



March 13, 2017

The Honorable Jane Kim
Chair, Government Audit and Oversight Committee
San Francisco Board of Supervisors
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102

RE: File No. 170217 Local Personal and Corporate Income Tax

Dear Supervisor Kim;

The San Francisco Chamber of Commerce, representing 2,500 local businesses with over 200,000 employees, requests the Board of Supervisors delay any action on the resolution urging the State Legislature to amend the Revenue and Taxation Code to enable local jurisdictions to propose for the ballot personal and corporate income taxes.

As we have seen in the last decade, tax policy can have a significant impact on our local economy. Eliminating the payroll tax on the value of IPOs encouraged companies to stay and grow jobs in the city. The temporary Mid-Market tax credit resulted in businesses of all types moving into long-vacant buildings, growing property and sales tax revenues in that part of the city. Our conversion from a payroll to gross receipts business tax has produced record job growth and historically low unemployment rates.

While a business net income tax could be a fairer system than gross receipts, because such a tax has not been legal in California, we have no experience with its impacts. Before we go down the path of seeking state authorization, we would be better served by the type of research and working group input that pre-dated the city's decision to seek voter approval of the gross receipts tax in 2012.

Regarding a local personal income tax, we can see little support and significant downsides to such a move. The Bay Area is, for all intents and purposes, one economic unit. As we have seen by our own experiences in San Francisco, business tax policies can and do drive location decisions. The right tax policies produce jobs; the wrong ones don't. You can expect a local personal income tax to have great impact on where people choose to live and work.

The San Francisco Chamber strongly urges the Board of Supervisors to delay any action on this resolution, and rather, to work with the Controller, Treasurer and Tax Collector's offices on a review of the city's tax policies and options for reform as we approach the November 2018 election.

Sincerely,

A handwritten signature in black ink that reads 'Jim Lazarus'. The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Jim Lazarus
Senior Vice President of Public Policy

cc: Clerk of the Board, to be distributed to each member of the Board of Supervisors, Mayor Lee