

Notice Regarding Parking Tax Applicability to Office Building Parking in San Francisco

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San Francisco's Parking Tax (Article 9 of San Francisco Business and Tax Regulations Code Sections 601 and following) applies to the rental of all non-residential parking spaces in the City. This is true even when a parking space is furnished with rented office space and rent for the parking space is not separately stated in the rental agreement. In such a circumstance Parking Tax is due on the amount that would have been charged for the parking space if rent for the parking space had been separately stated based on the market rate for rent of parking spaces in the part of the City where the parking space is located. The Parking Tax applies because a building owner or owner's agent who receives rent from a building tenant for the occupancy of a parking space is an operator who must collect and remit the tax from the parking space occupant to the City.

The parking tax is 25% of the rent charged for occupancy of the parking space and is presumed to be inclusive within the rent charged (to calculate tax due from a tax-included rate, multiply it by 20%). The rent for each space shall be calculated as follows:

If monthly parking is offered to the public in the parking station, the rent shall be the monthly rate for the general public to park in the parking station. If no monthly parking is offered, section B applies.

If monthly parking is NOT offered to the public in the parking station, so that there is no monthly public parking, the rent shall be \$370/month for parking stations in the Downtown Area (see below) and \$250/month for stations located in other areas of the City, as of July 1, 2017. These rates are equal to the average rates charged by City-owned garages in each of the identified areas. (For periods prior to July 1, 2017, the rent shall be \$250/month for parking stations in the Downtown Area and \$80/month for stations located in other areas of the City.) The Tax Collector may adjust this monthly rate if it is determined to not be a market rate. Penalties and interest may apply if tax is not timely paid.

For purposes of the Parking Tax, if the Tax Collector determines that the stated rent for a parking space is less than the market rate, consideration paid for occupancy of that parking space shall be equal to the lowest rates charged by City owned garages in each of the identified areas.

This applies to all non-residential, leased parking in San Francisco including parking included in any office building lease. The parking station need not be located on the office building premises.

How to Determine "Downtown Area":

The Downtown Area is coterminous with the San Francisco General Plan definition of downtown, and is comprised of all properties located within the C-3 zone (specifically, C-3-O, C-3-R, C-3-G, and C-3-S). You can determine whether your property is located within the Downtown Area by using the City's website. To do so, visit the City's website at <http://propertymap.sfplanning.org/>. . On the left side of the page there is a box to input your property street address. Input the address, including the street suffix, and click "Search". The program will generate a multi-tab report at the right. Select the second tab entitled "Zoning" and select the first hyperlink "Zoning Districts" to find your zoning. If the zoning designation

begins with “C-3”, your property is located within the Downtown Area. If your zoning designation is not “C-3”, you are not located within the Downtown Area.

Examples:

Building owner A rents a 5,000 sq. ft. office in the Downtown Area to Tenant B. B pays rent in the amount of \$20,000 dollars a month to A. The office space lease includes 10 parking spaces; however, the lease does not specify the portion of the total rent allocable to the parking spaces included in the lease. There is no public parking provided in the garage where B’s parking spaces are located. Under Article 9 of the Business and Tax Regulations Code, each of these 10 parking spaces are considered to be rented by B from A for \$370 per month (tax inclusive). A total of \$3,700 per month is therefore allocable to taxable parking rent ($\$370 \times 10$). The tax payable by A to the City for such parking rent is \$740 per month ($20\% \times \$3,700$).

Building owner A rents a 5,000 sq. ft. office in the Downtown Area to Tenant B. B pays rent in the amount of \$20,000 dollars a month to A. The office space lease includes 10 parking spaces; however, the lease does not specify the portion of the total rent allocable to the parking spaces included in the lease. Public parking is available for \$400 per month in the garage where B’s parking spaces are located. Under Article 9 of the Business and Tax Regulations Code, each of these 10 parking spaces are considered to be rented by B from A for \$400 per month (tax inclusive). A total of \$4,000 per month is therefore allocable to taxable parking rent ($\$400 \times 10$). The tax payable by A to the City for such parking rent is \$800 per month ($20\% \times \$4,000$).

Instructions for building owners who use parking lot operators:

These instructions are not intended to alter the collection of parking tax from customers by any parking lot operators that operate parking stations in office buildings. The parking tax will continue to be collected and remitted by the parking lot operator to the City.

Example

Building owner A leases the underground area of a building to tenant B for B to operate as a parking lot. B collects parking fees from persons who park their vehicles. B is an operator who must collect parking tax from its customers. The tax is based on the parking fees B's customers pay B. In this situation, the City will not consider the building owner an operator and will not collect an additional tax on the rent B pays the owner.

How to pay the parking tax

For assistance on how to pay the parking tax, please navigate to <http://sftreasurer.org/customer-service> and submit a customer service request by selecting “Business Tax and Registration.” The Office of the Treasurer and Tax Collector has partnered with 311 to provide customer service to all San Francisco residents, businesses and visitors. Submit your question by clicking on the link below. A Representative will contact you on the SAME DAY of the request if submitted prior to 7pm. Requests received after 7pm will receive a response by the next business day.