April 13, 2010

The Honorable Mark Leno
California State Senate
State Capitol, Room 4061
Sacramento, CA 95814

Dear Senator Leno:

At our April 12, 2010 regular meeting, the San Francisco Small Business Commission discussed and passed a resolution in support of your proposed Senate Bill 1323.

The Commission appreciates the work that you and Small Business California has done to correct the tax code inconsistencies addressed in your bill.

Your commitment to small businesses both locally and across California is recognized and it is with great pleasure that I submit to you the attached resolution in support of SB 1323.

Regards,

[Signature]

Regina Dick-Endrizzi
Executive Director, Office of Small Business
April 12, 2010

At the April 12, 2010 Small Business Commission meeting, the following findings and resolution, proposed by Commissioner Janet Clyde, were adopted:

FILE NO. R-2010-001-SBC
RESOLUTION NO. 001-10-SBC

SUPPORTING THE PASSAGE OF SB 1373 (LENO)

WHEREAS, small business contactors are consumers of materials that they furnish and install in the performance of construction contracts, and tax applies to the cost of materials to the construction contractor.

WHEREAS, when a large contractor self-manufactures materials, only the contractor’s purchased material cost is subject to the tax. When a large contractor produces materials by excavating them from its own real property, there is no tax due.

WHEREAS, this inequity issue creates an unlevel playing field for the small business contractors who pay taxes on the materials that they use, while the large construction businesses pay no tax on the materials that they self-manufacture.

WHEREAS, this inequity puts small business contractors at a great competitive disadvantage in bidding on State and local government contracts.

WHEREAS, this bill will amend the Revenue and Taxation Code to establish, define and clarify that Contractors who fabricate, manufacture, process, or produce materials that they furnish and install in the performance of paving construction contracts are retailers of such materials and that taxes shall be imposed on such materials.

THEREFORE, BE IT RESOLVED THAT, the Small Business Commission of the City and County of San Francisco supports SB 1373, and urges the California Senate and Assembly to pass SB 1373, and urges the Governor to sign SB 1373 into law.