

# Parking Tax

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## Description

The City imposes a tax on the occupancy of all off-street parking spaces throughout the City. The tax rate is 25 percent of total parking charges. For example, if a customer is charged \$8 for parking (exclusive of Parking Tax), plus an additional \$2 to cover the 25 percent Parking Tax, total parking charges collected by the garage operator from the customer will be \$10. Typically, however, parking charges are advertised and quoted *inclusive* of the Parking Tax.

## Size

	<b>Total</b>	<b>General Fund</b>	<b>Municipal Transportation Fund</b>
<b>FY 2005-06:</b> Budget	\$55.18 million	\$33.12 million	\$22.06 million
<b>FY 2004-05:</b> Actual	\$55.15 million	\$33.09 million	\$22.06 million
<b>FY 2003-04:</b> Actual	\$53.32 million	\$31.99 million	\$21.33 million

## Statute

San Francisco Charter Section 16.110(4)

San Francisco Business & Tax Regulations Code, Article 9, Sections 601-615

## Allocation

60 percent	\$33.12 M	General Fund – unallocated, discretionary
<u>40 percent</u>	<u>\$22.06 M</u>	Municipal Transportation Fund
100 percent	\$55.18 M	All Funds – Total

## Collection Method & Issues

Most off-street parking spaces are rented by a property owner to a professional parking operator. The parking operator collects a fee from the parking patron for the space rental plus a 25 percent City parking tax. Operators pay the tax to the Treasurer/Tax Collector quarterly, with monthly estimated payments if the tax obligation exceeds a specified threshold.

## Tax Rate / Tax Structure

The parking tax is 25 percent of the parking charge paid by the patron to the provider (operator) of the parking facility. Generally, the parking tax is already included in the posted parking rate and thus results in 20 percent of the patron's total parking charges being attributed to the parking tax. For example, if the base parking charge is \$8.00, then the total parking charges (i.e. the posted parking rate) will be \$10.00 for the patron. This means that \$2.00 (or 20 percent) of the \$10.00 in total parking charges is attributed to the parking tax. However, the parking tax rate is actually 25 percent, or \$8.00 times 25 percent, which results in \$2.00 of parking tax revenue.

Based on our review of rates in 2003, San Francisco's Parking Tax rate of 25 percent is the highest rate of the ten largest cities in California and also neighboring cities. The table below summarizes the California jurisdictions surveyed. Some larger US cities have relatively high parking tax rates, including Miami, Manhattan, and Philadelphia, which are 20.00 percent, 18.25 percent and 15.00 percent respectively.

## Parking Tax - Rate Comparisons

10 Largest California Cities	Population[1]	Tax Rate	Neighboring Cities	Tax Rate
<b>San Francisco</b>	<b>776,733</b>	<b>25.00%</b>	<b>San Francisco</b>	<b>25.00%</b>
Los Angeles	3,694,820	10.00%	Berkeley [2]	10.00%
Oakland	399,484	10.00%	Oakland	10.00%
Anaheim	328,014	7.75%	Concord	0.00%
San Jose	894,943	0.00%	Emeryville	0.00%
Long Beach	461,522	0.00%	Palo Alto	0.00%
Fresno	427,652	0.00%	San Jose	0.00%
San Diego	1,223,400	0.00%	San Leandro	0.00%
Sacramento	407,018	0.00%	Hayward	0.00%
Santa Ana	337,977	0.00%	Fremont	0.00%
<b>Average (Mean) of 10 Largest Cities</b>		<b>5.28%</b>	<b>Average (Mean) of Neighboring Cities</b>	
<b>Median of Largest Cities</b>		<b>0.00%</b>	<b>Median of Neighboring Cities</b>	
		<b>0.00%</b>		

### Source Data & Notes

CCSF Controller Survey; and Kosmont-Rose Institute Cost of Doing Business Survey, 2003 Edition

[1] 2000 Census Data from CA Dept. of Finance Website (10/21/2003)

[2] The City of Berkeley charges a 10% tax on the gross receipts of private garages; City owned garages are priced comparably, but do not charge the 10% rate.

## Historical Information

The Parking Tax was originally imposed as a 15 percent tax with two-thirds (10 percent) going to the unallocated (discretionary) portion of the General Fund and one-third (5 percent) to senior programs. A 10 percent surcharge was added in 1980, and the additional revenue was designated for the General Fund. Charter Section 16.110 (Proposition M, 1993) transferred 10 percent (of the total 25 percent) to public transportation.

In September 2004, the Court of Appeals ruled that the portion of the parking tax earmarked for senior citizens' activities is void as a "special tax," which did not receive the requisite two-thirds approval by the voters as required by relevant provisions of the California Constitution. However, that disallowed allocation does not require invalidation of the entire parking tax ordinance or reduction of Flying Dutchman's (the plaintiff) parking tax arrearages, because the offending clause is severable under the ordinance's savings clause, thereby allowing parking tax revenue to pass exclusively into City's General Fund. To backfill this reduction to senior programs, the Board provided a like amount of General Fund support to make the program whole in FY 2004-05. Subsequent budgets have also shown General Fund support in lieu of a parking tax allocation for similar programs.

## Trends & Projections

Substantial increases in parking rates and the volume of autos led to significant increases in parking tax revenue during the five years ending in FY 2000-01. Starting in FY 2001-02, however, as was the case with other general revenues, there has been a decline in parking tax revenue. Traditionally, parking tax revenue projections are made by analyzing the amount of citywide parking activity and revenue from city-owned parking facilities, which account for approximately 25 percent of all spaces subject to the tax. The impact of citywide economic activity (labor markets and tourism), non-City-owned parking space inventory, technological changes (such as mechanical or hydraulic parking), and changes in compliance are also considered. The summary of the last several years is in the table below.

Fiscal Year	Total All Funds Revenue (\$1,000s)	Annual Growth	
		\$ Change (\$1,000s)	% Change
FY 1994-95	\$ 30,087		
FY 1995-96	\$ 37,051	\$ 6,964	23.1%
FY 1996-97	\$ 39,933	\$ 2,883	7.8%
FY 1997-98	\$ 42,020	\$ 2,087	5.2%
FY 1998-99	\$ 44,995	\$ 2,975	7.1%
FY 1999-00	\$ 50,466	\$ 5,471	12.2%
FY 2000-01	\$ 56,386	\$ 5,920	11.7%
FY 2001-02	\$ 50,806	\$ (5,581)	(9.9%)
FY 2002-03	\$ 49,525	\$ (1,280)	(2.5%)
FY 2003-04	\$ 53,323	\$ 3,798	7.7%
FY 2004-05	\$ 55,150	\$ 1,827	3.4%
Budget FY 2005-06	\$ 55,182	\$ 32	0.1%

## Sensitivities

Parking Tax revenues are highly correlated to business activity, employment, and rate increases. Private lots account for 75 percent of all off-street parking spaces in San Francisco. The remaining 25 percent are impacted by Board of Supervisors' adopted rates for City garages.