

LEGISLATIVE DIGEST

[Various Codes - Fee Elimination and Administrative Provisions]

Ordinance amending the Business and Tax Regulations Code, Administrative Code, Health Code, Police Code, and Public Works Code to make the following changes if the voters approve Proposition M in the November 5, 2024, election: 1) eliminate certain fees beginning in 2026, and 2) increase the gross receipts threshold from \$2,500,000 to \$5,000,000 for reductions to annual curbside shared spaces fees beginning in 2026; and to make the following additional changes regardless of whether the voters approve Proposition M: 3) extend indefinitely the waiver of business location and device fees for businesses with taximeter devices; 4) extend indefinitely the suspension of the registration certificate and fee requirements for taxi drivers and drivers for transportation network companies; 5) authorize the Tax Collector to collect certain additional license fees on the unified license bill; and 6) amend the delinquency date and penalty provisions and add interest provisions relating to license fees collected on the unified license bill.

Existing Law

To operate in the City, businesses must obtain various permits and annual licenses from City departments. In addition to permit and application fees, they pay various annual license fees that generally are due and payable to the Tax Collector on March 31 of each year for the upcoming license period beginning April 1 and are delinquent if not paid within 30 days. The Tax Collector collects many of these fees on the unified license bill under Section 76.1 of Article 2 of the Business and Tax Regulations Code, which also imposes penalties of up to 50 percent for late payment of fees, without adding interest.

Persons pay permit and annual license fees for curbside shared spaces. Persons with annual gross receipts within the City that do not exceed \$2,500,000 are eligible for a 50% reduction of those fees. The City has temporarily waived business location and device fees for businesses with taximeter devices through fees otherwise due prior to March 31, 2025. The City also has temporarily suspended the registration certificate and registration fee requirements for drivers for a transportation network company and taxi drivers through and including the 2027-2028 registration year.

Amendments to Current Law

If Proposition M on the November 5, 2024 ballot making changes to business taxes is approved, this ordinance generally would, in addition to some administrative changes, eliminate the following annual license fees otherwise due on or after March 31, 2026 for the upcoming license period beginning April 1, 2026, unless otherwise indicated:

License Fee
Food product and marketing establishments without food preparation, less than 5,001 sq. feet
Food product and marketing establishments with food preparation, less than 5,001 sq. feet
Retail bakeries without food preparation
Retail bakeries with food preparation
Food preparation and service establishments, less than 1,000 sq. feet
Food preparation and service establishments, 1,000 to 2,000 sq. feet
Food preparation and service establishments, greater than 2,000 sq. feet
Bar or tavern without food preparation
Bar or tavern with food preparation
Take-out establishment
Fast food establishment
Catering facility – no cooking
Catering facility – cooking
Mobile Food Facility 1
Mobile Food Facility 2
Mobile Food Facility 3
Mobile Food Facility 4
Mobile Food Facility 5
Caterer
Annual special event permit fees – low hazard
Annual special event permit fees – high hazard
Backflow prevention certified testers (annual license and recertification fees)
Body art license fees
Solo practitioner massage establishments
Point of sale location (registration fee)
Point of sale station (registration fee)
Weights and measures location (registration fee)
Weights and measures – computing scales (device fee)
Weights and measures – weighing devices, other than computing, jewelry, and prescription scales, with capacities of at least 100 pounds, but less than 2,000 pounds
Weights and measures – other weighing or measuring devices
Billiard parlor – first table
Billiard parlor – each additional table
Dance hall keeper
Extended hours
Fixed place outdoor amplified sound
Limited live performance
Mechanical amusement device – first machine
Mechanical amusement device – each additional machine
Place of entertainment

Places of public assembly and open-air assembly
Theaters
Flammable finishes; operation of industrial baking and drying ovens
Use of open flames and candles
Mobile food facility (annual renewal and inspection fees)
Tables and chairs
Merchandise display (per square foot permit and inspection fees)

If Proposition M is approved, this ordinance also would increase the gross receipts threshold from \$2,500,000 to \$5,000,000 for reductions to annual curbside shared spaces fees commencing with permits issued, and license periods beginning, on or after April 1, 2026.

Irrespective of whether Proposition M passes, this ordinance would extend indefinitely both the waiver of business location and device fees for businesses with taximeter devices and the suspension of the registration certificate and registration fee requirements for taxi drivers and drivers for transportation network companies. And irrespective of whether Proposition M passes, this ordinance also would authorize the Tax Collector to collect certain additional license fees on the unified license bill, make license fees delinquent if not paid when they are due, cap penalties at 25%, add interest to delinquent license fees, and make other administrative changes.

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