

1 [Business and Tax Regulations Code - Gross Receipts Tax Rate Increase Postponement and
2 Credits for Opening City Location]

3 **Ordinance amending the Business and Tax Regulations Code to extend through**
4 **December 31, 2024, the Gross Receipts Tax rates in effect on January 1, 2022, for the**
5 **business activities of retail trade, certain services, manufacturing, food services,**
6 **accommodations, and arts, entertainment and recreation, and postpone to**
7 **January 1, 2025, the imposition of the Gross Receipts Tax rates otherwise set to go into**
8 **effect beginning January 1, 2023, for those business activities; and to provide for**
9 **businesses that open a physical location in the City on or after January 1, 2023,**
10 **through December 31, 2027, and that did not have a physical location in the City for at**
11 **least three years prior to that opening, an annual Gross Receipts Tax credit equal to**
12 **0.45% of the business's San Francisco taxable gross receipts from one or more of the**
13 **business activities of information, administrative and support services, financial**
14 **services, insurance, and professional, scientific and technical services, for businesses**
15 **not engaged in business in the City as an administrative office, or 0.7% of the taxable**
16 **payroll expense of a business that engages in business in the City as an administrative**
17 **office, for each of up to three tax years immediately following the tax year in which the**
18 **business opened the physical location in the City, but no later than the 2028 tax year,**
19 **and not to exceed \$1,000,000 per tax year.**

20
21 **NOTE:** **Unchanged Code text and uncodified text** are in plain Arial font.
22 **Additions to Codes** are in *single-underline italics Times New Roman font*.
23 **Deletions to Codes** are in *strikethrough italics Times New Roman font*.
24 **Board amendment additions** are in double-underlined Arial font.
25 **Board amendment deletions** are in ~~strikethrough Arial font~~.
Asterisks (* * * *) indicate the omission of unchanged Code subsections or parts of tables.

1 Be it ordained by the People of the City and County of San Francisco:

2 Section 1. Article 12-A-1 of the Business and Tax Regulations Code is hereby
3 amended by revising Sections 953.1, 953.2, and 953.3, and adding Section 960.1, to read as
4 follows:

5
6 **SEC. 953.1. GROSS RECEIPTS TAX APPLICABLE TO RETAIL TRADE; WHOLESALE**
7 **TRADE; AND CERTAIN SERVICES.**

8 (a) The gross receipts tax rates applicable to the business activities of retail trade,
9 wholesale trade, and certain services are:

10 * * * *

11 (2) For the business activities of retail trade and certain services:

12 (A) For tax years 2021 *through and including 2024*~~and 2022~~:

13 0.053% (e.g., \$0.53 per \$1,000) for taxable gross receipts between \$0 and \$1,000,000

14 0.07% (e.g., \$0.70 per \$1,000) for taxable gross receipts between \$1,000,000.01 and

15 \$2,500,000

16 0.095% (e.g., \$0.95 per \$1,000) for taxable gross receipts between \$2,500,000.01 and

17 \$25,000,000

18 0.224% (e.g., \$2.24 per \$1,000) for taxable gross receipts over \$25,000,000

19 (B) For tax year ~~2025~~2023:

20 0.079% (e.g., \$0.79 per \$1,000) for taxable gross receipts between \$0 and \$1,000,000

21 0.105% (e.g., \$1.05 per \$1,000) for taxable gross receipts between \$1,000,000.01 and

22 \$2,500,000

23 0.142% (e.g., \$1.42 per \$1,000) for taxable gross receipts between \$2,500,000.01 and

24 \$25,000,000

25 0.224% (e.g., \$2.24 per \$1,000) for taxable gross receipts over \$25,000,000

1 (C) For tax years beginning on or after January 1, ~~2026~~2024:
2 0.105% (e.g., \$1.05 per \$1,000) for taxable gross receipts between \$0 and \$1,000,000
3 0.14% (e.g., \$1.40 per \$1,000) for taxable gross receipts between \$1,000,000.01 and
4 \$2,500,000
5 0.189% (e.g., \$1.89 per \$1,000) for taxable gross receipts between \$2,500,000.01 and
6 \$25,000,000
7 0.224% (e.g., \$2.24 per \$1,000) for taxable gross receipts over \$25,000,000
8 * * * *

