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<b>Legislative Review:</b>	BOS File No. 200760
<b>Name:</b>	Emergency Ordinance – Temporary Waiver of Business Registration and License Fees for Certain Small Businesses Due to COVID-19 Pandemic
<b>Sponsor(s):</b>	Supervisors Mar, Walton, Stefani
<b>Date Introduced:</b>	July 14, 2020
<b>BOS Committee:</b>	Budget and Finance

**Existing law:**

Businesses located in the City and County of San Francisco must obtain a business registration certification from the Tax Collector and must pay an [annual business registration fee](#). The fee amount varies depending on the nature of the business and the business’s gross receipts for the preceding tax year. However, for administrative office businesses, the business registration fee is dependent upon their payroll expenses for the preceding tax year.

Additionally, some businesses must pay various [annual license fees](#) that are payable to the Tax Collector. These license types vary widely and include but are not limited to: commercial dog walking licenses, commissary licenses, massage establishment licenses, tattoo and piercing facility licenses, and mobile food facility licenses.

Business registration and license fees are due annually to the Tax Collector on March 31 of each year. This year, due to the local pandemic, the business registration deadline was extended by four months and business registration and license fees are now due by September 30, 2020.

**Proposed changes:**

This legislation proposes to waive the annual business registration fee and all annual license fees that would have otherwise been due to the Tax Collector by March 31, 2020 for qualifying small businesses. This legislation also would refund any waived fees paid to the City, upon written request of the qualifying small business filed within one year of payment of the fee. Qualifying small businesses would still be required to apply for their annual business registration with the Tax Collector by September 30, 2020. And, only qualifying small businesses that permanently close operations between July 1, 2020 and September 30, 2020 must still apply to renew their business registration certificates by September 30, 2020, for the period in which they were engaged in business in the City.

A qualifying small business is defined as: a person or combined group that in the calendar year 2019 had \$1,000,000 or less in San Francisco gross receipts; generated most of those receipts from business activities precluded by any one or more of the Local Health Officer’s shelter in place orders during the COVID-19 pandemic or from the activities of a restaurant or other facility that prepares and serves food; and operated out of a commercial location. Newly registered businesses commencing business

between January 1, 2020 and June 30, 2020 would be a Qualifying Small Business if it is primarily engaged in the activities described.

**Issues and Considerations:**

This proposed legislation would provide direct economic relief to ~13,000-20,000 small businesses and would cost the City ~\$5.2 million in lost tax and fee revenue<sup>1</sup>. This proposal is poised to benefit small businesses with \$1 million or less in gross receipts for the 2019 calendar year, primarily independently owned retail trade and personal services businesses.

In 2018 the San Francisco Controller [reported](#) that businesses with \$5 million or less in gross receipts accounted for ~10% of taxes paid to the City<sup>2</sup> (page 9). This proposal may be enhanced by expanding the definition of 'qualifying small businesses to include small businesses with \$5 million or less in gross receipts.

Additionally, where only qualifying businesses that close between July 1, 2020 and September 30, 2020 may be eligible for a business license and registration fee waiver, the Commission may contemplate recommending that this be expanded to benefit businesses with gross receipts of more than \$1 million that permanently close during that time period.

Please also note, that relative to other fees collected by City Agencies, Supervisor Aaron Peskin has introduced legislation to waive permit fees for café tables and chair and display merchandise in the public right-of-way, and use fees for parklets for two years.

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<sup>1</sup> <https://www.sfchronicle.com/local-politics/article/It-s-been-really-tough-SF-legislation-15377214.php>

<sup>2</sup> [https://sfcontroller.org/sites/default/files/Documents/Economic%20Analysis/San%20Francisco%20Business%20Tax%20Ref%20orm%20Annual%20Report%202018.final\\_.pdf](https://sfcontroller.org/sites/default/files/Documents/Economic%20Analysis/San%20Francisco%20Business%20Tax%20Ref%20orm%20Annual%20Report%202018.final_.pdf)