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***PRESS RELEASE***
Supervisor Rafael Mandelman Requests Analysis of City’s Business Tax Revenue in Midst of Uneven Downtown Economic Recovery

San Francisco’s Post-COVID Downtown Economic Recovery Ranks Last in the Nation. Threatening the City’s Tax Revenue Base for Future Budget Cycles

SAN FRANCISCO — Today San Francisco Supervisor Rafael Mandelman requested the City Controller and Treasurer complete an analysis of how San Francisco’s uneven downtown economic recovery will impact the City’s business tax revenue base and recommend priority actions to ensure revenue resilience for future budget cycles.

“Business taxes are the City's second-largest individual source of revenue, and any disruption to this revenue base could have a profound impact on future budgets,” said Supervisor Mandelman. “We need to consider before it is too late what a potentially radically different downtown will mean for San Francisco’s financial future.”

Last year San Francisco experienced the largest loss in population of any large city in the country, and recent indicators suggest that our post-pandemic recovery is falling behind other peer cities. Our post-COVID downtown recovery pandemic ranks dead-last in the nation, according to a June 2022 report from the Institute of Governmental Studies at the University of California, Berkeley. The Controller Office’s July 2022 economic recovery report likewise shows that San Francisco remains behind peer cities in rates of employees returning to office, air travel, and public transit usage.

The long-term persistence of these pandemic shifts are still not entirely clear, but their implications for the City’s tax base and tax structure – which is heavily and has become increasingly dependent on revenue from commercial buildings and the businesses filling those buildings – are significant.

Today’s Letter of Inquiry requests that the City Controller and Treasurer, by April 1, 2023, complete an analysis of these impacts and report back regarding the magnitude of these economic trends and the long-term implications for the City’s revenues – and provide recommendations regarding the City’s tax structure that the City should consider as San Francisco emerges from the pandemic.

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