



# The Bill is Due

*How Big Tech Tax Evasion is  
Starving San Francisco's Budget*



April 2025

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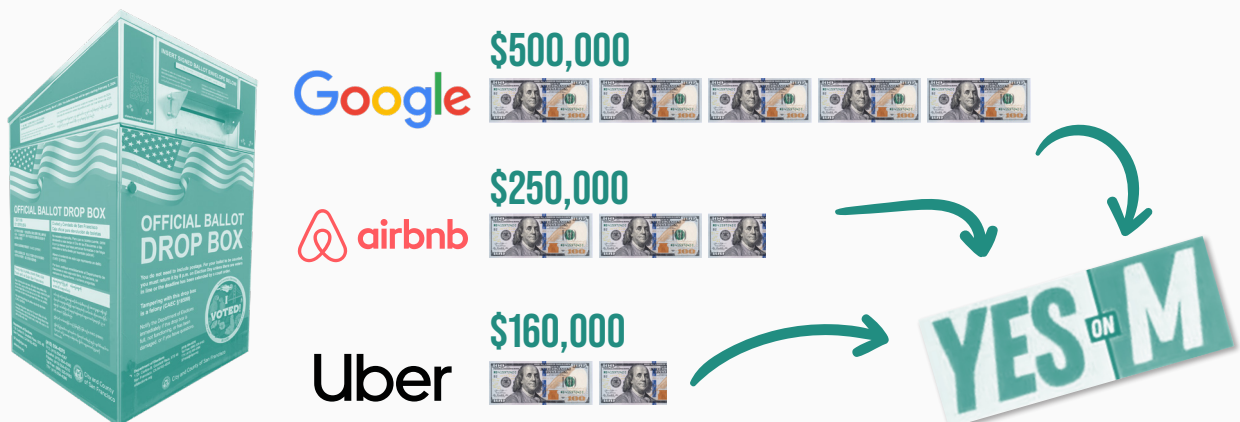
## After Successfully Lobbying to Reform SF's Business Tax, Airbnb Leads the Way in Tax Evasion.

### Uber and Lyft Follow Suit.

Since 2012, San Francisco voters have approved multiple business taxes to ensure that high grossing businesses pay their fair share—the gross receipts tax, the homelessness gross receipts tax and the overpaid executive tax.

As San Francisco voters made the city's tax code more progressive, corporations also began seeking tax breaks from the city. According to legal filings, companies like Airbnb, Uber and Lyft, among others, all began disputing their tax payments and seeking refunds from the city as early as tax year 2019, arguing that they should be placed in industry categories subject to lower tax rates or disputing how much of their business activities should be taxed in San Francisco.<sup>1</sup> As disputes over the business tax began to accumulate, City leaders began to set aside tax revenues to hedge against the risk of litigation and potential settlement payouts. Beginning in fiscal year 2022-2023, San Francisco reported more than \$400 million were held in reserve to manage litigation over the business tax.<sup>2</sup> The concern over growing disputes with the city's largest taxpayers eventually led to another push for tax reform.

Proposition M reformed San Francisco's business tax in November 2024. The City's main goal in pushing the measure was to simplify the business tax structure and to reduce reliance on a handful of large corporations.. The City's position was that the largest companies in San Francisco were paying a large share of total taxes. As a result, the city was especially at risk if one large business were to leave or dispute its tax payments. The measure changed the general business tax so that the highest paying businesses (those with \$1 billion or more of annual gross receipts) and the lowest paying businesses (those with \$25 million or less of annual gross receipts) would see a decrease in tax rates going forward. Businesses in the middle of that gross receipt range (\$25 million to \$1 billion annually) will see increases in their business taxes.



One of the most significant changes in Prop M was a shift in the formula for determining how much of a firm's gross receipts can be taxed in San Francisco. Previously, the city's tax code relied heavily on using the share of a business's payroll located in the city to determine how much of the company's total gross receipts could be taxed in San Francisco. Prop M reduced reliance on local payroll, effectively lowering taxes for large corporate headquarters in the city. The intention was to reduce risk for the city's tax base, but the result was also that the largest corporations received millions in tax breaks. According to one report, Prop M would give nearly \$53 million in tax cuts to the largest corporations in the city.<sup>3</sup> Airbnb, Uber and other corporations like Meta, Google and Doordash funded the measure.<sup>4</sup>

With \$500,000 from Google, \$250,000 from Airbnb, \$160,000 from Uber and \$110,000 from Ron Conway,<sup>5</sup> the business-back Proposition M was passed in November of 2024. But despite passing this reform to the business tax that benefited the corporate sector, a handful of tech companies continued litigation even after receiving tax breaks.

