



LEAGUE OF
WOMEN VOTERS®
SAN FRANCISCO

San Francisco Ballot Measures

★ Pros & Cons Guide ★

Non-Partisan Information on the Election

Election Day is Tuesday, November 6, 2018

Polls are open from 7:00 am to 8:00 pm

Early voting starts October 8

This Pros & Cons Guide has been prepared by volunteers with the League of Women Voters of San Francisco, a non-partisan political organization. We offer education to help citizens participate in the democratic process and we engage in advocacy to influence public policy that benefits the community. Through their League involvement, our members become more informed and active participants in local, state, and national government.

With your support the League of Women Voters can continue to produce voter education materials such as this Pros & Cons Guide, host Candidate Forums and organize voter registration drives.

Donate online at lwvsf.org

PROPOSITION A – Embarcadero Seawall Earthquake Safety Bond

Charter amendment placed on the ballot by a unanimous vote of the Board of Supervisors. This proposition needs the approval of two-thirds of voters.

THE QUESTION:

Shall the City and County of San Francisco be authorized to issue up to \$425 million in bonds to repair and reinforce the Embarcadero Seawall and Embarcadero infrastructure and utilities for earthquake and flood protection?

BACKGROUND:

Largely invisible, the Embarcadero Seawall acts as a retaining wall against the ocean for three miles along the waterfront, from Fisherman's Wharf to Mission Bay (AT&T Park). It was constructed more than 100 years ago by dredging a trench through the mud and filling it with rock and rubble. A wall was built on top of the rock, and the marshland behind it filled. This Seawall thus helped facilitate over 500 acres of new land between San Francisco Bay and First Street. Today, the Seawall supports San Francisco's maritime activities, piers, wharves, and local businesses such as restaurants and tourist destinations, which bring an estimated 24 million people to the waterfront each year. It helps protect key utility networks and infrastructure, including the Bay Area Rapid Transit (BART), Muni Metro, and ferry transportation networks. It further serves as an emergency evacuation area and provides flood protection for regional transportation, and downtown neighborhoods and businesses. All told, the Seawall protects an estimated \$100 billion of assets and economic activity. It is the City's responsibility to maintain the Seawall, which it does through the Port of San Francisco.

The City estimates there is a 72% chance of another major earthquake in the next 30 years. During an earthquake, it would be vital to relief and evacuation efforts to keep the Embarcadero and its transportation and utility networks functioning. However, analysis found that in its dilapidated state, the Seawall would be unable to protect the area. The seismic risk is compounded by the accelerating risk of flooding due to rising sea levels.

To address the risks, the Port is leading the Seawall Earthquake Safety and Disaster Prevention Program, ("Seawall Program"), that will invest a projected \$2-5 billion over the next 30 years to protect and enhance the three-mile stretch of the San Francisco waterfront.

THE PROPOSAL:

Proposition A would authorize the City and County of San Francisco to borrow up to \$425 million in bonds to finance the first phase of a multiyear project for the construction, improvement and seismic strengthening of the over 100-year old Embarcadero Seawall.

The proposed cost of the first phase is projected to be \$500 million, with the additional \$75 million anticipated to come from state and federal funds. Construction is scheduled for completion by the end of 2026.

The interest on the bonds would be financed by an increase in residential property tax of an estimated \$0.013 per \$100 of assessed value. Landlords would be allowed to pass on up to 50% of the increase to their tenants. The Citizens' General Obligation Bond Oversight Committee would review bond spending and provide an annual report to the Mayor and Board of Supervisors.

CONTROLLER'S STATEMENT:

https://sfelections.sfgov.org/sites/default/files/Documents/candidates/Nov%202018/PropA_ControllerAnalysis.pdf

A "YES" Vote Means: You authorize the City to sell up to \$350 million in general obligation bonds to finance the construction and improvement of community health, emergency response, and homeless shelter facilities.

A "NO" Vote Means: You do not authorize the City to sell bonds for this purpose.

