

1 [Initiative Ordinance - Business and Tax Regulations and Administrative Codes - Hotel Tax
2 Allocations]

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3 **Motion ordering submitted to the voters at an election to be held on November 6, 2018,**
4 **an ordinance amending the Business and Tax Regulations Code and Administrative**
5 **Code to allocate a portion of hotel tax revenues for arts and cultural purposes and**
6 **remove obsolete provisions; and affirming the Planning Department’s determination**
7 **under the California Environmental Quality Act.**

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9 MOVED, That the Planning Department has determined that the actions contemplated
10 in this ordinance comply with the California Environmental Quality Act (California Public
11 Resources Code Sections 21000 et seq.). Said determination is on file with the Clerk of the
12 Board of Supervisors in File No. _____ and is incorporated herein by reference. The
13 Board affirms this determination; and be it further

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15 MOVED, That the Board of Supervisors hereby submits the following ordinance to the
16 voters of the City and County of San Francisco, at an election to be held on November 6,
17 2018.

18

19 **Ordinance amending the Business and Tax Regulations Code and Administrative Code**
20 **to allocate a portion of hotel tax revenues for arts and cultural purposes and remove**
21 **obsolete provisions; and affirming the Planning Department’s determination under the**
22 **California Environmental Quality Act.**

23 NOTE: **Unchanged Code text and uncodified text** are in plain font.
24 **Additions to Codes** are in *single-underline italics Times New Roman font*.
25 **Deletions to Codes** are in *strikethrough italics Times New Roman font*.
Asterisks (* * * *) indicate the omission of unchanged Code subsections or parts of tables.

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

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3 Section 1. Pursuant to Articles XIII A and XIII C of the Constitution of the State of
4 California, this ordinance shall be submitted to the qualified electors of the City and County of
5 San Francisco at the November 6, 2018, consolidated general election.
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7 Section 2. The Business and Tax Regulations Code is hereby amended by revising
8 Section 515.01 and deleting Section 515.2, to read as follows:

9 **SEC. 515.01. HOTEL TAX ALLOCATIONS.**

10 (a) ~~The portion of all~~ AH monies collected pursuant to the tax imposed by Section 502 of
11 this Article ~~7 representing a tax of 1.5%, including any penalties, interest, and fees related to such~~
12 1.5% tax (“Allocable Hotel Tax Revenues”), shall be deposited to the credit of ~~a fund to be known~~
13 ~~as~~ the Hotel Room Tax Fund, established in Administrative Code Section 10.100-80, and shall be
14 allocated ~~as for the purposes~~ specified in ~~subsections~~ Subsection (b) ~~and in the amounts prescribed in~~
15 Subsection (c).

16 (b) ~~Subject to subsection (c), the~~ The monies in the Hotel Room Tax Fund ~~allocated pursuant to~~
17 ~~this Section~~ shall be appropriated ~~to the following departments~~ and used solely ~~for the following~~
18 purposes as follows:

19 (1) **Allocation Number 1 (Grants for the Arts Convention Facilities): \$16,300,000**
20 to the City Administrator to distribute general operating and other support to nonprofit cultural
21 organizations in the City, including any administrative costs associated with this grant-making process.
22 ~~To the City Administrator for Base Rental and Additional Rental as provided for and defined in the~~
23 ~~Project Lease, as amended, between the City and the Successor Agency to the Redevelopment Agency~~
24 ~~of the City and County of San Francisco, for the acquisition, construction, and financing of a~~
25 ~~convention center within the Yerba Buena Center Redevelopment Project Area, and for all expenses~~

1 ~~reasonably related to operation, maintenance, and improvement of the Moscone Convention Center.~~

2 Any unexpended balance remaining in Allocation Number 1 at the close of any fiscal year
3 shall be deemed to be provided for a specific purpose within the meaning of Section 9.113 of
4 the Charter and shall be carried forward and accumulated in said allocation for the purposes
5 recited herein.