A complaint filed in San Francisco Superior Court in February of 2024 shows Airbnb suing for over \$120 million in back taxes.<sup>6</sup> In December of 2024, a complaint shows Lyft suing for over \$100 million.<sup>7</sup> A complaint filed in July 2024 and amended in March 2025 shows Uber suing the city for close to \$100 million in back taxes.<sup>8</sup>

Uber and Lyft's litigation against the city is particularly striking because Prop M contained what's known as a "poison pill" that nullified a proposed tax on robotaxis and ride share companies to help fund Muni.<sup>9</sup> Muni, BART and other public transit agencies face a fiscal cliff due to pandemic-related declines in ridership and decreases in federal funding. As Uber and Lyft sue the city to avoid paying business taxes, elected leaders scramble to identify stable funding sources to keep the transit system afloat.<sup>10</sup> To date, all of these cases remain unresolved.

## Back Taxes Demanded in Lawsuits Against San Francisco:



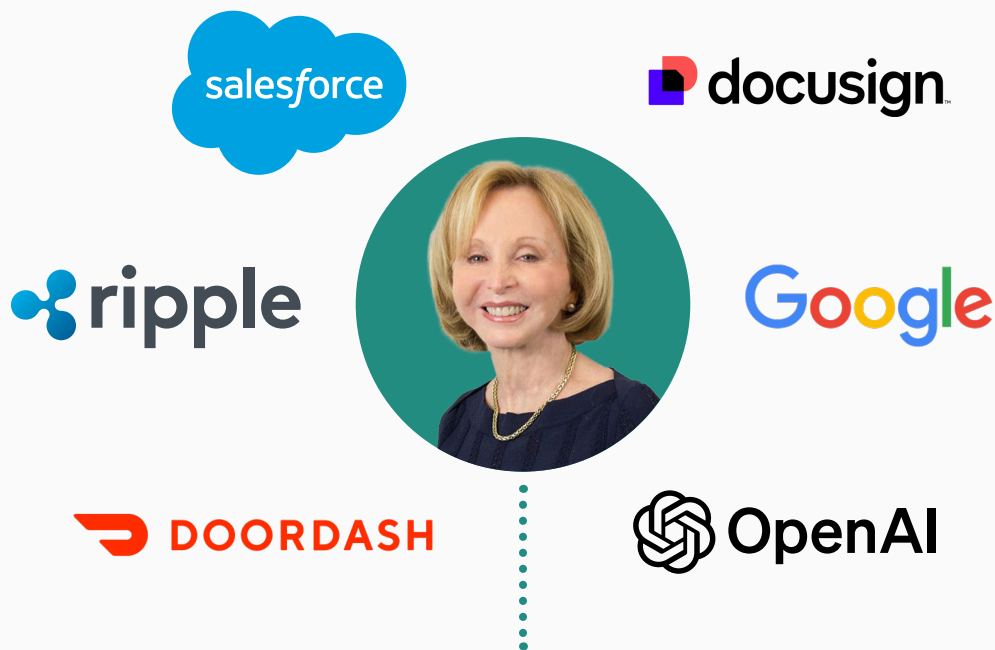
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## Lurie Campaigned on Tapping Business Leaders to Help Fight Poverty and Revitalize the Economy.

### So Why Are Tech Companies Suing the City for Hundreds of Millions of Dollars?

During his campaign for mayor, Daniel Lurie touted his connections to the business community and tech sector. In fact, he put his personal wealth network front and center of his platform, claiming he would leverage those relationships to help fund an expansion of mental health, substance abuse and public safety programs.

Earlier in March, Lurie formed the Partnership for San Francisco, a council of CEOs and executives from across the corporate sector. CEOs from companies such as DoorDash, Salesforce and OpenAI will serve on the Partnership. The group's President and CEO is Katherine August-deWilde, the former CEO of First Republic Bank. August-deWilde served on the bank's Board of Directors until its collapse in 2023. She told the Examiner that "by bringing together the leading business executives in our city, and other key stakeholders, we can mobilize our resources in the private sector to drive the meaningful changes necessary to bring real benefit to our residents, visitors and businesses."<sup>11</sup>



*"We can mobilize our resources in the private sector to drive the meaningful changes necessary to bring real benefit to our residents, visitors and businesses."*