Join the League of Women Voters of San Francisco! Visit lwvsf.org

ARGUMENTS IN FAVOR OF PROP A:

- Given the likelihood of a major earthquake in the next 30 years, passage of Prop A would enable the City to act now to reinforce the Seawall and prevent flooding of BART and MUNI tunnels so vital escape routes would remain open in an emergency.
- A January 2018 poll showed that 73% of San Francisco residents support the idea.
- A citizen oversight committee will review spending and issue an annual report.
- An estimated 4,000 jobs would be created by the Seawall Program. All contracts would be subject to the "First Source Hiring Program", which fosters employment opportunities for qualified economically disadvantaged individuals, and the "Local Business Enterprise and Non-Discrimination in Contracting Ordinance", which supports the hiring of local businesses.

ARGUMENTS AGAINST PROP A:

- Opinions of seismologists and climate experts on the effectiveness of seawalls are divided, so there may be other, more effective ways to protect the waterfront.
- The money raised by this proposition is only the first phase of a multi-year project, with a total estimated cost of \$2-5 billion. This bond only finances upgrades to the three-mile stretch of the San Francisco coastline between Fisherman's Wharf and AT&T park.
- Property owners will be able to pass on up to 50% of their property tax increase to their tenants, which could drive further rises in already high San Francisco rents.
- The businesses in the area behind the Seawall should pay for its repair and upgrade.

PROPOSITION B – City Privacy Guidelines

*Charter amendment placed on the ballot by a unanimous vote of the Board of Supervisors. This proposition needs a simple majority to pass.**

THE QUESTION:

Shall the City Charter be amended so as to establish a Privacy First Policy to guide the City when considering the adoption of privacy-protective laws, regulations, policies, and practices for the City; the City's contractors, lessees, and grantees; third parties receiving licenses, permits, or other entitlements from the City; and persons, including businesses and other entities, within the regulatory authority of the City?

BACKGROUND:

As of June 2018, the California Consumer Information Protection Act protects California residents. Different sectors managing personal and consumer information are regulated at the Federal level. Some City agencies also have their own privacy policies. But with unintended and misunderstood uses of personal data on the rise, backers cite a need for a publicly adopted policy in City law for protecting the data of San Francisco residents and visitors.

THE PROPOSAL:

Following the model of San Francisco's longstanding Transit First Policy, a Privacy First Policy for San Francisco would provide overarching, ongoing guidelines to apply to current and future City laws - in this case, ones that touch personal data. The Privacy First Policy as proposed includes eleven non-binding guidelines for City agencies and officials to reference when they consider proposed laws, regulations, policies and practices protecting the personal information of San Francisco residents and visitors. The Privacy First Policy guidelines focus on ensuring that the collection, storage, sharing or use of personal information is transparent, accessible, unbiased, consensual, secure and limited to accomplish a lawful purpose.

The Privacy First Policy may not be implemented in a manner that is inconsistent with voter-approved ordinances regarding privacy, open meetings, or public records. Notwithstanding any other provision of the Charter, the Board of Supervisors is authorized by ordinance to amend voter-approved ordinances regarding privacy, open meetings, or public records, provided that any such amendment is not inconsistent with the purpose or intent of the voter-approved ordinance.

The amendment would also require that by May 29, 2019 the City Administrator propose an ordinance to the Board of Supervisors addressing the collection, storage, sharing and use of personal information. This ordinance must also contain rules for third parties who hold contracts or leases with The City; and third parties with permits, grants or licenses issued by the City.

CONTROLLER'S STATEMENT:

https://sfelections.sfgov.org/sites/default/files/Documents/candidates/Nov%202018/PropB_ControllerAnalysis.pdf

A "YES" Vote Means: You want to amend the City Charter to include privacy guidelines and require the City Administrator to propose a privacy ordinance consistent with these guidelines to the Board of Supervisors.

A "NO" Vote Means: You do not want to make these changes.

ARGUMENTS IN FAVOR OF PROP B:

- All San Francisco residents and visitors have a fundamental right to privacy, so we need privacy guidelines at the City level, to apply to our own laws.
- The Privacy First Policy would remove the profit motive from the use of personal information by standardizing how the use of personal information is regulated in San Francisco, setting a precedent for cities across the country seeking to protect the privacy rights of their residents.

ARGUMENTS AGAINST PROP B:

- Proposition B authorizes local government to “amend existing ordinances without voter approval, so long as the change is ‘not inconsistent with the purpose or intent of the law’” and could enable officials to limit access to government records or change the composition of the Sunshine Ordinance Task Force to be more friendly politicians or the very business interests they say they are trying to rein in.
- Proposition B would not give elected local officials much additional authority, since City privacy laws would still be preempted by existing Federal and State laws.



