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**TEXT OF PROPOSED ORDINANCE  
PROPOSITION K**

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AMENDING ORDINANCE NO. 245-68 (BUSINESS TAX ORDINANCE) BY REPEALING ORDINANCE NO. 371-78, WHICH REPEALED ORDINANCE NO. 298-78 ESTABLISHING BUSINESS TAX RATES ON JUNE 30, 1978, AND BY ADDING SECTION 4.16 THERETO, PROVIDING FOR TAX CREDITS; AMENDING ORDINANCE NO. 275-70 (PAYROLL EXPENSE TAX ORDINANCE) BY REPEALING ORDINANCE NO. 369-78, WHICH REPEALED ORDINANCE NO. 297-78 ESTABLISHING THE PAYROLL TAX RATE ON JUNE 30, 1978, AND BY ADDING SECTION 3.1 THERETO, PROVIDING FOR TAX CREDITS; AMENDING ORDINANCE TO 315-67 (REAL PROPERTY TRANSFER TAX ORDINANCE) BY REPEALING ORDINANCE NO. 370-78 WHICH REPEALED ORDINANCE NO. 296-78, ESTABLISHING THE REAL PROPERTY TRANSFER TAX RATE ON JUNE 30, 1978, AND BY ADDING SECTION 2.B PROVIDING FOR TAX CREDITS; PROVIDING PROCEDURES FOR AMENDMENT.

Be it ordained by the people of the City and County of San Francisco:

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Section 1. This ordinance shall be known as the "San Francisco Home Rule Preservation Ordinance."

Section 2. Findings: The adoption of Proposition 13 by the voters of the State of California at the June 6, 1978 primary election, placed severe limitation on the power of local governmental entities to levy and collect taxes sufficient to fund the cost of necessary municipal services. The Board of Supervisors of the City and County of San Francisco has adopted various tax measures to raise revenues from non-property tax sources. In 1967 the Board of Supervisors instituted a tax on the sale of real property; in 1968 a business tax based on gross receipts was enacted; and, in 1970 a business tax based on total payroll was adopted which provided that a business pay either a tax based on gross receipts or payroll. To insure adequate

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income during the post-Proposition 13 adjustment period, the Board of Supervisors adopted amendments to said tax ordinances, effective June 30, 1978. However, the tax measures (Ordinances 296-78, 297-78 and 298-78) were repealed, effective August 7, 1978.

The people of the City and County of San Francisco hereby find that additional revenues may be required by the City and County of San Francisco to provide necessary municipal services during this period of national and international monetary inflation. Therefore, the rate of tax set forth in the ordinances which became effective on June 30, 1978 should be imposed. The people of the City and County of San Francisco further find that because the relief acts adopted by the State of California for the fiscal year 1978-1979 will insure sufficient levels of funding for municipal services for this fiscal year, a portion of the tax previously imposed by said tax ordinances should not be collected by the City and County of San Francisco during the 1978-1979 fiscal year and therefore taxpayers should be permitted to subtract a tax credit from their total tax liability pursuant to said ordinances.

**Section 3. Incorporation By Reference:** The provisions of Ordinance No. 245-68 as amended (Business Tax Ordinance), Ordinance No. 275-70 as amended (Payroll Tax Ordinances) and Ordinance No. 315-67 as amended (Real Property Transfer Tax Ordinance) are incorporated by reference herein as if fully set forth.

**Section 4. Ordinance No. 245-68 (Business Tax Ordinance)** is hereby amended by repealing Ordinance No. 371-78. Sections 4.01, 4.02, 4.03, 4.04, 4.05, 4.06, 4.07, 4.08, 4.09, 4.10, 4.11, 4.12, 4.13 and 4.15 as set forth in Ordinance No. 245-68 as amended, on the 30th day of June, 1978 are hereby reinstated.

**Section 5. Ordinance No. 245-68 (the Business Tax Ordinance)** is hereby amended by adding Section 4.16 thereto, to read as follows:

**Sec. 4.16. Tax Credits.** Any person paying a tax imposed by sections 4.01, 4.02, 4.03, 4.04, 4.05, 4.06, 4.07, 4.08, 4.09, 4.10, 4.11, 4.12, 4.13 and 4.15 of this ordinance shall be entitled to a tax credit, which may be subtracted from the total tax due only at the time of filing, pursuant to Section 9 hereof. Said credit shall be computed except for those persons taxed pursuant to Sections 4.05, 4.08, 4.10, 4.12 and 4.13 by subtracting twenty-six and sixty-seven hundredths (26.67%) of the tax due pursuant to this ordinance on gross receipts received on or after the 30th day of June, 1978 through the 30th day of June, 1979 from that portion of the annual tax liability computed at the tax rates imposed on the 30th day of June, 1978.

For those persons taxed pursuant to Section 4.05 hereof the tax credit shall be computed by subtracting twenty-five percent (25%) of the tax due pursuant to this ordinance on gross receipts received on or after the 30th day of June, 1978 through the 30th day of June, 1979 from that portion of the annual tax liability computed at the tax rate imposed on the 30th day of June, 1978.

