30 AM

Government Audit and Oversight Committee

Supervisors Mar, Peskin, Haney

1st and 3rd Thursday
10:00 AM

Joint City, School District, and City College Select Committee

Supervisors Haney, Fewer, Mar (Alt), Commissioners Moliga, Collins, Cook (Alt),
Trustees Randolph, Williams, Selby (Alt)

2nd Friday
10:00 AM

Land Use and Transportation Committee

Supervisors Peskin, Safai, Preston

Monday
1:30 PM

Public Safety and Neighborhood Services Committee

Supervisors Mandelman, Stefani, Walton

2nd and 4th Thursday
10:00 AM

Rules Committee

Supervisors Ronen, Stefani, Mar

Monday
10:00 AM

Members Present: Sandra Lee Fewer, Shamann Walton, and Rafael Mandelman

The Budget and Appropriations Committee met in special session through videoconferencing, and provided public comment through teleconferencing, on Thursday, July 16, 2020, with Chair Sandra Lee Fewer presiding. Chair Fewer called the meeting to order at 1:31 p.m.

Remote Access to Information and Participation

In accordance with Governor Newsom's Executive Order No. N-33-20 declaring a State of Emergency regarding the COVID-19 outbreak and Mayor London N. Breed's Proclamation declaring a Local Emergency issued on February 25, 2020, including the guidance for gatherings issued by the San Francisco Department of Public Health Officer, aggressive directives were issued to reduce the spread of COVID-19. On March 17, 2020, the Board of Supervisors authorized their Board and Committee meetings to convene remotely (via Microsoft Teams) and will allow remote public comment via teleconference. Visit the SFGovTV website at (www.sfgovtv.org) to stream the live meetings, or to watch meetings on demand. Members of the public are encouraged to participate remotely via detailed instructions on participating via teleconference available at: <https://sfbos.org/remote-meeting-call>.

Members of the public may participate by phone or may submit their comments by email to: linda.wong@sfgov.org; all comments received will be made a part of the official record. Regularly-scheduled Budget and Finance Committee Meetings begin at 10:30 a.m. every Wednesday of each month. Committee agendas and their associated documents are available at <https://sfbos.org/committees>.

As the COVID-19 disease progresses, please visit the Board's website (www.sfbos.org) regularly to be updated on the current situation as it affects the legislative process. For more information contact Assistant Clerk Linda Wong at (415) 554-7719.

ROLL CALL AND ANNOUNCEMENTS

On the call of the roll, Chair Fewer, Vice Chair Walton, and Member Mandelman were noted present. A quorum was present.

AGENDA CHANGES

There were no agenda changes.

REGULAR AGENDA

Chair Fewer requested File Nos. 200507, 200645, 200648, 200651, and 200656 be called together.

SPECIAL MEETING OF THE BOARD OF SUPERVISORS

Supervisors Yee, Peskin, and Haney was also noted present at 1:40 p.m.; thereby constituting a quorum of the Board of Supervisors. A Special Meeting of the Board of Supervisors was convened at 1:40 p.m.; although, the meeting was conducted in all respects as a committee meeting for items on the agenda and any substantive decisions constitute a recommendation of the committee and not action taken by the Board.

Present: Supervisors Fewer, Haney, Mandelman, Peskin, Walton, and Yee

200507 [Charter Amendment - Adjustment of Baseline Funding]

Sponsor: Mayor

Charter Amendment (Second Draft) to amend the Charter of the City and County of San Francisco to provide that future annual adjustments in baseline funding for the following Charter-mandated funds will not take into account certain changes in City revenue resulting from voter-approved business taxes on the November 3, 2020 ballot: the Municipal Transportation Fund, the Park, Recreation and Open Space Fund, the Children and Youth Fund, the Library Preservation Fund, the Housing Trust Fund, the Public Education Enrichment Fund, the Dignity Fund, and the Street Tree Maintenance Fund; at an election to be held on November 3, 2020.