Join the League of Women Voters of San Francisco! Visit lwvsf.org

PROPOSITION C – Additional Business Taxes to Fund Homeless Services

Ordinance put on the ballot by citizen initiative. This proposition requires a simple majority for passage.

THE QUESTION:

Shall the City establish a tax on San Francisco businesses' annual gross receipts over \$50 million and use the revenue from this tax to fund supportive housing, homeless services, and mental health treatment?

BACKGROUND:

In the most recent one-night homeless tally in January 2017, counters found 7,499 homeless people in San Francisco. During the 2015-16 school year, nearly 1 in 25 San Francisco Unified School District students were identified as homeless. More than two-thirds of the City's homeless population previously had a home in San Francisco and thousands of San Franciscans currently experience housing instability or face potential eviction.

According to the Department of Homelessness and Supportive Housing (HSH), the City has about 2,500 temporary shelter beds for the homeless population, with over 1,000 people on shelter waitlists each night. Around 3% of the City's annual budget goes to spending on these shelter beds, housing for over 7,000 people, and related homelessness prevention costs. HSH's October 2017 Five-Year Strategic Plan claimed that "achieving and sustaining the meaningful reductions in homelessness" described in that plan would require additional investment and funding.

The City currently levies a business tax on about 13,000 companies in San Francisco, most of which is based on the company's gross receipts. For the majority of companies, this gross receipts tax ranges from 0.16% to 0.65% at most, depending on the business' activities. Some businesses instead pay the tax based on the amount of their payroll taxes.

THE PROPOSAL:

The City would impose an additional tax of about 0.5%, on average, on corporate gross receipts above \$50 million. The tax would affect roughly 5% of the City's 88,000 businesses. The new tax is expected to generate up to \$300 million annually, nearly doubling what the City currently spends on housing and homeless services. This revenue would be placed in the new "Our City, Our Home Fund" and used to supplement existing City funding on homelessness.

This new fund would be spent according to specified guidelines, designed to implement HSH's Five-Year Strategic Plan. At least 50% of the fund must go to housing programs, including short and long-term subsidies and construction of new units. Roughly half of these funds would be dedicated to housing families and youth. At least 25% of the fund would provide mental health services for homeless individuals experiencing severe behavioral health issues. At most 15% of the fund would be used to assist those at risk of becoming homeless. Finally, at most 10% of the fund would be used for immediate housing needs, including funding shelter/ navigation center beds and hygiene programs.

The Board of Supervisors would determine each year how to distribute funds between the above categories and would take recommendations from a new Oversight Committee of nine appointed experts in homelessness/ supportive housing, mental illness, substance abuse, and development. The proposal would go into effect on January 1, 2019.

CONTROLLER'S STATEMENT:

https://sfelections.sfgov.org/sites/default/files/Documents/candidates/Nov%202018/PropC_ControllerAnalysis.pdf

A "YES" Vote Means: You want the City to collect an additional tax of between 0.175% and 0.69% on businesses' gross receipts above \$50 million, in order to fund about \$300 million more in services annually to address homelessness in San Francisco.

A "NO" Vote Means: You do not want to make these changes.

Join the League of Women Voters of San Francisco! Visit lwvsf.org

ARGUMENTS IN FAVOR OF PROP C:

- Funding homeless services is good for all San Francisco residents and business owners. It will help attract tourists and workers to the City and improve public health and safety by keeping people off the streets.
- This would create a clear plan for funding a comprehensive solution to our homelessness problem. Spending would be based on advice of experts in the field and the proposal would promote transparency in City funding.
- People are confused about how much the City currently spends addressing homelessness. About two-thirds of last year's funding went to *preventing* people from becoming homeless. Without Prop C, the City is only spending about \$10 per person per day on services for the homeless population.
- The City desperately needs more resources to address our homelessness crisis. Prop C would only be the third funding measure passed in 20 years for homeless and housing services in San Francisco.
- Prop C is supported by dozens of community leaders, nonprofits, and elected representatives at local, state, and national levels. The only organized opposition comes from corporate interests who offer no alternative solutions.
- Prop C will help protect people of color, youth, and LGBTQ people, who disproportionately experience homelessness and housing instability.