For those persons taxed pursuant to Section 4.08 hereof the tax credit shall be computed by subtracting thirty-three and three-tenths percent (33.3%) of the tax due pursuant to this ordinance on gross receipts received on or after the 30th day of June, 1978 through the 30th day of June, 1979 from that portion of the annual tax liability computed at the tax rate imposed on the 30th day of June, 1978.

For those persons taxed pursuant to Section 4.10 or 4.13 hereof the tax credit shall be computed by subtracting twenty-five percent (25%) of the minimum tax due and twenty-six and sixty-seven hundredths percent (26.67%) of the tax due on additional gross receipts pursuant to this ordinance on gross receipts received on or after the 30th day of June 1978 through the 30th day of June 1979 from that portion of the annual tax liability computed at the tax rates imposed on the 30th day of June 1978.

For those persons taxed pursuant to Section 4.12(c) (1) hereof, the tax credit shall be computed as follows:

Where the unladen weight is 4,000 pounds or less subtract twenty-eight and six-tenths percent (28.6%) of the tax due pursuant to this ordinance for days of use on or after the 30th day of June 1978 through the 30th day of June 1979 from that portion of the annual tax liability computed at the tax rate imposed on the 30th day of June 1978.

Where the unladen weight is over 4,000 pounds and not more than 8,000 pounds, subtract twenty-six and sixty-seven hundredths percent (26.67%) of the tax due pursuant to this ordinance for days of use on or after the 30th day of June 1978 through 30th day of June 1979 from that portion of the annual tax liability computed at the tax rate imposed on the 30th day of June 1978.

Where the unladen weight is over 8,000 pounds subtract twenty-five percent (25%) of the tax pursuant to this ordinance for days of use on or after the 30th day of June 1978 through the 30th day of June 1979 from that portion of the annual tax liability computed at the tax rate imposed on the 30th day of June 1978.

For those persons taxed pursuant to Section 4.12(c) (2) hereof, the tax credit shall be computed by subtracting twenty-five percent (25%) of the tax due pursuant to this ordinance for days of use on or after the 30th day of June 1978 through the 30th day of June 1979 from that portion of the annual tax liability computed at the tax rate imposed on the 30th day of June 1978.

**Section 6. Ordinance No. 275-70 (Payroll Expense Tax Ordinance)** is hereby amended by repealing Ordinance No. 369-78. Section 3 as set forth in Ordinance 275-70 as amended, on the 30th day of June 1978, is hereby reinstated.

**Section 7. Ordinance No. 275-70 (Payroll Expense Tax Ordinance)** is hereby amended by adding Section 3.1 thereto, as follows:

**Sec. 3.1 Tax Credit.** Any person paying a tax imposed

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by this ordinance shall be entitled to a tax credit, which may be subtracted from the total tax due only at the time of filing pursuant to Section 7 hereof. Said credit shall be computed by subtracting twenty-six and sixty-seven hundredths percent (26.67%) of the tax due pursuant to this ordinance on payroll expense incurred on or after the 30th day of June 1978 through the 30th day of June 1979 from that portion of the annual tax liability computed at the tax rate imposed on the 30th day of June 1978.

Section 8. Ordinance No. 315-67 (Real Property Transfer Tax Ordinance) is hereby amended by repealing Ordinance No. 370-78. Sections 2 and 3 as set forth in Ordinance No. 315-67 as amended, on the 30th day of June, 1978 are hereby reinstated.

Section 9. Ordinance No. 315-67 (Real Property Transfer Tax Ordinance) is hereby amended by adding Section 2.B thereto, reading as follows:

**Sec. 2.B Tax Credit.** Any person paying a tax imposed by this ordinance on or after the 30th day of June, 1978 through the 30th day of June 1979 at the rate of seven dollars and fifty cents (\$7.50) for each five hundred dollars (\$500) or fractional part thereof, shall be entitled to a tax credit, which may be subtracted from the total tax due only at the time of payment, pursuant to Section 3 hereof.

Said credit shall be computed by subtracting sixty-six and six-tenths percent (66.6%) of the tax due pursuant to this ordinance from said tax liability.

Any person who paid a tax imposed by this ordinance on or after June 30, 1978 at the rate of seven dollars and fifty cents (\$7.50) for each five hundred dollars (\$500) or fractional part thereof, and who did not compute a tax credit when making payment may file a claim for said credit with the Recorder's Office within thirty days of the enactment of this ordinance and said credit shall be paid when approved by the authorized representatives of Recorder and Controller.

Section 10. Amendment. Ordinance Nos. 245-68 as amended, 275-70 as amended and 315-67 as amended, incorporated by reference herein, shall be amendable only by the electors of the City and County of San Francisco, provided however, that the provisions of Section 5, 7, and 10 of this initiative ordinance may be extended, by ordinance of the Board of Supervisors, through the 30th day of June 1980; and provided further that on or after the first day of July 1980 all provisions of Ordinance Nos. 245-68 as amended, 275-70 as amended and 315-67 as amended and incorporated by reference herein may be amended by ordinance of the Board of Supervisors.

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