— Katherine August-deWilde

More recently, Lurie announced the creation of the San Francisco Downtown Development Corporation, another group of business and stakeholders charged with the task of revitalizing the city's downtown business corridor.<sup>12</sup>

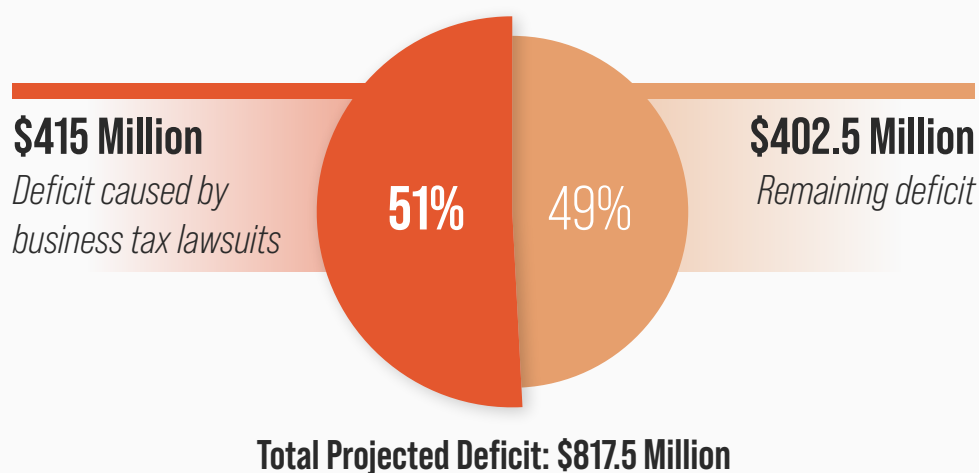
As part of his plan to expand the city's shelter system by 1,500 beds in the first six months of his administration, Lurie has promised to raise money from the business sector in the form of philanthropic donations.<sup>13</sup> A recent SF Chronicle article speculated on who specifically he might tap to help fund his legislative agenda by profiling some of the largest donors to the Tipping Point Community, the philanthropic organization Lurie founded to fight poverty in 2005.<sup>14</sup>

**The City estimates that litigation from businesses seeking tax relief would cost the City \$415 million—more than half of the total projected deficit.**

At the same time the mayoral administration is launching multiple organizations to work on solutions to the city's problems, tech corporations are suing the city to avoid paying hundreds of millions of dollars in business taxes—money that could be used to close the budget deficit and pay for vital city services.

On March 31st, the City reported its projections in the March Five Year Update, also known as the “Joint Report.” Included in the report is a section on “gross receipts tax litigation liability,” where the City estimates that litigation from businesses seeking tax relief would cost the City \$415 million—more than half of the total projected deficit. The total amount is up \$150 million from the prior fiscal year.<sup>15</sup>

Meanwhile, citing a now \$817.5 million projected budget deficit, Mayor Lurie has pledged to “eliminate \$1 billion in overspending” over the next three years without specifying the source of the overspending.<sup>16</sup>