6 (2) **Allocation Number 2 (Cultural Equity Endowment):** \$6,400,000 to the Arts
7 Commission for programs that move San Francisco arts funding toward cultural equity, including any
8 associated administrative costs. Any unexpended balance remaining in Allocation Number 2 at the
9 close of any fiscal year shall be deemed to be provided for a specific purpose within the meaning of
10 Section 9.113 of the Charter and shall be carried forward and accumulated in said allocation for the
11 purposes recited herein.~~(Administration): To the Tax Collector for administration of the provisions of~~
12 ~~this Article.~~

13 (3) **Allocation Number 3 (Cultural Centers):** \$3,800,000 to the Arts Commission to
14 support the operation, maintenance, and programming of City-owned community cultural centers to
15 assure that these cultural centers remain open and accessible and remain vital contributors to the
16 cultural life of the City, including any associated administrative costs. Any unexpended balance
17 remaining in Allocation Number 3 at the close of any fiscal year shall be deemed to be provided for a
18 specific purpose within the meaning of Section 9.113 of the Charter and shall be carried forward and
19 accumulated in said allocation for the purposes recited herein.~~(Refunds): To the Tax Collector for~~
20 ~~refunds of any overpayment of the tax imposed under this Article.~~

21 (4) **Allocation Number 4 (Cultural Districts):** \$3,000,000 to the Mayor's Office of
22 Housing and Community Development for Cultural Districts in the City's neighborhoods, including any
23 associated administrative costs. Allocations for Cultural Districts shall be used solely to address the
24 effects of destabilization on residents and businesses in the City's Cultural Districts. For purposes of
25 this Section 515.01, "Cultural District" means a geographic area or location within the City,

1 designated by the Board of Supervisors, by ordinance, as an area or location that embodies a unique
2 cultural heritage. Any unexpended balance remaining in Allocation Number 4 at the close of any fiscal
3 year shall be deemed to be provided for a specific purpose within the meaning of Section 9.113 of the
4 Charter and shall be carried forward and accumulated in said allocation for the purposes recited
5 herein.~~(Publicity/Advertising): To the City Administrator for publicity and advertising purposes~~
6 ~~pursuant to the provisions of Section 3.104 of the Charter.~~

7 **(5) Allocation Number 5 (Arts Impact Endowment):** \$2,500,000 to the Arts
8 Commission to address needs in the arts community, including any associated administrative costs, to
9 be determined by a cultural services allocation plan prepared no later than March 1, 2019 and every
10 five years thereafter by the Director of Cultural Affairs with community input and approved by the Arts
11 Commission and the City Administrator. Any unexpended balance remaining in Allocation Number 5
12 at the close of any fiscal year shall be deemed to be provided for a specific purpose within the meaning
13 of Section 9.113 of the Charter and shall be carried forward and accumulated in said allocation for the
14 purposes recited herein.

15 **(6) Allocation Number 6 (Refunds):** All amounts necessary to the Tax Collector for
16 refunds of any overpayment of the 1.5% portion of the tax imposed under Section 502, including any
17 related penalties, interest, and fees.

18 ~~(7) (Balance to General Fund):~~ After the specific purpose allocations ~~and~~
19 ~~accumulations~~ required by this Section 515.01(b), as adjusted under Section 515.01(c), all
20 remaining revenues shall be transferred to the General Fund, to be expended for unrestricted
21 general revenue purposes of the City.

22 **(c)** The amounts described in subsections (b)(1) through (b)(5) as Allocation Numbers 1, 2, 3,
23 4, and 5, shall be subject to the following adjustments:

24 **(1) Fiscal Year 2018-2019 Adjustment:** For fiscal year 2018-2019, each amount in
25 subsections (b)(1) through (b)(5) shall be half of the amount stated.

1 (2) Annual Adjustment: Commencing in fiscal year 2019-2020, subject to
2 subsection (c)(3), each amount in subsections (b)(1) through (b)(5) shall be adjusted annually by the
3 percentage increase or decrease in Allocable Hotel Tax Revenues collected in the current fiscal year
4 compared with the prior fiscal year; provided, however, that such percentage increase or decrease
5 shall not exceed 10% annually.

6 (3) Grants for the Arts and Cultural Equity Endowment: For fiscal years 2019-2020
7 and 2020-2021, one-half of the amount of the adjustment to Allocation Number 1 (Grants for the Arts)
8 under subsection (c)(2) due to any increase in Allocable Hotel Tax Revenues shall be allocated instead
9 to Allocation Number 2 (Cultural Equity Endowment).

10 (d) Commencing with a report filed no later than February 15, 2020, covering the fiscal year
11 ending on June 30, 2019, the Controller shall file annually with the Board of Supervisors, by February
12 15 of each year, a report containing the amount of monies collected in and expended from the Hotel
13 Room Tax Fund during the prior fiscal year, the status of any project required or authorized to be
14 funded by this Section 515.01, and such other information as the Controller, in the Controller's sole
15 discretion, shall deem relevant to the operation of this Section 515.01.

