



Proposition E General FAQs

** For informational purposes only; this is a proponent document developed by the campaign coalition San Franciscans for the Arts; no opponent document has been developed*

Initiative ordinance legal title: The Hotel Tax Allocations Initiative Ordinance

Ballot committee name: San Franciscans for the Arts

What does this measure aim to do?

- This ballot measure aims to secure arts funding to the Grants for the Arts and the Arts Commission. It will allocate a **portion of the projected revenue increase** of the Hotel Tax to fund arts programming for all ages, artists, and demographics. The funding will also go toward development of cultural equity programs for underserved communities and funding for Cultural Districts and Cultural Centers.
- **Without raising taxes or taking away from other city services**, this measure would simply restore funding that was established in 1961 to fund arts and culture in San Francisco.
- The Hotel Tax is a tax placed on hotel guests, aimed at non-residents and tourists.
- This measure would guarantee at least \$29 million dollars in the first year, with an expected growth each consecutive year, for arts and cultural programs in San Francisco.
- This ordinance would subject 1.5% of the 8% base tax to specific allocation, and the remaining 6.5% of the 8% base tax would continue to go into the General Fund.
- Under this measure, the following allocations will be distributed:
 - \$16.3 million to the Grants for the Arts to distribute for general operating costs
 - \$6.4 million to the Arts Commission for Cultural Equity Endowment
 - \$3.8 million to the Arts Commission for Cultural Centers
 - \$3 million to the Mayor's Office of Housing & Community Development for Cultural Districts
 - \$2.5 million to the Arts Impact Endowment



Why use revenue from the Hotel Tax?

- Local governments impose taxes on hotel room charges aimed at nonresidents to cover the cost of services associated with visitors in a city¹. The Hotel Tax is raised by a base tax on the rental of hotel rooms in San Francisco, including Airbnb.
- The Hotel Tax does not add any taxes to San Franciscans. Instead, it taxes tourists who stay in hotels while visiting our unique city.
- The Hotel Tax has proved to be a stable revenue source for the City, only dipping twice in its 50+ year history (during 9/11 and the recession in 2008).
- Hotel Tax revenues increase significantly almost every year, from \$170 million in 2005 to \$440 million in 2017.
- At its inception, the Hotel Tax was set at 6%. It was raised to 14% in 1996, which includes an 8% base tax and 6% going directly into the General Fund.
- This measure would receive an allocation of 1.5% of the projected increase of the total 8% of this Hotel Tax revenue.
- This measure would restore the historic relationship between tourism and the arts that was established in 1961 when the Hotel Tax was created. Over the last decade, this funding has been depleted and ultimately cut. Now, art and culture programs are funded through the general fund, which is not stable, direct, or secure. Through this measure, the funding will extend to include support for Cultural Centers and Cultural Districts, a vital part of our city's make-up.
- Studies have shown that arts travelers stay longer and spend more in cities than regular tourists², demonstrating that tourism and the arts are undeniably linked.
- Revenue from the Hotel Tax has grown significantly and is projected to continue growing at a rate of 4.5%. This measure defines a floor/ceiling cap of 10% growth so that there are clear parameters for this funding source and so that it is not based on a set amount. San Francisco arts and culture deserve this type of secure funding that was originally allocated to them.

¹ http://sfcontroller.org/sites/default/files/FileCenter/Documents/242-06_Hotel_Room_Tax_October_2013.pdf

² <http://arts.ca.gov/resources/benefits.php>



Why was the Hotel Tax originally tied to San Francisco arts?

- The Hotel Tax was established in 1961 with a direct funding link to San Francisco art because providing support for the arts is fuel for tourism. A symbiotic relationship exists between arts and tourism, and this forward-thinking measure inspired many cities throughout the country to follow our example. Beginning in the early 2000s, City Hall started to deplete the Hotel Tax allocations for the arts and it was officially repealed by City Hall in 2013. In order to restore this relationship, the measure must win support of 2/3rds supermajority in November.
- In 1961, the original Hotel Tax was pioneering legislation that inspired many regions throughout the country to follow in our footsteps, including Austin, Odessa, San Marcos, and Minnesota.
- In its first fifty years, 502 groups were awarded 7,453 grants through this funding source
- Independent studies have shown that the arts help attract tourists to San Francisco, contributing \$1.7 billion per year to the City's economy.
- Arts and culture are at the heart of what makes San Francisco vibrant, dynamic, and unique. Visitors come from all over the world to admire the museums, performances, architecture, murals, sculptures, and so much more. Because San Francisco arts and culture play such a key role in attracting revenue from these tourists, it is only right that they are allocated the necessary funding to continue bringing in these visitors.

