

File No. 221070

Committee Item No. 1

Board Item No. \_\_\_\_\_

## COMMITTEE/BOARD OF SUPERVISORS

### AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee Date November 9, 2022

Board of Supervisors Meeting Date \_\_\_\_\_

#### Cmte Board

- Motion
- Resolution
- Ordinance
- Legislative Digest
- Budget and Legislative Analyst Report
- Youth Commission Report
- Introduction Form
- Department/Agency Cover Letter and/or Report
- MOU
- Grant Information Form
- Grant Budget
- Subcontract Budget
- Contract/Agreement
- Form 126 – Ethics Commission
- Award Letter
- Application
- Public Correspondence

#### OTHER (Use back side if additional space is needed)

- Referral FYI 9/30/2022–
- SBC Referral 10/21/2022
- Presidential Action Memo – 30-Day Rule Waiver 10/26/2022
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_

Completed by: Brent Jalipa Date November 3, 2022

Completed by: Brent Jalipa Date \_\_\_\_\_

1 [Business and Tax Regulations Code - Temporary Suspension of Cannabis Business Tax]

2

3 **Ordinance amending the Business and Tax Regulations Code to suspend the**  
4 **imposition of the Cannabis Business Tax through December 31, 2025.**

5

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

10

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

12

13 Section 1. The Business and Tax Regulations Code is hereby amended by revising  
14 Section 3003 of Article 30, to read as follows:

15

16 **SEC. 3003. IMPOSITION OF TAX.**

17

\* \* \* \*

18 (c) The imposition of the Cannabis Business Tax under this Section 3003 shall be  
19 suspended for the 2021, ~~and 2022~~, 2023, 2024, and 2025 tax years.

20

21 Section 2. Effective Date; Retroactivity.

22 (a) This ordinance shall become effective 30 days after enactment. Enactment occurs  
23 when the Mayor signs the ordinance, the Mayor returns the ordinance unsigned or does not  
24 sign the ordinance within ten days of receiving it, or the Board of Supervisors overrides the  
25 Mayor’s veto of the ordinance.

1 (b) If the effective date of this ordinance is after January 1, 2023, this ordinance shall  
2 upon its effective date be retroactive to January 1, 2023.

3  
4 Section 3. Scope of Ordinance. In enacting this ordinance, the Board of Supervisors  
5 intends to amend only those words, phrases, paragraphs, subsections, sections, articles,  
6 numbers, punctuation marks, charts, diagrams, or any other constituent parts of the Municipal  
7 Code that are explicitly shown in this ordinance as additions, deletions, Board amendment  
8 additions, and Board amendment deletions in accordance with the "Note" that appears under  
9 the official title of the ordinance.

10  
11 APPROVED AS TO FORM:  
12 DAVID CHIU, City Attorney

13 By: /s/ Scott M. Reiber  
14 SCOTT M. REIBER  
Chief Tax Attorney

15 n:\legana\as2022\2300100\01631620.docx

<b>Item 1</b> <b>File 22-1070</b>	<b>Department:</b> Treasurer-Tax Collector
--------------------------------------	---

**EXECUTIVE SUMMARY**

**Legislative Objectives**

- The proposed ordinance amends Section 3003 of the Business and Tax Regulations Code to further suspend the imposition of the Cannabis tax until January 2026. The first fiscal year Cannabis Business Tax would be recognized would be FY 2026-27.

**Key Points**

- In November 2018, approximately 66 percent of San Francisco voters approved Proposition D, the Cannabis Business Tax effective January 1, 2021. The proposition levies a gross receipts tax of 1 percent to 5 percent on recreational cannabis businesses. Since then, the Board of Supervisors has delayed imposition of the tax through December 2022 (Files 20-1009 & 21-1150). Because the tax year is a calendar year, the first fiscal year that the tax revenues are scheduled to be recognized is FY 2023-24.