9

10 **SEC. 953.2. GROSS RECEIPTS TAX APPLICABLE TO MANUFACTURING;**
11 **TRANSPORTATION AND WAREHOUSING; INFORMATION; BIOTECHNOLOGY; CLEAN**
12 **TECHNOLOGY; AND FOOD SERVICES.**

13 (a) The gross receipts tax rates applicable to the business activities of manufacturing,
14 transportation and warehousing, information, biotechnology, clean technology, and food
15 services are:

16 * * * *

17 (2) For the business activities of manufacturing and food services:

18 (A) For tax years 2021 *through and including 2024*~~and 2022~~:

19 0.088% (e.g., \$0.88 per \$1,000) for taxable gross receipts between \$0 and \$1,000,000
20 0.144% (e.g., \$1.44 per \$1,000) for taxable gross receipts between \$1,000,000.01 and
21 \$2,500,000
22 0.259% (e.g., \$2.59 per \$1,000) for taxable gross receipts between \$2,500,000.01 and
23 \$25,000,000
24 0.665% (e.g., \$6.65 per \$1,000) for taxable gross receipts over \$25,000,000

25 (B) For tax year ~~2025~~2023:

1 0.131% (e.g., \$1.31 per \$1,000) for taxable gross receipts between \$0 and \$1,000,000

2 0.215% (e.g., \$2.15 per \$1,000) for taxable gross receipts between \$1,000,000.01 and
3 \$2,500,000

4 0.389% (e.g., \$3.89 per \$1,000) for taxable gross receipts between \$2,500,000.01 and
5 \$25,000,000

6 0.665% (e.g., \$6.65 per \$1,000) for taxable gross receipts over \$25,000,000

7 (C) For tax years beginning on or after January 1, ~~2026~~2024:

8 0.175% (e.g., \$1.75 per \$1,000) for taxable gross receipts between \$0 and \$1,000,000

9 0.287% (e.g., \$2.87 per \$1,000) for taxable gross receipts between \$1,000,000.01 and
10 \$2,500,000

11 0.518% (e.g., \$5.18 per \$1,000) for taxable gross receipts between \$2,500,000.01 and
12 \$25,000,000

13 0.665% (e.g., \$6.65 per \$1,000) for taxable gross receipts over \$25,000,000

14 * * * *

15

16 **SEC. 953.3. GROSS RECEIPTS TAX APPLICABLE TO ACCOMMODATIONS; UTILITIES;**
17 **AND ARTS, ENTERTAINMENT AND RECREATION.**

18 (a) The gross receipts tax rates applicable to the business activities of
19 accommodations; utilities; and arts, entertainment and recreation are:

20 * * * *

21 (2) For the business activities of accommodations and arts, entertainment and
22 recreation:

23 (A) For tax years 2021 *through and including 2024*~~and 2022~~:

24 0.21% (e.g., \$2.10 per \$1,000) for taxable gross receipts between \$0 and \$1,000,000

25

1 0.228% (e.g., \$2.28 per \$1,000) for taxable gross receipts between \$1,000,000.01 and
2 \$2,500,000

3 0.228% (e.g., \$2.28 per \$1,000) for taxable gross receipts between \$2,500,000.01 and
4 \$25,000,000

5 0.56% (e.g., \$5.60 per \$1,000) for taxable gross receipts over \$25,000,000

6 (B) For tax year ~~2025~~2023:

7 0.315% (e.g., \$3.15 per \$1,000) for taxable gross receipts between \$0 and \$1,000,000

8 0.341% (e.g., \$3.41 per \$1,000) for taxable gross receipts between \$1,000,000.01 and
9 \$2,500,000

10 0.341% (e.g., \$3.41 per \$1,000) for taxable gross receipts between \$2,500,000.01 and
11 \$25,000,000

12 0.56% (e.g., \$5.60 per \$1,000) for taxable gross receipts over \$25,000,000

13 (C) For tax years beginning on or after January 1, ~~2026~~2024:

14 0.42% (e.g., \$4.20 per \$1,000) for taxable gross receipts between \$0 and \$1,000,000