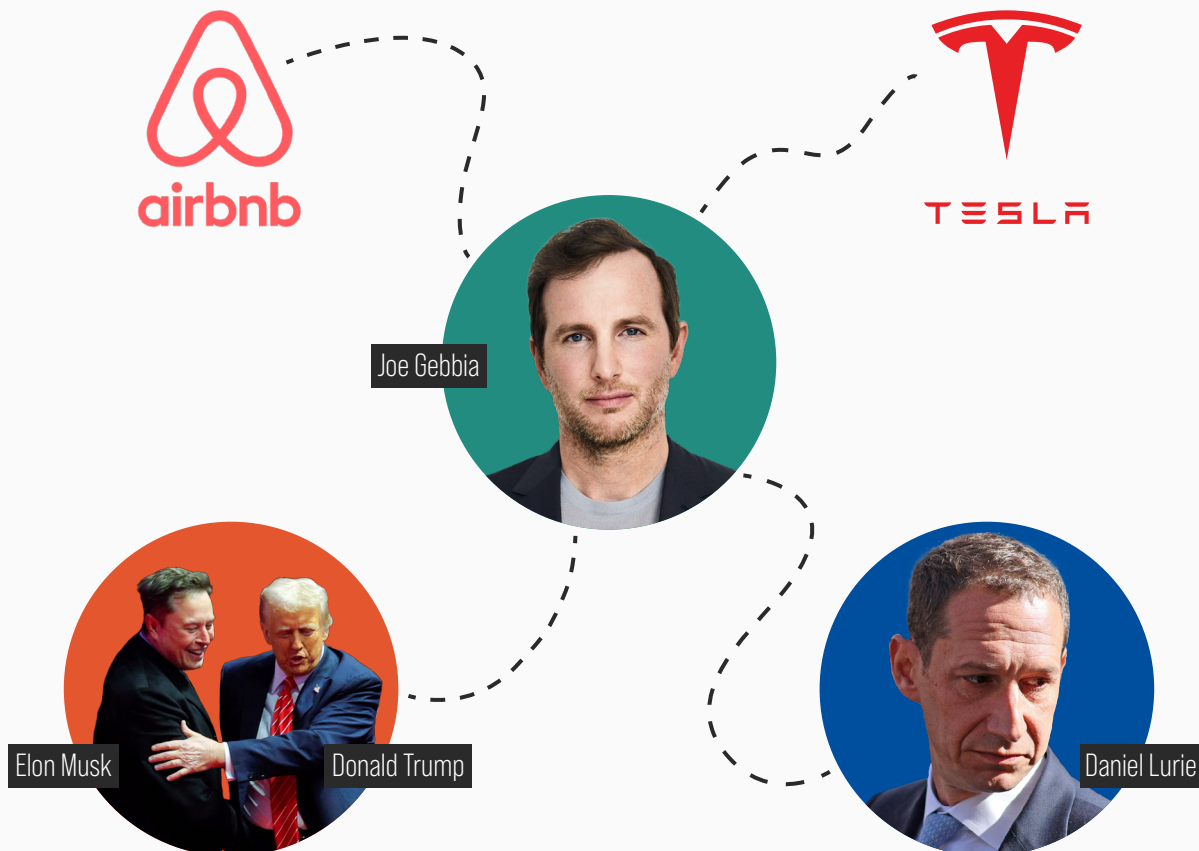


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## Airbnb Founder and Board Member Joe Gebbia, the Latest Member of Elon Musk's DOGE, Has Ties to Lurie's Philanthropic Circles.

Bringing business leaders together to help solve the city's budget at the same time they aggressively pursue tax breaks mirrors what we see at the Federal level. The GOP and Elon Musk's DOGE are implementing massive cuts to the federal budget—laying off thousands of workers and cutting vital social services relied upon by millions of Americans. All of this has been done in service of Trump's \$4.5 trillion tax cuts to the wealthiest corporations and Americans.<sup>17</sup>

Joe Gebbia, the billionaire co-founder of Airbnb, recently announced that he joined Elon Musk's Department of Government Efficiency (DOGE). As well as continuing to serve on the Board of Directors of Airbnb, Gebbia joined the Tesla Board of Directors in 2022.<sup>18</sup> The New York Times reported Gebbia as being “a close friend of Mr. Musk.”<sup>19</sup> But Gebbia still has close ties to power players in San Francisco, including Mayor Lurie himself. In 2017, Gebbia co-chaired the Tipping Point Community's 11th annual fundraiser.<sup>20</sup>



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## Conclusion

San Francisco is a resilient city, recovering from the pandemic thanks in large part to city employees who work hard to keep our streets clean, our transit moving, and our neighborhoods safe. These public services are what continue to attract people and businesses who want to call our city home. But looming budget cuts threaten fewer Muni lines and libraries, longer emergency response times, dirtier streets, and more.

This is not because San Francisco is broke. And it's certainly not because residents and small businesses aren't paying their fair share. **San Francisco's deficit is being driven by a handful of powerful corporations—particularly Uber, Lyft, and Airbnb—who refuse to pay their taxes.** This is despite the fact that they already benefit from extremely generous tax breaks at the local and federal level.

Mayor Daniel Lurie campaigned on having the broad connections to bring business investment into the city. Many of those connections run directly into these big tech boardrooms. Will he deliver on that promise?

If big tech doesn't pay, it's everyone else who will.



# References

1. See case number CGC-24-612603 for Airbnb, CGC-24-616451 for Uber, CGC-24-620845 for Lyft.
2. [Five Year Financial Plan Update: FY 2024-2025 through FY 2027-28](#), page 6.
3. [See slide nine of the City's presentation from December 20, 2023](#)
4. [See financial disclosures for "Revitalize San Francisco: Yes on M"](#)
5. <https://missionlocal.org/2024/09/san-francisco-tax-proposition-m/>
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