**Fiscal Impact**

- According to the Controller’s Office, Cannabis tax revenue is budgeted at \$0 in FY 2022-23 and \$10.25 million in FY 2023-24 and is projected at that level in FY 2024-25 and FY 2025-26. Therefore, the total foregone revenue through FY 2025-26 would be \$30.75 million.

**Recommendation**

- Approval of the proposed ordinance is a policy matter for the Board of Supervisors because it would reduce General Fund revenues.

**MANDATE STATEMENT**

According to City Charter Section 2.105, all legislative acts shall be by ordinance and require the affirmative vote of at least a majority of the members of the Board of Supervisors.

**BACKGROUND**

In November 2018, approximately 66 percent of San Francisco voters approved Proposition D, the Cannabis Business Tax effective January 1, 2021. The proposition levies a gross receipts tax of 1 percent to 5 percent on recreational cannabis businesses. Since then, the Board of Supervisors has delayed imposition of the tax through December 2022 (Files 20-1009 & 21-1150). Because the tax year is a calendar year, the first fiscal year that the tax revenues are scheduled to be recognized is FY 2023-24.

**DETAILS OF PROPOSED LEGISLATION**

The proposed ordinance amends Section 3003 of the Business and Tax Regulations Code to suspend the imposition of the Cannabis Business Tax through the 2025 tax year. The first fiscal year Cannabis Business Tax would be recognized would be FY 2026-27.

**FISCAL IMPACT**

According to the Controller's FY 2022-23 & FY 2023-24 Revenue Letter, Cannabis Business Tax revenue is budgeted at \$0 in FY 2022-23 and \$10.25 million in FY 2023-24. According to the March 2022 Joint Report Update, Cannabis tax revenues are projected to be \$10.25 million per year in FY 2024-25 and FY 2025-26. Therefore, the total foregone revenues through FY 2025-26 are projected to be \$30.75 million.

We consider approval of the proposed ordinance to be a policy matter for the Board of Supervisors because it would reduce General Fund revenues.

**RECOMMENDATION**

Approval of the proposed ordinance is a policy matter for the Board of Supervisors.

BOARD of SUPERVISORS



City Hall  
1 Dr. Carlton B. Goodlett Place, Room 244  
San Francisco 94102-4689  
Tel. No. (415) 554-5184  
Fax No. (415) 554-5163  
TDD/TTY No. (415) 554-5227

## MEMORANDUM

TO: Jose Cisneros, Treasurer, Office of the Treasurer and Tax Collector

FROM: Brent Jalipa, Assistant Clerk, Budget and Finance Committee

DATE: October 24, 2022

SUBJECT: PROPOSED ORDINANCE INTRODUCED

---

The Board of Supervisors' Budget and Finance Committee has received the following proposed Ordinance, introduced by Supervisor Rafael Mandelman on October 18, 2022:

**File No. 221070**

**Ordinance amending the Business and Tax Regulations Code to suspend the imposition of the Cannabis Business Tax through December 31, 2025.**

If you have any comments or reports to be included with the file, please forward them to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.

c: Amanda Kahn Fried, Office of the Treasurer and Tax Collector

BOARD of SUPERVISORS



City Hall  
Dr. Carlton B. Goodlett Place, Room 244  
San Francisco 94102-4689  
Tel. No. (415) 554-5184  
Fax No. (415) 554-5163  
TDD/TTY No. (415) 554-5227

## MEMORANDUM

TO: Katy Tang, Director, Office of Small Business  
**Small Business Commission, City Hall, Room 448**

FROM: Brent Jalipa, Assistant Clerk  
Budget and Finance Committee

DATE: September 19, 2022

SUBJECT: REFERRAL FROM BOARD OF SUPERVISORS  
Budget and Finance Committee

The Board of Supervisors' Budget and Finance Committee has received the following legislation, introduced by Supervisor Hillary Ronen on September 13, 2022 which is being referred to the Small Business Commission for comment and recommendation.