Heard in Committee. Speakers: President Norman Yee, Supervisor Aaron Peskin, and Supervisor Matt Haney (Board of Supervisors); Sophia Kittler (Office of the Mayor); Ben Rosenfield, City Controller (Office of the Controller); provided an overview and responded to questions raised throughout the discussion. Malia; Lily Marquez; Emily Abraham (San Francisco Chamber of Commerce); Ms. Sonny; Lourdes A.; Amelia Linde (San Francisco Chamber of Commerce); Cindy Mendez; Naima; Rachel Herbert; David Branchel; Kevin Carroll (Hotel Council of San Francisco); April Lee; Matt Law; Carol Louise; Speaker; Maria Rondez; Jong Yang Wong; spoke on various concerns relating to the hearing matter.

Chair Fewer moved that this Charter Amendment be TABLED. The motion carried by the following vote:

Ayes: 3 - Fewer, Walton, Mandelman

200645 [Initiative Ordinance - Business and Tax Regulations Code - Business Tax Changes]**Sponsor: Mayor**

Motion ordering submitted to the voters an Ordinance amending the Business and Tax Regulations Code to: 1) reduce the annual Business Registration Fee for businesses with \$1,000,000 or less in San Francisco gross receipts, 2) increase the small business exemption ceiling for the Gross Receipts Tax to \$1,500,000 and increase the annual Business Registration Fee on businesses benefiting from this increased exemption ceiling, 3) modify the Gross Receipts Tax rates, 4) repeal the Payroll Expense Tax, 5) increase the Gross Receipts Tax on certain taxpayers for 15 years if a court strikes down the Homelessness Gross Receipts Tax Ordinance, 6) impose a new general tax on the gross receipts from the lease of certain commercial space for 15 years if a court strikes down the Early Care and Education Commercial Rents Tax Ordinance, and 7) make other changes to the City's business taxes; and to increase the City's appropriations limit by the total revenues collected under Articles 12-A-1 and 36 of the Business and Tax Regulations Code for four years from November 3, 2020, at an election to be held on November 3, 2020.

(Economic Impact; No Economic Analysis Report)

Heard in Committee. Speakers: President Norman Yee, Supervisor Aaron Peskin, and Supervisor Matt Haney (Board of Supervisors); Sophia Kittler (Office of the Mayor); Ben Rosenfield, City Controller (Office of the Controller); provided an overview and responded to questions raised throughout the discussion. Malia; Lily Marquez; Emily Abraham; Ms. Sonny; Lourdes A.; Amelia Linde (San Francisco Chamber of Commerce); Cindy Mendez; Naima; Rachel Herbert; David Branchel; Kevin Carroll (Hotel Council of San Francisco); April Lee; Matt Law; Carol Louise; Speaker; Maria Rondez; Jong Yang Wong; spoke on various concerns relating to the hearing matter.

Chair Fewer moved that this Initiative Ordinance be TABLED. The motion carried by the following vote:

Ayes: 3 - Fewer, Walton, Mandelman

200648 [Charter Amendment and Initiative Ordinance - Business and Tax Regulations Code - Adjustment of Baseline Funding and Business Tax Changes]**Sponsors: Yee; Peskin, Haney and Fewer**

Motion ordering submitted to the voters an Ordinance amending the Business and Tax Regulations Code to: 1) reduce the annual Business Registration Fee for businesses with \$1,000,000 or less in San Francisco gross receipts, 2) increase the small business exemption ceiling for the Gross Receipts Tax to \$1,500,000 and increase the annual Business Registration Fee on businesses benefiting from this increased exemption ceiling, 3) modify the Gross Receipts Tax rates, 4) repeal the Payroll Expense Tax, 5) increase the Gross Receipts Tax on certain taxpayers for ten years if a court strikes down the Homelessness Gross Receipts Tax Ordinance, 6) impose a new general tax on the gross receipts from the lease of certain commercial space for 10 years if a court strikes down the Early Care and Education Commercial Rents Tax Ordinance, and 7) make other changes to the City's business taxes; and to increase the City's appropriations limit by the total revenues collected under Articles 12-A-1 and 36 of the Business and Tax Regulations Code for four years from November 3, 2020, at an election to be held on November 3, 2020.