Why is this measure necessary?

- The economic boom in San Francisco isn't directly benefiting arts and culture in San Francisco. Although our museums, art productions, artists, cultural heritage, and Cultural Districts serve as a pioneering example for the rest of the country, these groups don't receive enough funding to survive in San Francisco.
- Art and culture are vital to what makes San Francisco the world-renowned city it is. If we don't secure funding for these organizations now, we risk losing them in the near future. This measure will guarantee at least \$29 million dollars in its first year to arts programs, local artists, non-profit cultural institutions, Cultural Districts, and more.
- Rent prices have shot up by 70% from 2010 to 2016, and are continuing to rise. A family of four earning \$117,000/year is now considered low-income in San



Francisco. This makes it difficult for San Francisco artists to live and work in their own city.

- President Trump has proposed eliminating all federal funding for the arts in his budget, even though over 70% of voters disapprove. San Francisco voters have the opportunity to protect San Francisco art and culture for years to come.

Who is involved in this measure?

- A broad coalition of artists and arts organizations, representing cultural equity, Cultural Centers, Cultural Districts, and civic institutions, have partnered with the City of San Francisco on a ballot measure to restore the historical connection of arts and culture funding from the Hotel Tax.

This Coalition includes*:

Actors' Equity Association	San Francisco Ballet
Alonzo King Lines Ballet	San Francisco Film Society
Asian Pacific Islander Cultural Center	San Francisco Performances
American Conservatory Theater	San Francisco Opera
Arts for a Better Bay Area (with community support/feedback)	San Francisco Shakespeare
Calle 24 Latino Cultural District	San Francisco Symphony
Chinese Cultural Center SF	SFJAZZ
Compton's Transgender Cultural District	SFMOMA
Contemporary Jewish Museum	SOMArts Cultural Center
Exploratorium	SOMA Pilipinas
Root Division	Theatre Bay Area
Japantown Task Force	Yerba Buena Center for the Arts

**This is a partial list*



- The Measure has support from Supervisor Tang, Supervisor Peskin, the Controller's Office, the City Administrator's Office, Grants for the Arts, and the San Francisco Arts Commission with much more support to come in the next several months.
- The cosponsors of the ballot measure were originally Supervisors Tang and Peskin, and then Supervisors Mandelman, Yee, and Cohen signed on as cosponsors at the Board of Supervisors vote.
- City Hall has already included the funding for this measure in the FY 2018-2019 budget, demonstrating their commitment and belief in this initiative.

Who has endorsed this measure?

[click here to see a current list](#)

How is this measure different from Proposition S in 2016?

- San Franciscans for the Arts and Ending Family Homelessness was the 2016 effort to address the urgent issue of housing and homelessness while ensuring stable and increased funding for artists and art groups in San Francisco. The measure, known as Proposition S, narrowly lost in November 2016, but the communities in support of it were determined to keep fighting. This year, the Coalition on Homelessness is putting forward its own measure, titled the Homelessness Gross Receipts Tax Ordinance. The two coalitions mutually agreed that it would be most effective to separate and spearhead two separate ballot initiatives, while supporting each other's efforts.
- While the funding for Proposition S was based on a baseline set aside from the Hotel Tax, this new measure will see revenue tied to the projected increase of the Hotel Tax. This means that the arts and culture community will have secure funding and will not take away from any other city-funded services.
- Cultural Districts and Cultural Centers are new additions to this funding that desperately need the support. These groups preserve San Francisco's celebrated heritage and culture while providing safe, inclusive spaces for community members.

Who will benefit from this measure?

- Local artists who are struggling to live and work in San Francisco will be supported by increases in job growth, grants, and funding to local arts organizations.



- San Francisco's education system will receive funding to support arts and music programs in schools and help foster creativity and innovation.
- Seniors and children will be able to continue receiving discounted costs to landmark exhibitions at museums, galleries, and performance art spaces in San Francisco, making art more accessible and affordable.
- Cultural Districts, defined as cultural geographic areas or locations within San Francisco that embody a unique cultural heritage, will see an increase in their budget, ensuring that we preserve and protect these influential areas.
- San Francisco festivals, parades, concerts, plays, and exhibits will receive a budget increase to continue hosting these creative events.
- Cultural Centers, city-owned community spaces that provide a safe, judgment-free space for any individual seeking arts and culture in San Francisco, will also see an increase in their budget to remain significant supporters of the cultural foundation of our city.
- The Arts Impact Endowment is a new program that will help address neglected needs in the arts community. This program will be re-evaluated every five years and approved by the Arts Commission and the City Administrator with community input.
- San Francisco murals, sculptures, and other public art have been a focal point for visitors and residents alike. With funding support, artists can showcase more of these art pieces and attract more admirers.
- All San Franciscans will experience the economic advantages of attracting millions of tourists to our city each year from our world-class arts and culture.