16 Each allocation for a purpose described in Subsection (b) shall be in the amount prescribed in
17 the table below.

<i>Allocation No.</i>	<i>Amount</i>
<i>1. Moscone Convention Center</i>	<i>50%</i>
<i>2. Administration</i>	<i>Up to .6%</i>
<i>3. Refunds of Overpayments</i>	<i>As required</i>
<i>4. Publicity & Advertising</i>	<i>As appropriated</i>
<i>5. To General Fund</i>	<i>Remainder</i>

24 Percentages shall be calculated based on the total amount collected pursuant to the tax imposed
25 by Section 502 of this Article.

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2 ~~**SEC. 515.2. CALCULATION OF PERCENTAGE ALLOCATIONS UNDER SECTION 515.01.**~~

3 ~~(a) Notwithstanding Section 515.01 of this Article, the total amount to be allocated under~~
4 ~~Section 515.01 for each fiscal year shall be reduced by the amount of principal and interest (exclusive~~
5 ~~of any bond reserve payments) due and payable for that fiscal year on any outstanding agency bonds,~~
6 ~~as defined in Section 502.8(c) hereof.~~

7 ~~(b) This Section 515.2 shall remain in effect so long as Section 502.8 of this Article remains in~~
8 ~~effect.~~

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10 Section 3. The Administrative Code is hereby amended by adding Section 10.100-80,
11 to read as follows:

12 **SEC. 10.100-80. HOTEL ROOM TAX FUND.**

13 (a) Establishment of Fund. The Hotel Room Tax Fund (“Fund”) is established as a category
14 four fund as defined in Section 10.100-1 of the Administrative Code, and shall receive all taxes,
15 penalties, interest, and fees described in Section 515.01(a) of Article 7 of the Business and Tax
16 Regulations Code.

17 (b) Use of Fund. Subject to the budgetary and fiscal provisions of the Charter, monies in the
18 Fund shall be used exclusively for the purposes described in Section 515.01(b) of Article 7 of the
19 Business and Tax Regulations Code.

20 (c) Administration of Fund. As stated in Section 515.01(d) of Article 7 of the Business and Tax
21 Regulations Code, commencing with a report filed no later than February 15, 2020, covering the fiscal
22 year ending June 30, 2019, the Controller shall file annually with the Board of Supervisors, by
23 February 15 of each year, a report containing the amount of monies collected in and expended from the
24 Fund during the prior fiscal year, the status of any project required or authorized to be funded by
25

1 Section 515.01, and such other information as the Controller, in the Controller's sole discretion, shall
2 deem relevant to the operation of Section 515.01.

3 Section 4. Scope of Ordinance. In enacting this ordinance, the People of the City and
4 County of San Francisco intend to amend only those words, phrases, paragraphs,
5 subsections, sections, articles, numbers, punctuation marks, charts, diagrams, or any other
6 constituent parts of the Municipal Code that are explicitly shown in this ordinance as additions
7 or deletions, in accordance with the "Note" that appears under the official title of the
8 ordinance.

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10 Section 5. Severability. If any section, subsection, sentence, clause, phrase, or word
11 of this ordinance, or any application thereof to any person or circumstance, is held to be
12 invalid or unconstitutional by a decision of a court of competent jurisdiction, such decision
13 shall not affect the validity of the remaining portions or applications of the ordinance. The
14 People of the City and County of San Francisco hereby declare that they would have passed
15 this ordinance and each and every section, subsection, sentence, clause, phrase, and word
16 not declared invalid or unconstitutional without regard to whether any other portion of this
17 ordinance or application thereof would be subsequently declared invalid or unconstitutional.

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19 Section 6. Effective and Operative Dates. The effective date of this ordinance shall be
20 ten days after the date the official vote count is declared by the Board of Supervisors. This
21 ordinance shall become operative on January 1, 2019. The 50% adjustment for fiscal year
22 2018-2019 provided in Section 515.01(c)(1) of the Business and Tax Regulations Code takes
23 into account the mid-fiscal year operative date of this ordinance.

1 APPROVED AS TO FORM:
2 DENNIS J. HERRERA, City Attorney

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4 By: _____
5 KERNE H. O. MATSUBARA
6 Deputy City Attorney

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