

News Release
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San Francisco's Troubled Fee System Creates Burden for Businesses and Residents, New Study Reveals

*"City Fees and Taxes Comprise One-Third
the Price of a San Francisco Cup of Coffee"*

San Francisco — City taxes and fees comprise as much as one-third the price of a San Francisco cup of coffee, according to a new study about San Francisco's fee system commissioned by local business groups. The study found that San Franciscans pay more municipal fees per capita than residents of comparable cities.

Soaring fees are just one problem with San Francisco's fee system. Poor oversight and insufficient accountability mean the City has no master list of the fees it levies and little analytical data to justify huge increases in some city fees. Under state law, cities can't charge more than the true cost of providing most services.

Titled "A Hefty Toll: How San Francisco's Broken Fee System Affects Businesses and Residents," the study analyzes the City's ailing fee system, its impact on residents and businesses and how the City's fees stack up against comparable municipalities.

The study offers a sobering portrait of a broken fee system, one that has increasingly become a go-to source of easy revenue for a city that has struggled to control spending over the last decade.

"San Francisco's fees create an enormous financial drag on residents and businesses at a time when they can least afford it," said Marc Intermaggio, Executive Vice President of the Building Owners and Managers Association. "This study describes a city suffering from fee fever."

The Committee on Jobs, a coalition of the City's largest private-sector employers, along with the San Francisco Chamber of Commerce, the Building Owners and Managers Association and the Golden Gate Restaurant Association collaborated on this study.

Among the study's findings is the City's increasing reliance on fee revenue. The study also found that:

- From 1998 to 2004, the amount of fee revenue the City collected for various governmental services skyrocketed from an estimated \$275 million to \$342 million, an increase of 24 percent.
- San Francisco's population from 2000-2004 decreased by over 32,000 while fees continued to rise.
- The 911 emergency fee that the city levies on phone lines has risen 175 percent in just the past three years.

- On a per capita basis, San Franciscans pay \$461 per year in fees, more the double the \$156 per year than residents and businesses of comparably sized Honolulu pay.

“Readers will be shocked to learn that 64 cents of a typical cup of coffee consumed in San Francisco goes to fees and taxes,” said Kevin Westlye, Executive Director of the Golden Gate Restaurant Association.

“Perhaps more troubling is the study’s finding that San Francisco’s lack of oversight and accountability in administering and managing at least some of its fees may be exposing the City to costly legal challenge,” said Nathan Nayman, Executive Director of the Committee on Jobs.

State law requires that the city’s fees accurately and reasonably reflect the cost of service for which they’re being charged. But the City’s justification for individual fees often appears to be tied more closely to its desperate need for revenue than it does to recovering the actual cost of individual services.

Based on the analysis, the study offers six clear recommendations for how San Francisco can start to repair its broken fee system, including completing a Master Fee Schedule, conducting a regular audit of its fees and fee system and requiring sound financial and cost-of-service justification for new and existing fees, among others.

“The City needs to act immediately to get control of its fee system,” Nayman said. “The recommendations in this study provide reasonable, constructive solutions that will help remove the financial and economic shackles that the City’s fee system has placed on businesses and residents.”

The full report is available in Adobe Acrobat PDF format at the following Websites:

- <http://www.sfvotewatch.com>
- <http://www.ggra.org>
- <http://www.bomasf.org>
- <http://www.sfchamber.co>

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