ARGUMENTS AGAINST PROP C:

- The City's Office of Economic and Workforce Development has stated that this new tax would disproportionately impact employees in mid-level jobs, like administrative staff in retail companies and grocery stores.
- The businesses that would pay this added tax make up approximately 15 to 20% of the City's job base. This measure could cause a major drain of middle-income jobs from San Francisco.
- San Francisco already is spending more than \$300 million a year on homelessness and the problem seems to be getting worse. Throwing more money at the problem won't help.
- The City does have a homelessness problem, but it has historically been a federal responsibility to subsidize housing for the very poor. We should address this issue at a state and national level, not by increasing taxes on San Francisco's job-makers.
- San Francisco doesn't want bureaucratic responses to homelessness. Residents voted down similar measures in 2016 and again in June of this year.
- This proposal offers no accountability or plan. It's a windfall for City Hall and the agencies who wrote the ordinance.

PROPOSITION D – Additional Tax on Cannabis Businesses

*Initiative ordinance placed on the ballot by the Board of Supervisors. This proposition needs a simple majority to pass.**

THE QUESTION:

Shall the City's Business Tax and Regulations Code be amended to impose the following taxes on cannabis businesses:

- 2.5% on gross revenue up to \$1 million and 5% on gross revenue over \$1 million from the retail sale of cannabis;
- 1% on gross revenue up to \$1 million and 1.5% on gross revenue over \$1 million from business activities other than retail sales of cannabis;
- Apply this and other business taxes to some businesses that do not have a physical presence in the City but who generate more than \$500,000 in gross revenue in the City

BACKGROUND:

California voters passed Prop 64, legalizing the sale of recreational cannabis, in 2016. The state imposes a 15% excise tax on all cannabis sales, both medical and recreational. Recreational cannabis is also subject to state and local sales tax.

Cities have been able to implement recreational cannabis sales and taxes at their own discretion. San Francisco began recreational cannabis sales in January 2018. Those sales are already subject to an 8.5% sales tax and a gross revenue tax of between .075% and .65% for businesses with over \$1 million in revenue annually, in addition to the state excise tax. As with other taxes, gross revenue and excise taxes are passed on to buyers.

Other states have approved the sale of medicinal and recreational cannabis, applying similar taxes on recreational cannabis. Some have seen recreational cannabis sales fall off in the months following implementation. In response, taxes resulting from sales of cannabis have also diminished.

THE PROPOSAL:

The Board of Supervisors would be able increase the tax on cannabis businesses by up to 1% per year, to a maximum rate of 7% in each category. The Board could vote by a simple majority to decrease the tax as well. Some businesses would be exempt from some or all of the new tax for the first \$500,000 of revenue from:

- sales of medicinal cannabis
- certain other activities indirectly related to retail sales of cannabis

Business activities include cultivation, possession, manufacturing, processing, storing, labeling, and distribution services. Transportation and testing are exempt under this measure, though delivery services are not.

Revenue from these changes would go into the General Fund, which can be used for any purpose.

CONTROLLER'S STATEMENT:

https://sfelections.sfgov.org/sites/default/files/Documents/candidates/Nov%202018/PropD_ControllerAnalysis.pdf

A "YES" Vote Means: You want to authorize these new taxes on cannabis businesses and on some businesses generating revenue in the City without having a presence here.

A "NO" Vote Means: You do not want to make these changes.

Join the League of Women Voters of San Francisco! Visit lwvsf.org

ARGUMENTS IN FAVOR OF PROP D:

- Prop D could generate approximately \$10 million in tax revenue each year that will be put toward education, equity programs, training and education of the cannabis workforce, and enforcement of city cannabis permitting.
- San Francisco is the last major city in California to pass a tax on cannabis.

ARGUMENTS AGAINST PROP D:

- Prop D will result in higher costs that will put cannabis retailers out of business, driving buyers back to the black market where cannabis is not subject to testing and is of lower quality.
- The increased taxes are just a way for the city to get more money to spend on matters unrelated to drug safety, education, or rehabilitation.



