December 13, 2023
San Francisco City Hall
1 Carlton B. Goodlett Place
San Francisco, California 94102

Re: Opposition to a Revenue-Neutral 2024 Gross Receipts Tax Reform

On behalf of the organizations listed below, we write to share our support for reforming San Francisco’s business tax structure. However, we are unable to support a reform that does not improve our City’s overall economy.

San Francisco is indisputably one of the most expensive cities to do business in the nation. Since 2008, numerous new tax measures have been placed on local employers, leaving our city less attractive to existing and new businesses. Additionally, the City Controller shared recently that these changes have concentrated revenue in a few payers, contrary to the city’s goal of broadening the tax base to reduce volatility. With the cost of operating in San Francisco 20 times more expensive than other cities around the Bay Area, businesses will have many other more financially attractive alternatives.

We support the goals of the Office of the Controller and Office of the Treasurer and Tax Collector to reduce the risk of tax loss from remote work, reliance on commercial property and volatility stemming from over-concentration, as well as providing greater simplicity and predictability to taxpayers and equity for small businesses. However, the proposed structure as it stands does not reduce volatility at a high enough rate to make an impact with the largest taxpayers in San Francisco, raises taxes on our medium and small businesses and does little to address the critical issue of the future viability of the City’s economy.

Now is indisputably the time to reduce our tax burden on business. The undersigned coalition urges adoption of a revenue negative version of this framework reform that lowers the tax rates on small businesses and raises the threshold for who qualifies as a small business above $2.5 million, does not raise taxes on medium sized companies who are the engine of our economy, and meaningfully reduces our reliance on our five biggest taxpayers who under the current proposal still pay over a fifth of our total business taxes.

We thank the Office of the Controller and Office of Treasurer and Tax Collector for the work that has gone into the current proposal and look forward to continued discussion on how to create a new business tax that allows San Francisco’s economy to thrive for years to come.

Sincerely,

Rodney Fong
CEO and President
San Francisco Chamber of Commerce

Laurie Thomas
Executive Director
Golden Gate Restaurant Association

Wade Rose
President
Advance SF

John Bryant
CEO
Building Owners and Managers of San Francisco