



Changes to Existing Real Property Transfer Tax for Properties Sold for \$10M+ Ballot Measure

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Background – City Budget & Funding Needs

- Fiscal sustainability plan & one-time federal stimulus funds
- Projected budget deficits – including \$4.7M in FY 22-23
- \$300M in unfunded capital improvement needs including:
 - Repaving roads, library upgrades, recreation facilities

Background – Revenue Measures

- Revenue survey and Council direction
 - Previously considered sales or real property transfer tax (RPTT)
 - Council direction to proceed with changes to existing Real Property Transfer Tax for properties sold for \$10M+
- General tax measure
 - Revenue would go toward General Fund to support range of city services
 - Requires 50% +1 to pass
 - Must be during a regularly scheduled election (November 2022, November 2024)

Existing Real Property Transfer Tax

- Been in effect since 1970s
- Only paid when property is sold/transferred, not an annual tax
- Flat 0.5% rate for all properties when sold/transferred, regardless of price

Examples of Other Cities' Tiered RPTT

Richmond Rates (passed November 2018)

Sales Price	RPTT Rate
< \$1M	0.70%
\$1M - \$3M	1.25%
\$3M- \$10M	2.50%
> \$10M	3.00%

San Jose Rates (passed March 2020)

Sales Price	RPTT Rate
< \$2M	0.33%
\$2M - \$5M	1.08%
\$5M - \$10M	1.33%
> \$10M	1.83%

Berkeley Rates (passed November 2018)

Sales Price	RPTT Rate
< \$1.5M	1.50%
> \$1.5M	2.50%

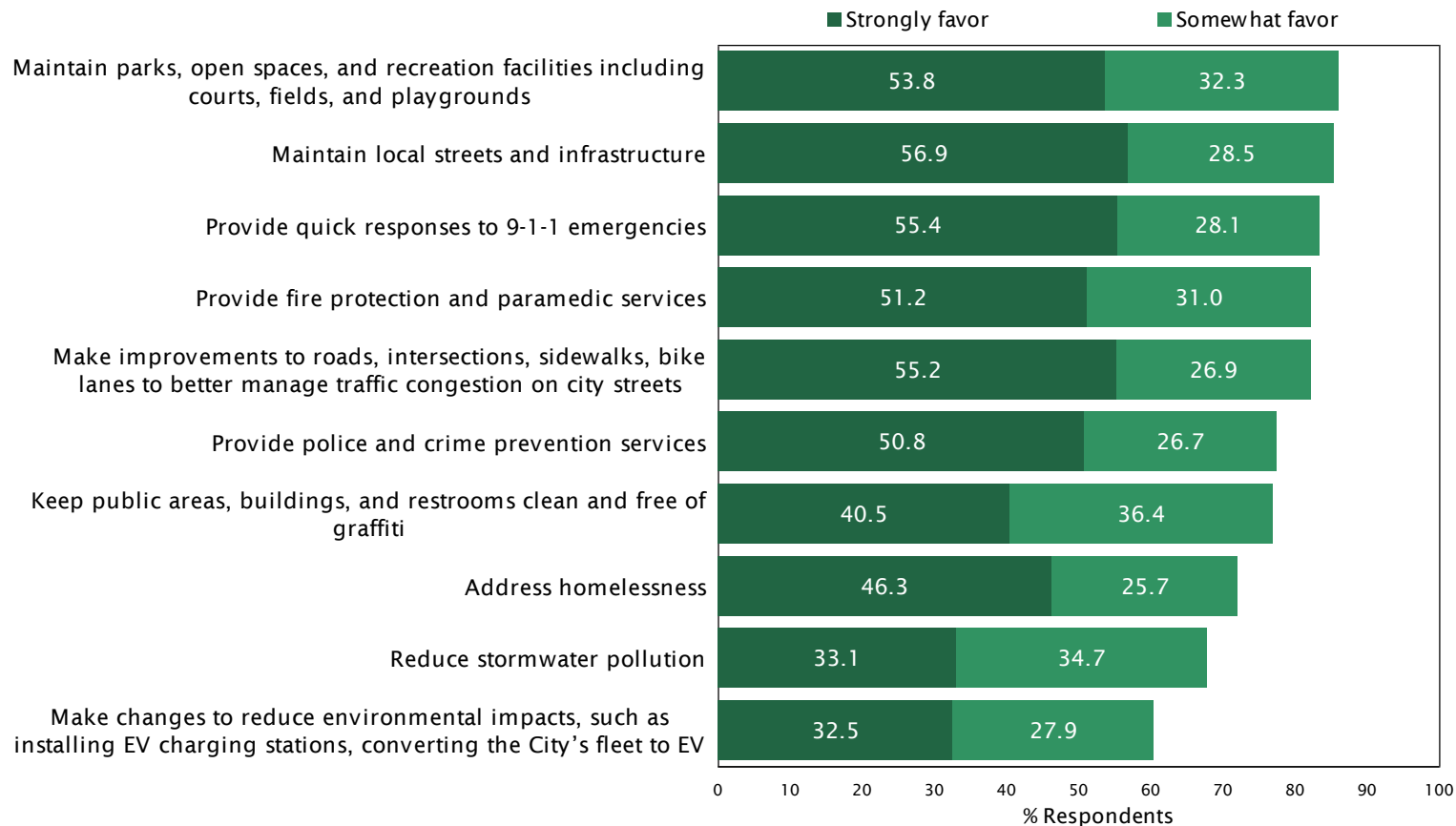
SF Rates (passed November 2016)

Sales Price	RPTT Rate
\$100 - \$250,000	0.50%
\$250,000 - \$1M	0.68%
\$1M - \$5M	0.75%
\$5M - \$10M	2.25%
\$10M - \$25M	2.75%
>\$25M	3.00%

Changes to Existing Real Property Transfer Tax for Properties Sold for \$10M or More

(Based on 2021 sales data)

From	To	% of Total	Tiered Rate	Tiered	Status Quo	Difference
\$0	Under \$10 million	99.5%	0.50%	\$9.5	\$9.5	\$0.0
\$10 million and above		0.5%	1.50%	\$7.2	\$2.4	\$4.8
Total (in millions)				\$16.7	\$11.9	\$4.8



Ballot Language

To fund essential local general services in the City of San Mateo, such as street repairs, parks, recreation, fire protection, emergency response, and crime prevention; and improving intersections, sidewalks, and bike lanes for safety and reduced traffic congestion; shall the measure, increasing the City of San Mateo's existing transfer tax on property sales of \$10 million or more, from 0.5% to 1.5%, generating approximately \$4.8 million annually, until ended by voters, with independent audits and all money locally controlled, be adopted?

Yes/No

Council Action

- Introduce an Ordinance to amend provisions of Chapter 3.48 “Real Property Document Transfer Tax” of the San Mateo Municipal Code to increase the City’s existing real property transfer tax from 0.5% to 1.5% for properties sold or transferred for \$10 million or more
- Adopt a Resolution to call the election and place the measure on the November 8, 2022 ballot

Thank You