

CITY OF SOUTH SAN FRANCISCO MEASURE W  
CITY ATTORNEY'S IMPARTIAL ANALYSIS

The City Council of the City of South San Francisco (“City”) placed Measure W on the ballot to ask the City’s voters to approve amendments to the City’s existing tax on businesses. The City currently requires most businesses conducting business within the City to pay a license tax each year to operate. This requirement has been in place since at least 1976. It has not been changed since 2008.

Measure W proposes that the tax rate for many businesses would change to be based on the number of employees. For these businesses, the annual rate would be \$150 plus \$30 per employee for the first nine employees, \$45 per employee for 10-99 employees, and \$55 per employee for 100 or more employees. Employees would include independent contractors, co-employees, or any other person working in the business.

The rate for professional businesses would be \$275 per associate, partner, or member working in the business. The rate for construction contractors would be \$1.80 for \$1,000.00 of construction value as reported on the building permit for the contractor’s work. The rate for peddlers and solicitors would be \$250 per vehicle and an amount per employee that increases with the number of employees. The rate for rental of residential real property would be \$50 per unit for property that generates transient occupancy tax, \$150 plus \$10 per unit for property that does not. The rate for transportation of people would be \$375.25 per vehicle plus an amount per employee that increases with the number of employees. Rates for other business categories are included in the ordinance in the voter guide.

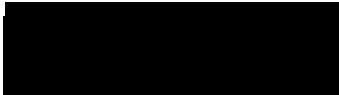
Some tax rates would continue to increase each year by the amount of inflation, as measured by a consumer price index. There would be no cap on the total amount of tax a business would be required to pay annually, but the City Council could institute a cap.

The business license tax is a “general tax,” meaning the revenue from the tax is not restricted to specific purposes and may be used for any legitimate government purpose. As stated in the question appearing on the ballot, examples of uses of the revenue include fire protection and paramedic emergency response; neighborhood police patrols and services; pothole, street, and road maintenance; parks and recreation programs; and library programs and services.

Measure W would require the City’s independent auditors to prepare an annual report reviewing the collection, management, and expenditure of revenue from the business license tax. The City Council Budget Standing Committee would review the auditor’s report at a noticed public hearing. Public comments regarding the report would be forwarded to the City Council for consideration. Measure W would generate approximately \$2,600,000 annually.

A “Yes” vote is a vote to change the City’s business license tax as described above and in the ordinance in the voter information guide. A “No” vote is a vote to maintain the current business license tax. Measure W would be approved if it received a simple majority of “Yes” votes.

DATED: August 20, 2024

  
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Sky Woodruff, City Attorney  
City of South San Francisco