Will this measure take money away from something else?

- Because this allocation is tied to the projected increase of the Hotel Tax revenue, the arts and culture groups will not be taking away funding from any city services.
- This measure will not increase taxes, but rather would allocate 1.5% of the projected increase of the Hotel tax revenue to the arts. Previously, this 1.5% was directed towards the general fund, so arts and culture programs did not have their own independent, secure funding source.

How will this measure benefit the San Franciscan economy?

- Arts and culture bring in money in many different areas of the economy, including tourism, restaurants, transportation, and lodging.



- Arts and cultural organizations employ thousands of San Franciscans each year who contribute to the City's economy.
- This measure will ensure that working artists can remain in San Francisco and continue contributing to the economy and influencing the artistic future of this city.
- San Francisco's arts community drives billions of dollars of tourist spending into the City's budget, helping to generate funding for infrastructure, education, and community safety.
- Arts programs benefit youth and therefore the community as a whole through the long-lasting benefits of arts education.

What are the benefits of arts education?

- Arts education increases opportunities for self-expression and enjoyment and increases individual efficacy and self-esteem.
- Sustained student involvement in theater arts (acting in plays and musicals, participating in drama clubs, and taking acting lessons) associates with a variety of developments for youth: gains in reading proficiency, gains in self concept and motivation, and higher levels of empathy and tolerance for others.³
- Arts education has a profound, positive impact on youth development. Each year, arts education is significantly linked to a 20% reduction in the likelihood of the student being suspended or dropping out of school. Further, arts education is significantly correlated with an almost 20% increase in student's grades and standardized testing scores.⁴
- Low income students who have a high arts engagement are more than twice as likely to graduate college as their peers with no arts engagement.⁵

Why does this measure require 2/3rds of the vote?

- Because this measure is focused on tax revenue, California requires a 2/3rds supermajority vote to pass. This was created in part to stop politicians from hiding rising taxes from voters.
- If passed, this measure can only be changed by a 2/3rds supermajority vote.

³ <http://artsedge.kennedy-center.org/champions/pdfs/involvmt.pdf>

⁴ https://read.oecd-ilibrary.org/education/art-for-art-s-sake_9789264180789-en - page1

⁵ <http://arts.ca.gov/resources/benefits.php>



How much does San Francisco's hotel tax generate today? And how much is this 1.5% set aside expected to generate per year?

- The San Francisco Hotel Tax generates roughly \$400 million each year, with an 8% base tax and a 6% surcharge tax. This ordinance would subject 1.5% of the 8% base tax to specific allocations, and the remaining 6.5% of the 8% base tax would continue to go into the General Fund. That 1.5% is tied to the projected increase of the Hotel Tax revenue. In the first year, this is projected to be about \$32mn.
- The Hotel Tax has grown significantly since its inception and is projected to continue growing at a rate of 4.5% each year. This measure does define a floor/ceiling cap of 10% growth so that there are clear parameters for this funding source should the Hotel Tax growth change.

Do you know of any organized opposition to this measure?

- As of now, we only have heard opposition from the Libertarian Party, who wrote an opponent argument in the Voter Information Pamphlet. We have the full backing of City Hall, including Mayor London Breed, the Controller's Office, the City Administrator's office, Grants for the Arts, and the San Francisco Arts Commission. The Board of Supervisors voted unanimously to put the measure on the November ballot.

Do you know how the proposed allocations compare to previous years? Are these allocations more or less than these programs have received in the past?

- As of right now, arts and culture only receives funding from the general fund, which isn't a secure funding source for such a large group of arts and culture organizations and communities.
- Since FY 2009-10, Grants for the Arts funding from the General Fund has been steadily decreasing or staying flat. These allocations are helping to restore the amounts that the arts and culture communities have lost in the last decade, and then the growth of revenue of the Hotel Tax will hopefully grow the baseline allocations along with it.

Why are the Supervisor deciding to move forward with this measure now?

- They saw this as the right time to support the measure because of the strength of the coalition, the true restoration of the hotel tax being needed in particular, and then the general unpredictability of government funding of arts and culture in this



political era. Supervisors Tang and Peskin, self-identified as the two most fiscally conservative supervisors, see this as a measure that is putting back in place what had existed and worked well for decades and not a new commitment of the City's budget priorities. We have had a very collaborative experience working with them and negotiating the allocations so that they both reflect a meaningful amount of funding without harming any other City priority.