Photo by Theresa Thompson, Creative Commons via Flickr

Join the League of Women Voters of San Francisco! Visit lwvsf.org

PROPOSITION E – Partial Allocation of Hotel Tax for Arts and Cultural Purposes

Ordinance put on the ballot by citizen initiative. This proposition requires needs the approval of two-thirds of voters to pass.

THE QUESTION:

Shall the City's Business Tax and Regulations Code be amended to dedicate 1.5% of the current 14% hotel tax for specific arts and cultural purposes?

BACKGROUND:

The City imposes a hotel tax on the rental of hotel rooms. For most of its existence since 1961, the tax has dedicated the money raised to City arts agencies and departments, the City's convention facilities, and low-income housing. However, starting in the early 2000s, the City began amending those allocations as part of the General Fund.

San Francisco currently imposes a 14% hotel tax (an 8% base tax and an additional 6% tax surcharge) on the rental of hotel rooms. These tax revenues go into the General Fund, and the Board of Supervisors and the Mayor may allocate the money for any public purpose.

Currently, there are no specific amounts funding for The Arts Commission, Cultural Equity Endowment Fund, Grants for the Arts Program, and the City's War Memorial and Performing Arts Center (War Memorial complex) consisting of the War Memorial Opera House, Davies Symphony Hall, Herbst Theatre, the Green Room and Zellerbach Rehearsal Hall.

THE PROPOSAL:

In each fiscal year, the City would be required to make a distribution of set dollar amounts for these designated arts and cultural uses (dollar amounts change subject to receipt of tax revenues):

- \$16.3 million to support nonprofit cultural organizations;
- \$6.4 million for programs related to the Cultural Equity Endowment;
- \$3.8 million to support City-owned community cultural centers;
- \$3 million to support communities working to maintain cultural heritage in City neighborhoods;
- \$2.5 million to address needs in the arts community, as determined by a cultural services allocation plan.

After all distributions have been made for a fiscal year, any remaining funds would go to the General Fund.

CONTROLLER'S STATEMENT:

https://sfelections.sfgov.org/sites/default/files/Documents/candidates/Nov%202018/PropE_ControllerAnalysis.pdf

A "YES" Vote Means: You want the City to distribute up to 1.5% of the current base hotel tax for specific arts and cultural purposes.

A "NO" Vote Means: You do not want to make these changes.

ARGUMENTS IN FAVOR OF PROP E:

- This measure is not a tax increase, but is a fiscally-responsible approach to protecting and expanding arts and culture in San Francisco.
- Over the years, the arts in San Francisco have lost tens of millions of dollars of funding as our economy has soared. The measure would dedicate funding to enhance arts and music programs in schools and make art more accessible and affordable to local residents.
- This measure will ensure local residents have more access to arts and music programs in schools and make art more accessible and affordable. It will help local artists and programs, ensuring homegrown talent can continue to thrive in San Francisco. Federal funds for the arts may be eliminated. We must act locally.

ARGUMENTS AGAINST PROP E:

- Today's hotel tax revenue goes towards the General Fund, allowing for flexibility in spending based on the City's most stressing needs such as public safety, education and infrastructure developments.
- The issue is not support for the arts but government subsidy. Prop E would reduce the City's budget across all other services, creating pressure for near-term tax hikes.
- Government subsidies can only harm our vibrant art scene. The City's art scene should depend upon individuals, not public officials making judgments.

* Pro/Con Guide has been amended to correct the threshold for passage for Propositions B, D and E.

Be a voter!

You are eligible to vote in San Francisco if you are:

- ✓ A United States citizen
- ✓ At least 18 years old on Election Day
- ✓ Not in prison or on parole for a felony conviction
- ✓ A resident of San Francisco
- ✓ Registered to vote in San Francisco

Get more information on how to register to vote at registertovote.ca.gov or call the San Francisco Department of Elections at (415) 554-4375.

Get even more election resources

This non-partisan Pros & Cons Guide is just one of many resources that the League of Women Voters of San Francisco provides to help you become a more informed and active participant in the election. We also offer:

- Candidate forums
- Statements from candidates
- Ballot measure discussions
- ...and more!

Watch our exclusive ballot measure discussions and candidate statements on our YouTube channel! youtube.com/leagueofwomenvotersf

Visit lwvsf.org for all of our election resources and follow us on Facebook (facebook.com/LWVSanFrancisco) and Twitter (twitter.com/LWVSF).