15 0.455% (e.g., \$4.55 per \$1,000) for taxable gross receipts between \$1,000,000.01 and
16 \$2,500,000

17 0.455% (e.g., \$4.55 per \$1,000) for taxable gross receipts between \$2,500,000.01 and
18 \$25,000,000

19 0.56% (e.g., \$5.60 per \$1,000) for taxable gross receipts over \$25,000,000

20 * * * *

21

22 **SEC. 960.1. TAX CREDIT FOR OPENING PHYSICAL LOCATION IN THE CITY.**

23 (a) A person or combined group that opens a physical location in the City on or after
24 January 1, 2023 through and including December 31, 2027, shall be allowed a credit against that
25 person or combined group's Gross Receipts Tax if the person or combined group did not have a

1 physical location in the City for at least three years prior to opening the physical location. The credit
2 under this Section 960.1 shall be an annual credit for each of up to three tax years immediately
3 following the tax year in which the person or combined group opened the physical location in the City.
4 The credit shall be in an amount per tax year, not to exceed \$1,000,000 per tax year, calculated as
5 follows:

6 (1) for a person or combined group not engaged in business within the City as an
7 administrative office, as defined in Section 953.8 of Article 12-A-1, 0.45% of the person or combined
8 group's taxable gross receipts during the tax year from one or more of the business activities of
9 information, administrative and support services, financial services, insurance, and professional,
10 scientific and technical services, as those activities are defined in Sections 953.2, 953.4, and 953.6 of
11 this Article 12-A-1, without regard to any application of Section 953.9 of Article 12-A-1; or

12 (2) for a person or combined group engaged in business within the City as an
13 administrative office, as defined in Section 953.8 of Article 12-A-1, 0.7% of the person or combined
14 group's taxable payroll expense during the tax year.

15 (b) For purposes of this Section 960.1:

16 (1) "Opens a physical location" means that the person or combined group opens, by
17 acquiring real property or pursuant to an agreement with a term for at least six months, a location of
18 the person or combined group that is available for the person or combined group's use and can
19 accommodate one or more employees.

20 (2) In determining whether a person or combined group had a physical location in the
21 City prior to opening a physical location, any physical location in the City of the person or combined
22 group's predecessor in interest shall be deemed a physical location in the City of that person or
23 combined group.

24 (3) The acquisition of an existing business shall not constitute the opening of a physical
25 location.

1 (4) In determining whether a person or combined group had a physical location in the
2 City prior to opening a physical location, and in determining whether a person or combined group has
3 opened a physical location in the City, a person or combined group that owned or leased real property
4 in the City all of which such person or combined group leased or subleased to a third party that was
5 not in such person's combined group and did not lease back shall not be deemed to have had or opened
6 a physical location in the City as a result of owning or leasing that real property for the time period in
7 which the real property was leased or subleased to the third party.

8 (c) For purposes of this Section 960.1, "taxable gross receipts" means a person or combined
9 group's gross receipts, not excluded under Section 954 of Article 12-A-1, attributable to the City.

10 (d) For purposes of this Section 960.1, "taxable payroll expense" means "payroll expense" as
11 defined in Section 953.8(f) of Article 12-A-1, attributable to the City.

12 (e) In no event shall the credit under this Section 960.1 reduce a person or combined group's
13 Gross Receipts Tax liability to less than \$0 for any tax year. The credit under this Section shall not be
14 refundable and may not be carried forward to a subsequent tax year.

15 (f) Notwithstanding Section 6.22-1 of the Business and Tax Regulations Code or any other
16 provision of law that would limit public disclosure, the person or each person in the combined group
17 that is engaging in business within the City waives any right to confidentiality in the fact that it has
18 claimed any credit under this Section 960.1 for a particular tax year. Nothing in this subsection (f)
19 shall constitute a waiver of the confidentiality of the information in the person or combined group's
20 Gross Receipts Tax return, including the amount of any credit claimed under this Section, other than
21 the fact that the person or combined group has claimed a credit under this Section.

22 (g) Notwithstanding any other provision of this Section 960.1, no person or combined group
23 may claim the credit authorized under this Section 960.1 for tax years commencing on or after
24 January 1, 2029.