(Economic Impact; No Economic Analysis Report)

Heard in Committee. Speakers: President Norman Yee, Supervisor Aaron Peskin, and Supervisor Matt Haney (Board of Supervisors); Sophia Kittler (Office of the Mayor); Ben Rosenfield, City Controller (Office of the Controller); provided an overview and responded to questions raised throughout the discussion. Malia; Lily Marquez; Emily Abraham; Ms. Sonny; Lourdes A.; Amelia Linde (San Francisco Chamber of Commerce); Cindy Mendez; Naima; Rachel Herbert; David Branchel; Kevin Carroll (Hotel Council of San Francisco); April Lee; Matt Law; Carol Louise; Speaker; Maria Rondez; Jong Yang Wong; spoke on various concerns relating to the hearing matter.

Chair Fewer moved that this Ordinance is AMENDED, AN AMENDMENT OF THE WHOLE BEARING NEW TITLE. The motion carried by the following vote:

Ayes: 3 - Fewer, Walton, Mandelman

Charter Amendment (Second Draft) to amend the Charter of the City and County of San Francisco to provide that future annual adjustments in baseline funding for the following Charter-mandated funds will not take into account certain changes in City revenue resulting from voter-approved business taxes on the November 3, 2020 ballot: the Municipal Transportation Fund, the Park, Recreation and Open Space Fund, the Children and Youth Fund, the Library Preservation Fund, the Housing Trust Fund, the Public Education Enrichment Fund, the Dignity Fund, and the Street Tree Maintenance Fund; an Initiative Ordinance to amend the Business and Tax Regulations Code to: 1) reduce the annual Business Registration Fee for businesses with \$1,000,000 or less in San Francisco gross receipts; 2) increase the small business exemption ceiling for the Gross Receipts Tax to \$2,000,000 and increase the annual Business Registration Fee on businesses benefiting from this increased exemption ceiling; 3) modify the Gross Receipts Tax rates; 4) repeal the Payroll Expense Tax; 5) increase the Gross Receipts Tax on certain taxpayers for 20 years if a final judicial decision has the effect of invalidating the Homelessness Gross Receipts Tax Ordinance; 6) impose a new general tax on the gross receipts from the lease of certain commercial space for 20 years if a final judicial decision has the effect of invalidating the Early Care and Education Commercial Rents Tax Ordinance; and 7) make other changes to the City's business taxes; and to increase the City's appropriations limit by the total revenues collected under Articles 12-A-1 and 36 of the Business and Tax Regulations Code for four years from November 3, 2020; at an election to be held on November 3, 2020.

(Economic Impact)

Chair Fewer moved that this Initiative Ordinance and Charter Amendment be CONTINUED AS AMENDED to a special Budget and Finance Committee meeting of July 21, 2020, as a Committee Report. The motion carried by the following vote:

Ayes: 3 - Fewer, Walton, Mandelman

200651 [Hearing - Initiative Ordinance - Business and Tax Regulations Code - Business Tax Changes]**Sponsor: Mayor**

Hearing to consider the proposed Initiative Ordinance submitted by the Mayor to the voters for the November 3, 2020, Election, entitled "Ordinance amending the Business and Tax Regulations Code to: 1) reduce the annual Business Registration Fee for businesses with \$1,000,000 or less in San Francisco gross receipts, 2) increase the small business exemption ceiling for the Gross Receipts Tax to \$1,500,000 and increase the annual Business Registration Fee on businesses benefiting from this increased exemption ceiling, 3) repeal the Payroll Expense Tax, 4) increase Gross Receipts Tax rates, 5) increase the Gross Receipts Tax on certain taxpayers for 15 years if a court strikes down the Homelessness Gross Receipts Tax Ordinance, 6) impose a new general tax on the gross receipts from the lease of certain commercial space for 15 years if a court strikes down the Early Care and Education Commercial Rents Tax Ordinance, and 7) make other changes to the City's business taxes; and to increase the City's appropriations limit by the total revenues collected under Articles 12-A-1 and 36 of the Business and Tax Regulations Code for four years from November 3, 2020."

