


OFFICE OF THE CONTROLLER
CITY AND COUNTY OF SAN FRANCISCO

Ben Rosenfield
Controller
Todd Rydstrom
Deputy Controller

MEMORANDUM

TO: Members of the Board of Supervisors Budget Committee

FROM: Ben Rosenfield, Controller's Office 

DATE: 6/20/2018

SUBJECT: Hotel Tax Dedication to the Arts (Proposed November 2018 Measure) in FY 2018-19 and FY 2019-20 Budget

The Mayor's Proposed FY 2018-19 and FY 2019-20 budget assumes passage of a measure, sponsored by Supervisors Tang and Peskin, to once again dedicate a portion of hotel tax revenues to arts and culture programming, anticipated to be placed on the November 6, 2018 ballot. Under the proposed measure, these allocations would then be indexed to growth in actual hotel tax revenues in future years. This memo is in response to questions from Committee members regarding the funding levels for these various programs if the measure passes, and what they would be if it fails.

If the measure is passes, it would take effect on January 1, 2019. The budget assumes \$16.1 million of dedicated hotel tax allocations in the second half of FY 2018-19 and \$33.2 million for the full year of FY 2019-20. As depicted in the table below, this would result in increased funding levels for both new and existing programs.

Arts & Culture Appropriations Supported by Hotel Tax Dedication

	FY17-18	FY18-19	FY19-20
<u>SOURCES</u>			
General Fund	22.4	11.2	-
Hotel Tax Dedication	-	16.1	33.2
Total Sources	22.4	27.3	33.2
<u>USES</u>			
Grants for the Arts (ADM)	14.0	15.2	16.6
Cultural Equity Endowment (ART)	5.3	5.8	6.9
Cultural Centers (ART)	3.2	3.5	3.9
Cultural Districts (MOHCD)	-	1.5	3.1
Arts Impact Endowment (ART)	-	1.3	2.7
Total Uses	22.4	27.3	33.2

Should the measure fail, Section 35 of the administrative provisions of the Annual Appropriation Ordinance (AAO) directs the Controller's Office to adjust these allocations to revert to FY 17-18 levels of arts funding. Hotel tax revenue would be recorded in the General Fund (rather than the special revenue funds in the proposed ballot measure and reflected in the Mayor's proposed budget) and would be subject to the City's Charter-mandated baselines. Because the Mayor's proposed budget funds several expenditure baselines above required levels, the City would not be required to increase appropriations in those baselines in FY 18-19. As a result, funds would be available for use at the discretion of policymakers. The additional funds would be subject to allocation by the Mayor and the Board of Supervisors through a supplemental appropriation process after the November election, should the measure not pass.

Arts & Culture Appropriations Should the Hotel Tax Dedication Fail

	FY17-18	FY18-19		
		Proposed	Fail	Change
<u>SOURCES</u>				
General Fund	22.4	11.2	22.4	11.2
Dedicated Hotel Tax	-	16.1	-	(16.1)
Total Sources	22.4	27.3	22.4	(4.9)
<u>USES</u>				
Grants for the Arts	14.0	15.2	14.0	(1.2)
Cultural Equity Endowment	5.3	5.8	5.3	(0.6)
Cultural Centers	3.2	3.5	3.2	(0.3)
Cultural Districts	-	1.5	-	(1.5)
Arts Impact Endowment	-	1.3	-	(1.3)
Total Uses	22.4	27.3	22.4	(4.9)
Additional Available Funding		-	2.1	2.1