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San Francisco's Local Politics During the Pandemic

Introduction

While COVID-19 made it a grim year for cities all around the world, there were many exciting propositions that passed in the November 2020 San Francisco election. San Francisco voters faced thirteen measures on the ballot that included creating a sanitation department for the city, adding more transparency and oversight in the San Francisco Police Department as well as getting rid of the outdated mandate that says to have no more than 1,971 full-time officers, the real estate transfer tax, changing the voting age for local politics to sixteen years old, affordable housing efforts, and a business tax overhaul. When discussing local politics during the pandemic, it is crucial to understand each proposition, how they will affect residents and the city, and the importance of voting during this time of hardship. The gravity of COVID-19 brought both opportunities and challenges to the residents of San Francisco.

The Impact Voters Will Have

The changes to the voting process gave voters an opportunity to use their voice and determine what impact they want to have on the city's progress. Out of fourteen ballot propositions, thirteen succeeded. The one proposition that did not succeed was Proposition G

which called for lowering the voting age for local politics to sixteen years old. According to sf.citi, which is a technology community site that strives to encourage the tech industry to have a voice in politics, “San Francisco voters came out in full force for the November 2020 election and tied a 1944 San Francisco record in the process with voter turnout at 86 percent” (“November 2020 San Francisco Election Results: A Referendum on Taxes”). This record-setting number is not a surprise according to what Nora Mishanec of the *San Francisco Chronicle* explained of the changes to the voting process during the pandemic. Between San Francisco offering 588 spacious polling places in order to be COVID conscious, and many voters feeling motivated to vote on-person, residents wanted their voices to be heard. In their article “The COVID-19 Effect on Elections”, sf.citi mentions that San Francisco provided mail-in voting for the added convenience to voters. The decision on San Francisco’s part to offer both mail-in and in-person voting provided voters with the perfect opportunity to take advantage of the changes that come with the pandemic.

During this election cycle and time of upheaval, the power has been in the hands of the people. Whether or not a proposition they support passes is up to an individual. The success rate of each ballot measure will have a great impact on both San Francisco’s political and economical future. Out of the fourteen ballot measures, the three that received immense support from voters all have to do with tax reform. Proposition F is a business tax overhaul, Proposition L is a business tax overhaul specifically for executives’ compensation, and Proposition I introduces a real estate transfer tax. All three of these ballot measures will have quite an effect on the future of San Francisco’s economy and the lives of residents. The immense support of these measures shows that the majority of residents are in agreement that the tax system of the city needs to be reformed. Not only does this record setting voter turnout show that San Franciscans are more

civically engaged than ever, but that they have an idea of what changes can be made to improve the city. Recognizing the shortfalls in current institutions and systems is the first step to thinking of how to make long-lasting improvements to San Francisco.

Impact of Election Results

Within the results, there are two main takeaways. The first takeaway is that residents wanted an increase in taxes during the pandemic and for the economic recession. Between these three measures, the City will collect more than \$333 million in their yearly revenue. The support for these tax propositions is incredibly important as San Francisco currently has a \$1.5 billion budget deficit and the money from these taxes will be greatly beneficial for the city.

While many locals supported these business tax proposals, some argue that business tax increases will make it a much more difficult economic recovery for San Francisco. Proposition F proposes a business tax overhaul that will add close to \$100 million in revenue and increase the gross receipts tax (GRT) for some industries over the next few years. One example of who this proposition will affect is the tech industry. Tech companies in San Francisco are now responsible for paying double the tax rate of similar cities (such as Seattle) and given the economic downturn, the tax increase has caused many tech companies to lay off workers, this incentivizes companies to move their business elsewhere. With the rising popularity of remote work and this new business tax overhaul, contributors at sf.citi, say that “doubling down on tax revenue generated by the presence of tech companies in the City at a time when so many are moving away from in-person work is not only naive, but willfully blind to the situation at hand” (“November 2020 San Francisco Election Results: A Referendum on Taxes”).

The second business tax related proposition, Proposition I, a real estate transfer tax that is expected to bring the city lots of revenue, however it does not come without its concerns. Financial experts say taxable revenue and assets are difficult to predict. There are also concerns about Proposition L, a business tax which changes executive's pay. The City Controller, the office that runs financial city records, released their economic impact report and found that "the tax would have a *negative* impact on San Francisco's economy, with a decrease of \$50 million in the City's GDP and a loss of 625 jobs" ("November 2020 San Francisco Election Results: A Referendum on Taxes"). Both of those numbers are troubling due to the current budget deficit and the fragile economy of San Francisco. While at the time, the proposition seemed like a wise idea to voters, sf.citi contributors say that it could "set off a dull-on 'tech exodus' in San Francisco" ("November 2020 San Francisco Election Results: A Referendum on Taxes.") They say this is in part due to the existing issues of the city like homelessness, skyrocketing rent and housing prices, and now these new business tax reforms put pressure on tech companies to support the ever growing budget. If San Francisco's leading tech companies move to other cities, the city's economy will take an unfortunate turn.

The second main takeaway from the election is that residents feel there needs to be a way to improve the city's services without increasing taxes. The three other propositions that received immense support were Proposition A, Proposition H, and Proposition J--these will all improve the city without costing a fortune. Proposition H will make the permitting system simpler for business owners, Proposition J will give the public school districts the funds that come from the 2018 School Parcel Tax, and lastly, Proposition A will allow the city to borrow up to \$487.5 million in bonds that will support services and resources for the homeless community, mental health, green spaces, parks, street improvements, and recreational facilities. Proposition A was

designed to help close the budget deficit. These two takeaways are contradictory as it appears that some residents want an increase in taxes to help the city and economy while others want improvements but not if it means higher taxes. The significance of this contradiction is that there is a divide in thinking among San Franciscans about how to make improvements to the City and economy. On one hand, Propositions F, L, and I are all directly tied to the tech industry as they are all part of a business tax overhaul, but the effects are going to be long-lasting. These measures will not just have an impact on the future of tech companies in San Francisco, but on San Francisco's economy. The immense support for these three measures shows that the majority of the population is focused on how to reform the tax system for companies. However, the support for Propositions A, H, and J show that other residents want measures that will not be as costly and will not harm the fragile economy and that is because these measures are focused on different sectors of city government.

The residents of San Francisco need to evaluate what should be prioritized during this pandemic. While community outreach and social services are important, some residents might argue that focusing on the San Franciscan economy and homelessness are more pressing issues. As mentioned earlier, the tech industry will be affected by Proposition F and it may be enough to change the course of the industry forever. San Francisco is home to numerous startups and companies but if they see the business tax overhaul as an obstacle, then San Francisco--and Silicon Valley--will see their economies change dramatically. The changes and progress that San Francisco's officials and lawmakers achieve are dependent on their budget, which has been negatively affected by the deficit. Ultimately, these propositions show that San Franciscans are supportive of change, but the next step is figuring out how to make these changes so everyone is happy.

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