

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

3 **Ordinance amending the Business and Tax Regulations Code to suspend the**  
4 **imposition of the Cannabis Business Tax through December 31, 2021; beginning**  
5 **January 1, 2022, to increase the exemption of gross receipts attributable to the City**  
6 **from cannabis business activities, from the first \$500,000 to the first \$1,000,000; and**  
7 **also beginning January 1, 2022, to increase the upper range of gross receipts**  
8 **attributable to the City from cannabis business activities subject to the 2.5% tax rate on**  
9 **gross receipts from retail sales and the 1% tax rate on gross receipts from other than**  
10 **retail sales, from \$1,000,000 to \$1,500,000.**

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

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

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

22 **SEC. 3003. IMPOSITION OF TAX.**

23 (a) Except as otherwise provided in this Article 30, for the privilege of engaging in  
24 Cannabis Business Activities in the City, the City imposes an annual Cannabis Business Tax  
25

1 on each person engaged in business in the City that receives gross receipts from Cannabis  
2 Business Activities attributable to the City.

3 (b) The Cannabis Business Tax shall be calculated in the following manner:

4 (1) The person or combined group's first ~~\$1,000,000~~\$500,000 of gross receipts  
5 attributable to the City from Cannabis Business Activities shall be exempt from the Cannabis  
6 Business Tax.

7 (2) The person or combined group's gross receipts attributable to the City from  
8 the Retail Sale of Cannabis or Cannabis Products, including the amount exempt under  
9 Section 3003(b)(1), shall be multiplied as follows:

10 (A) by 2.5% for gross receipts in excess of the amount exempt under  
11 Section 3003(b)(1) and up to and including ~~\$1,500,000~~\$1,000,000; and

12 (B) by 5% for gross receipts over ~~\$1,500,000~~\$1,000,000.

13 (3) The person or combined group's gross receipts attributable to the City from  
14 all Cannabis Business Activities other than the Retail Sale of Cannabis or Cannabis Products,  
15 including the amount exempt under Section 3003(b)(1), shall be multiplied as follows:

16 (A) by 1% for gross receipts in excess of the amount exempt under  
17 Section 3003(b)(1) and up to and including ~~\$1,500,000~~\$1,000,000; and

18 (B) by 1.5% for gross receipts over ~~\$1,500,000~~\$1,000,000.

19 (4) The Board of Supervisors may from time to time by an ordinance adopted by  
20 at least two-thirds of the members of the Board increase one or more of the rates provided for  
21 in Sections 3003(b)(2) and 3003(b)(3), except that no rate may increase more than 1%  
22 annually and no rate may exceed 7%. The Board of Supervisors may from time to time by an  
23 ordinance adopted by a majority of the members of the Board decrease one or more of the  
24 rates provided for in Sections 3003(b)(2) and 3003(b)(3). Any such adjustments in this  
25 Section 3003(b)(4) shall be effective no sooner than the tax year following the tax year in

1 which the ordinance adjusting the rate is effective. The Controller shall prepare and submit a  
2 market analysis and impact report to the Board before the Board adjusts any tax rate under  
3 this Section 3003(b)(4).

4 (5) If a person or combined group has gross receipts attributable to the City  
5 from the Retail Sale of Cannabis or Cannabis Products and from Cannabis Business Activities  
6 other than the Retail Sale of Cannabis or Cannabis Products, the person or combined group's  
7 Cannabis Business Tax shall be determined as follows:

8 (A) The person or combined group's taxable gross receipts shall be  
9 determined on an aggregate basis first for gross receipts attributable to the City from  
10 Cannabis Business Activities other than the Retail Sale of Cannabis or Cannabis Products,  
11 and then for gross receipts attributable to the City from the Retail Sale of Cannabis or  
12 Cannabis Products;

13 (B) The ~~\$1,000,000~~\$500,000 exemption in Section 3003(b)(1) shall be  
14 applied first to gross receipts attributable to the City from Cannabis Business Activities other  
15 than the Retail Sale of Cannabis or Cannabis Products, with any remaining portion of the  
16 exemption then applied to gross receipts attributable to the City from the Retail Sale of  
17 Cannabis or Cannabis Products;

18 (C) The rates applicable under Section 3003(b)(2) shall be determined  
19 by applying the rate scale commencing with the gross receipts attributable to the City from  
20 Cannabis Business Activities other than the Retail Sale of Cannabis or Cannabis Products;  
21 and

22 (D) The Cannabis Business Tax for the person or combined group shall  
23 be the sum of the liabilities calculated under Sections 3003(b)(2) and 3002(b)(3), determined  
24 in accordance with Sections 3003(b)(5)(A), 3003(b)(5)(B), and 3003(b)(5)(C).