Heard in Committee. Speakers: President Norman Yee, Supervisor Aaron Peskin, and Supervisor Matt Haney (Board of Supervisors); Sophia Kittler (Office of the Mayor); Ben Rosenfield, City Controller (Office of the Controller); provided an overview and responded to questions raised throughout the discussion. Malia; Lily Marquez; Emily Abraham; Ms. Sonny; Lourdes A.; Amelia Linde (San Francisco Chamber of Commerce); Cindy Mendez; Naima; Rachel Herbert; David Branchel; Kevin Carroll (Hotel Council of San Francisco); April Lee; Matt Law; Carol Louise; Speaker; Maria Rondez; Jong Yang Wong; spoke on various concerns relating to the hearing matter.

Chair Fewer moved that this Hearing be HEARD AND FILED. The motion carried by the following vote:

Ayes: 3 - Fewer, Walton, Mandelman

200656 [Hearing - Initiative Ordinance - Business and Tax Regulations Code - Business Tax Changes]**Sponsors: Yee; Fewer, Peskin and Mar**

Hearing to consider the proposed Initiative Ordinance submitted by four or more Supervisors to the voters for the November 3, 2020, Election, entitled "Ordinance amending the Business and Tax Regulations Code to: 1) reduce the annual Business Registration Fee for businesses with \$1,000,000 or less in San Francisco gross receipts, 2) increase the small business exemption ceiling for the Gross Receipts Tax to \$1,500,000 and increase the annual Business Registration Fee on businesses benefiting from this increased exemption ceiling, 3) modify the Gross Receipts Tax rates, 4) repeal the Payroll Expense Tax, 5) increase the Gross Receipts Tax on certain taxpayers for ten years if a court strikes down the Homelessness Gross Receipts Tax Ordinance, 6) impose a new general tax on the gross receipts from the lease of certain commercial space for 10 years if a court strikes down the Early Care and Education Commercial Rents Tax Ordinance, and 7) make other changes to the City's business taxes; and to increase the City's appropriations limit by the total revenues collected under Articles 12-A-1 and 36 of the Business and Tax Regulations Code for four years from November 3, 2020."

Heard in Committee. Speakers: President Norman Yee, Supervisor Aaron Peskin, and Supervisor Matt Haney (Board of Supervisors); Sophia Kittler (Office of the Mayor); Ben Rosenfield, City Controller (Office of the Controller); provided an overview and responded to questions raised throughout the discussion. Malia; Lily Marquez; Emily Abraham; Ms. Sonny; Lourdes A.; Amelia Linde (San Francisco Chamber of Commerce); Cindy Mendez; Naima; Rachel Herbert; David Branchel; Kevin Carroll (Hotel Council of San Francisco); April Lee; Matt Law; Carol Louise; Speaker; Maria Rondez; Jong Yang Wong; spoke on various concerns relating to the hearing matter.

Chair Fewer moved that this Hearing be HEARD AND FILED. The motion carried by the following vote:

Ayes: 3 - Fewer, Walton, Mandelman

Chair Fewer requested File Nos. 200629 and 200653 be called together.

200629 [Initiative Ordinance - Business and Tax Regulations Code - Tax on Businesses With Disproportionate Executive Pay]**Sponsors: Haney; Ronen, Walton, Mar, Preston and Mandelman**

Motion ordering submitted to the voters an Ordinance amending the Business and Tax Regulations Code to impose an additional gross receipts tax or an administrative office tax on businesses with a greater than 100:1 ratio of the compensation of the business's highest-paid employee to the median compensation paid to the business's employees based in the City; and increasing the City's appropriations limit by the amount collected under the additional tax for four years from November 3, 2020, at an election to be held on November 3, 2020. (Economic Impact; No Office of Economic Analysis Report.)

