



January 8, 2024

Mayor and Board of Supervisors,

As the unions representing the majority of the city's workforce, we are writing to formally state our concern with the proposed business tax reform. At a time when demand for public safety, public health, public works, and other services are higher than ever, a proposal that does nothing to address the growing deficit will only force service cuts, harming the city's economic recovery.

Rather than addressing the city's deficit, this proposal instead:

- a. Gives \$53 million in tax cuts to corporations with \$1 billion or more in gross receipts;
- b. It would undo years of progressive tax reforms approved by a majority of San Francisco voters and would make it more difficult to reform the city's tax structure in the future;
- c. It would reduce the Overpaid Executive Tax by 90%—a tax which brought in \$200 million more than projected in 2022-2023;
- d. It would eliminate a tax on large corporations which funds homelessness services, relying instead on new general fund set asides in violation of city policy.

San Francisco's Fortune 500 companies saw their revenues grow by over \$80 billion between 2018 and 2022, a growth rate of over 40%. There are over 370 businesses in the city that report more than \$50 million in gross receipts. The Overpaid Executive Tax performed over budget precisely because CEO's in San Francisco receive outrageously high compensation while many of our union members and residents struggle. San Francisco does not have a shortage of large businesses or billionaires. What we do have is a public service crisis in our streets that has only been worsened by a handful of corporations attempting to get out of paying their fair share. Companies like Cruise, Square, WeWork and others have sued the city attempting to lower their tax payments, forcing the set aside of \$400 million in reserves for potential business tax litigation—revenues that could have funded improved staffing and lowered our deficit.

Finally, San Francisco is already providing targeted tax relief to businesses most impacted by the pandemic and to new businesses opening offices downtown. During the 2022-2023 budget process, businesses received \$33 million over four years in tax cuts and credits. We do not need to give more tax handouts to billionaire corporations.

As the Public Employees Council, we support commonsense tax reform that will help close the city's deficit and eliminate tax loopholes. We also support making our system more resilient in light of remote work and shifting our tax base more heavily towards companies that make millions in San Francisco but have little

local presence, like Amazon. However, given the scale of need for public services and the very real threat of budget cuts, we cannot support this current policy proposal as drafted and plan to pursue reforms that will fully fund the services San Franciscans deserve.

Sincerely,



David Canham  
PEC Co-Chair, SEIU 1021



Rudy Gonzalez  
PEC Co-Chair, SFBCTC



Debra Grabelle  
PEC Co-Chair, IFPTE 21