**File No. 220970**

**Ordinance amending the program established in Ordinance No. 143-21 waiving certain first-year permit, license, and business registration fees for certain businesses, retroactive to November 1, 2021, to 1) extend the program through June 30, 2023; 2) increase the gross receipts permissible for a business to qualify for the tax and fee waiver from \$2,000,000 to \$5,000,000; 3) remove the requirement that the business be located on the ground floor; 4) extend the period for refunds to the later of one year from the date of payment or June 30, 2023; 5) revise the procedures for challenging Tax Collector determinations that a business improperly claimed a waiver under this Ordinance; 6) increase the gross receipts above which the waiver would be retroactively revoked from \$10,000,000 to \$15,000,000 in the calendar year of, or in any calendar year during the three full calendar years following, the date the business commenced business within San Francisco or opened a new business location for commercial use; and 7) make other administrative and reporting changes, as defined herein.**

Please return this cover sheet with the Commission's response to Brent Jalipa, Budget and Finance Clerk, by email to: [brent.jalipa@sfgov.org](mailto:brent.jalipa@sfgov.org).

\*\*\*\*\*

**RESPONSE FROM SMALL BUSINESS COMMISSION - Date:** \_\_\_\_\_

\_\_\_\_\_ **No Comment**

\_\_\_\_\_ **Recommendation Attached**

\_\_\_\_\_  
**Chairperson, Small Business Commission**



President, District 10  
BOARD of SUPERVISORS



City Hall  
1 Dr. Carlton B. Goodlett Place, Room 244  
San Francisco, CA 94102-4689  
Tel. No. 554-6516  
Fax No. 554-7674  
TDD/TTY No. 544-6546

Shamann Walton

---

---

**PRESIDENTIAL ACTION**

Date: 10/26/2022

To: Angela Calvillo, Clerk of the Board of Supervisors

---

---

Madam Clerk,

Pursuant to Board Rules, I am hereby:

Waiving 30-Day Rule (Board Rule No. 3.23)

File No. 221070 Mandelman  
(Primary Sponsor)

Title. Business and Tax Regulations Code - Temporary Suspension of Cannabis Business Tax

---

Transferring (Board Rule No 3.3)

File No. \_\_\_\_\_  
(Primary Sponsor)

Title. \_\_\_\_\_

---

From: \_\_\_\_\_ Committee

To: \_\_\_\_\_ Committee

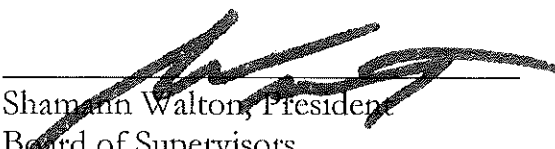
Assigning Temporary Committee Appointment (Board Rule No. 3.1)

Supervisor: \_\_\_\_\_ Replacing Supervisor: \_\_\_\_\_

For: \_\_\_\_\_ Meeting  
(Date) (Committee)

Start Time: \_\_\_\_\_ End Time: \_\_\_\_\_

Temporary Assignment:  Partial  Full Meeting

  
Shamann Walton, President  
Board of Supervisors

# Introduction Form

By a Member of the Board of Supervisors or Mayor

Time stamp  
or meeting date

I hereby submit the following item for introduction (select only one):

- 1. For reference to Committee. (An Ordinance, Resolution, Motion or Charter Amendment).
- 2. Request for next printed agenda Without Reference to Committee.
- 3. Request for hearing on a subject matter at Committee.
- 4. Request for letter beginning : "Supervisor  inquiries"
- 5. City Attorney Request.
- 6. Call File No.  from Committee.
- 7. Budget Analyst request (attached written motion).
- 8. Substitute Legislation File No.
- 9. Reactivate File No.
- 10. Topic submitted for Mayoral Appearance before the BOS on

Please check the appropriate boxes. The proposed legislation should be forwarded to the following:

- Small Business Commission
- Youth Commission
- Ethics Commission
- Planning Commission
- Building Inspection Commission

**Note: For the Imperative Agenda (a resolution not on the printed agenda), use the Imperative Form.**

Sponsor(s):

Subject:

The text is listed:

Signature of Sponsoring Supervisor:

For Clerk's Use Only