

1 [Authorization to Borrow Funds - Short-Term Loan Program for SARS-CoV-2 Impacted Small  
2 Businesses - Treasurer-Tax Collector - Line of Credit Amount Not to Exceed \$20,000,000]

3 **Ordinance authorizing the Treasurer to secure a short-term line of credit in an amount**  
4 **not to exceed \$20,000,000, or in the alternative, partner with one or more financial**  
5 **institutions, for the purpose of providing short-term emergency unsecured loans to**  
6 **small businesses with a physical location in San Francisco that are unable to meet**  
7 **rent, mortgage, or other fixed operating costs as a result of the economic downturn**  
8 **caused by SARS-CoV-2.**

9 NOTE: **Unchanged Code text and uncodified text** are in plain Arial font.  
10 **Additions to Codes** are in *single-underline italics Times New Roman font*.  
11 **Deletions to Codes** are in ~~*strikethrough italics Times New Roman font*~~.  
12 **Board amendment additions** are in double-underlined Arial font.  
13 **Board amendment deletions** are in ~~strikethrough Arial font~~.  
14 **Asterisks (\* \* \* \*)** indicate the omission of unchanged Code  
15 subsections or parts of tables.

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

17 Section 1. Background.

18 Sars-CoV-2 (the virus that causes COVID-19) first appeared in December 2019, and  
19 has now been declared by the World Health Organization to be a global pandemic. On  
20 February 25, 2020, Mayor London Breed issued a Proclamation by the Mayor Declaring the  
21 Existence of Local Emergency to ramp up the City's efforts to prepare for and respond to local  
22 cases of COVID-19. During the first weeks of March, the Health Officer of the City and  
23 County of San Francisco issued a Declaration of Local Health Emergency Regarding Novel  
24 Coronavirus Disease 2019 (COVID-19) under California Health and Safety Code  
25 Section 101080, and issued aggressive recommendations for social distancing to slow the

1 spread of the virus, followed by ordering a moratorium on all large group events of 1,000 or  
2 more persons, and then further prohibiting most gatherings of more than 100 people.

3 State, federal, and governments around the world have issued travel restrictions,  
4 canceled public events, and issued instructions that severely limit social and economic  
5 activity. As a result, patronage to San Francisco's small businesses has decreased  
6 precipitously, putting tens of thousands of small businesses and hundreds of thousands of  
7 workers at risk. Many small businesses in San Francisco operate with extremely tight profit  
8 margins such that the restrictions and instructions described above may cause irreparable  
9 harm to the businesses and may compound the adverse economic impacts on the City.

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11 Section 2. Authorization to Treasurer.

12 (a) The Treasurer may secure a short-term line of credit in an amount not to exceed  
13 \$20,000,000 with a commercial lending institution to administer loans to small businesses with  
14 a physical location in San Francisco that are unable to meet rent, mortgage, or other fixed  
15 operating costs as a result of the economic downturn caused by SARS-CoV-2. The  
16 authorization provided in this subsection (a) to seek this line of credit shall not extend past the  
17 first \$20,000,000 in loans issued, unless authorized by another ordinance. The Treasurer  
18 may use the funds to develop a flexible unsecured loan program that allows the Treasurer to  
19 make one-time interest-free loans to small businesses with a physical location in San  
20 Francisco that are unable to meet rent, mortgage, or other fixed operating costs as a result of  
21 the economic downturn caused by SARS-CoV-2. The loans shall not exceed three months of  
22 rent/mortgage costs plus any fixed costs associated with locations of the small business in the  
23 City up to a maximum of \$15,000 per small business. The Treasurer shall require loan  
24 repayment in full within one year of the commencement date of the loan, and the Bureau of  
25 Delinquent Revenue may pursue all means of collection permitted under the law to collect any

1 amounts not paid by that date. The Treasurer shall implement such policies and procedures  
2 as are required to administer the program.

3 (b) The Treasurer is authorized to pursue opportunities with one or more financial  
4 institutions to provide short-term unsecured emergency loans to small businesses with a  
5 physical location in San Francisco that are unable to meet rent, mortgage, or other fixed  
6 operating costs as a result of the economic downturn caused by SARS-CoV-2; provided such  
7 program shall not exceed \$20,000,000 of loan originations. The authorization provided in this  
8 subsection (b) shall not extend past the first \$20,000,000 in loans issued, unless authorized  
9 by another ordinance.

10 (c) Subsections (a) and (b) are alternatives. The Treasurer may exercise either of  
11 those options, but not both.

12 (d) For purposes of this Section 2, "small business" means a taxpayer or combined  
13 group that meets all of the following requirements:

14 (1) The taxpayer or combined group has obtained a business registration  
15 certificate from the Office of the Treasurer and Tax Collector under Article 12 of the Business  
16 and Tax Regulations Code;

17 (2) The taxpayer or combined group had no more than \$1,100,000 in worldwide  
18 gross receipts in calendar year 2019; and

19 (3) The taxpayer or at least one member of the taxpayer's combined group pays  
20 annual license fees to the City under Section 76.1 of Article 2 of the Business and Tax  
21 Regulations Code.

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23 Section 3. General Authority.

24 The Controller, Treasurer, City Attorney, and other officers of the City and their duly  
25 authorized deputies and agents are hereby authorized and directed, jointly and severally, to

1 execute and deliver such certificates, agreements, and documents as they may deem  
2 necessary or desirable to facilitate the development of the emergency short-term loan  
3 program herein described.

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5 Section 4. Effective Date. This ordinance shall become effective 30 days after  
6 enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the  
7 ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board  
8 of Supervisors overrides the Mayor's veto of the ordinance.

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10 APPROVED AS TO FORM:  
11 DENNIS J. HERRERA, City Attorney

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12 By: \_\_\_\_\_  
13 SCOTT M. REIBER  
14 Chief Tax Attorney

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