Heard in Committee. Speakers: Supervisor Matt Haney (Board of Supervisors); provided an overview and responded to questions raised throughout the discussion. Amy Wong (San Francisco Behavior Health Center); Roxanna; Dyanna Chan; Brittany; Nick; Speaker; Sara Lawson; Michael Suto; John McCormick; Cynthia Gomes; Cherry Chan; Lorenzo; Kim Cavinoli; Theresa Rutherford; Mary Jones; spoke in support of the hearing matter. Amelia Linde and Emily Abraham (San Francisco Chamber of Commerce); spoke in opposition to the hearing matter. Rudy Gonzalez; spoke neither in support nor opposition of the hearing matter.

Chair Fewer moved that this Ordinance be AMENDED, AN AMENDMENT OF THE WHOLE BEARING NEW TITLE. The motion carried by the following vote:

Ayes: 3 - Fewer, Walton, Mandelman

Motion ordering submitted to the voters at an election to be held on November 3, 2020, an Ordinance amending the Business and Tax Regulations Code to impose an additional gross receipts tax or an administrative office tax on businesses with a greater than 100:1 ratio of the compensation of the business's highest-paid managerial employee to the median compensation paid to the business's employees based in the City; and increasing the City's appropriations limit by the amount collected under the additional tax for four years from November 3, 2020. (Economic Impact; No Office of Economic Analysis Report.)

Chair Fewer moved that this Ordinance be CONTINUED AS AMENDED to the Budget and Finance Committee meeting of July 22, 2020. The motion carried by the following vote:

Ayes: 3 - Fewer, Walton, Mandelman

200653 [Hearing - Initiative Ordinance - Business and Tax Regulations Code - Tax on Businesses With Disproportionate Executive Pay]

Sponsors: Haney; Ronen, Walton, Mar and Preston

Hearing to consider the proposed Initiative Ordinance submitted by four or more Supervisors to the voters for the November 3, 2020, Election, entitled "Ordinance amending the Business and Tax Regulations Code to impose an additional gross receipts tax or an administrative office tax on businesses with a greater than 100:1 ratio of the compensation of the business's highest-paid employee to the median compensation paid to the business's employees based in the City; and increasing the City's appropriations limit by the amount collected under the additional tax for four years from November 3, 2020."

Heard in Committee. Speakers: Supervisor Matt Haney (Board of Supervisors); provided an overview and responded to questions raised throughout the discussion. Amy Wong (San Francisco Behavior Health Center); Roxanna; Dyanna Chan; Brittany; Nick; Speaker; Sara Lawson; Michael Suto; John McCormick; Cynthia Gomes; Cherry Chan; Lorenzo; Kim Cavinoli; Theresa Rutherford; Mary Jones; spoke in support of the hearing matter. Amelia Linde and Emily Abraham (San Francisco Chamber of Commerce); spoke in opposition to the hearing matter. Rudy Gonzalez; spoke neither in support nor opposition of the hearing matter.

Chair Fewer moved that this Hearing be HEARD AND FILED. The motion carried by the following vote:

Ayes: 3 - Fewer, Walton, Mandelman

200652 [Hearing - Initiative Ordinance - Business and Tax Regulations Code - Stock-Based Compensation Tax]

Sponsors: Mar; Ronen, Preston and Peskin

Hearing to consider the proposed Initiative Ordinance submitted by four or more Supervisors to the voters for the November 3, 2020, Election, entitled "Ordinance amending the Business and Tax Regulations Code to impose an additional tax on the stock-based compensation payroll expense of publicly traded companies and publicly traded company groups; and to increase the City's appropriations limit by the amount collected under the tax for four years from November 3, 2020."

Heard in Committee. Speaker: Edward Wright (Office of Supervisor Gordon Mar); provided an overview and responded to questions raised throughout the discussion.

Chair Fewer moved that this Hearing be HEARD AND FILED. The motion carried by the following vote:

Ayes: 3 - Fewer, Walton, Mandelman

ADJOURNMENT

There being no further business, the Budget and Finance Committee and the Special Board of Supervisors adjourned at the hour of 3:45 p.m.

N.B. The Minutes of this meeting set forth all actions taken by the Budget and Finance Committee and the Special Board of Supervisors on the matters stated, but not necessarily in the chronological sequence in which the matters were taken up.

Approved by the Board of Supervisors on August 25, 2020.

Angela Calvillo, Clerk of the Board