



Prop D Facts: The Fake “CEO” Tax

The “CEO” Tax isn’t a tax on CEOs - it’s a tax on businesses

Despite its name, the “CEO” Tax isn’t a tax on CEOs. **It’s a business tax** that taxes companies based on the pay ratio between their CEO and median employee, even if the CEO or workers are not based in San Francisco. This tax increases rates on businesses by as much as **800%**.

Prop D threatens SF’s economic recovery and increases cost of living.

Prop D would dramatically raise taxes on groceries, pharmacies, and retailers. Impacted companies include Grocery Outlet, Walgreens, CVS, Target, Albertsons, Nike, McDonalds, Starbucks, Chipotle, and more.

San Francisco is [still recovering from the pandemic](#). Suddenly raising taxes on businesses risks driving them away, as has [happened](#) in recent years. [A study found even](#) a 1 percentage point increase in business tax rates increases the likelihood of a business relocating its headquarters by ~17%. **At a time when our economy is rebuilding, making it more expensive to operate here doesn’t just stall our recovery - it sets it back.**

SF is also [an expensive city](#). The reality is when you raise taxes on businesses, they pass those costs down to consumers. A study found that [40% of business tax burden](#) ultimately falls on consumers. **When we’re in the middle of an affordability crisis, we shouldn’t be making our City more expensive.**

Prop D gives City Hall a blank check

Proponents claim the tax is needed to fund local healthcare programs. But here’s the reality: **the measure contains no legal requirement that the money be spent on healthcare.** [It’s even explicitly stated](#) that the tax measure’s revenue would be *“available for general governmental purposes.”*

That means the revenue could be used for virtually anything in the City budget including pay raises for City employees or politicians. **Voters are being told this is a healthcare fix when Prop D is really about giving City Hall a blank check to spend.** And we shouldn’t be giving City Hall a blank check when it has a spending problem.

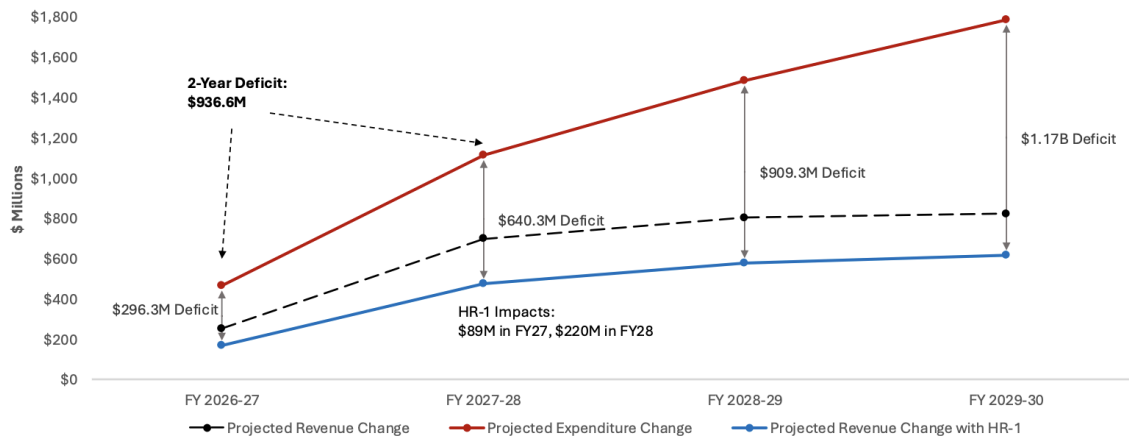
The wrong solution for a spending problem

Proponents claim the tax is needed to fix San Francisco’s **enormous budget deficit**, which is approaching **over \$1 billion** by 2030. But when you look at the [actual numbers](#), **our City doesn’t have a revenue problem - it has a spending problem.**

Even when factoring in federal cuts, [City revenue is still projected to grow](#). **It's our spending that's the real problem.**



Fiscal Outlook: Spending Outpaces Revenue



The City simply can't tax its way out of a spending problem. Higher taxes like Prop D won't fix structural overspending - they'll just make San Francisco more expensive for residents and businesses.

Mayor Daniel Lurie opposes Prop D

Mayor Daniel Lurie, who has made San Francisco's economic recovery a top priority, understands what's at stake. That's why he's publicly opposing Prop D.

Lurie has warned that raising taxes right now could drive businesses away just when the city needs them most to rebuild its economy. As [he put it](#), "We cannot be complacent about our recovery." We agree.

Get the full breakdown at: www.sfbudget.org/advocacy/ceo-tax-facts