

File No. 191005

Committee Item No. 9

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

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Committee: Budget & Finance Committee

Date November 13, 2019

Board of Supervisors Meeting

Date _____

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Completed by: Linda Wong

Date November 8, 2019

Completed by: Linda Wong

Date _____

1 [Initiative Ordinance - Business and Tax Regulations, Administrative Codes - Excise Tax on
2 Keeping Commercial Property Vacant]

3 **Motion ordering submitted to the voters, at an election to be held on March 3, 2020, an**
4 **Ordinance amending the Business and Tax Regulations Code and Administrative Code**
5 **to impose an excise tax on persons keeping ground floor commercial space in**
6 **neighborhood commercial districts or neighborhood commercial transit districts**
7 **vacant, to fund assistance to small businesses; increasing the City's appropriations**
8 **limit by the amount collected under the tax for four years from March 3, 2020; and**
9 **affirming the Planning Department's determination under the California Environmental**
10 **Quality Act.**

11
12 MOVED, That the Planning Department has determined that the actions contemplated
13 in this ordinance comply with the California Environmental Quality Act (California Public
14 Resources Code Sections 2100 *et seq.*). Said determination is on file with the Clerk of the
15 Board of Supervisors in File No. 191005 and is incorporated herein by reference. The
16 Board affirms this determination; and be it further

17
18 MOVED, That the Board of Supervisors hereby submits the following ordinance to the
19 voters of the City and County of San Francisco, at an election to be held on March 3, 2020.

20
21 **Ordinance amending the Business and Tax Regulations Code and Administrative Code**
22 **to impose an excise tax on persons keeping ground floor commercial space in**
23 **neighborhood commercial districts or neighborhood commercial transit districts**
24 **vacant, to fund assistance to small businesses; increasing the City's appropriations**
25 **limit by the amount collected under the tax for four years from March 3, 2020; and**

1 affirming the Planning Department's determination under the California Environmental
2 Quality Act.

3
4 NOTE: **Unchanged Code text and uncodified text** are in plain font.
5 **Additions to Codes** are in *single-underline italics Times New Roman font*.
6 **Deletions to Codes** are in *strikethrough italics Times New Roman font*.
7 **Asterisks (* * * *)** indicate the omission of unchanged Code subsections or
8 parts of tables.

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

10 Section 1. Pursuant to Articles XIII A and XIII C of the Constitution of the State of
11 California, this ordinance shall be submitted to the qualified electors of the City and County of
12 San Francisco at the March 3, 2020, municipal election.

13 Section 2. The Business and Tax Regulations Code is hereby amended by adding
14 Article 29, consisting of Sections 2901 through 2911, to read as follows:

15
16 **ARTICLE 29: VACANCY TAX ORDINANCE**

17
18 **SEC. 2901. SHORT TITLE.**

19 *This Article 29 shall be known as the "Vacancy Tax Ordinance," and the tax it imposes shall be*
20 *known as the "Vacancy Tax."*

21
22 **SEC. 2902. FINDINGS AND PURPOSE.**

23 *(a) San Francisco's neighborhood commercial districts prioritize street-level, customer-facing*
24 *businesses as a means of stimulating a bustling, pedestrian-friendly urban environment. Retail*

1 storefronts are the building blocks of neighborhood vitality, encouraging people to stroll through San
2 Francisco's streets, sidewalks, parks, and other open spaces, and inviting them in.

3 (b) San Francisco residents and visitors have an interest in preserving the vitality of
4 commercial corridors in these districts. Vacant storefronts in otherwise vibrant neighborhood
5 commercial districts degrade the urban environment and reduce the quality of life in those
6 neighborhoods, leading to blight and crime, particularly when storefronts stay empty for extended
7 periods of time. Further, the resulting blight negatively impacts other small businesses in the area by
8 discouraging foot traffic and eroding the character and uniqueness of San Francisco's diverse
9 neighborhoods and communities.

10 (c) Retail vacancies may occur when property owners are performing tenant improvements for
11 prospective tenants, while actively seeking a new commercial tenant, or following a disaster requiring
12 wholesale rehabilitation of a structure. These temporary vacancies reflect a property owner's desire
13 to maintain the active retail storefront environment of San Francisco's neighborhood commercial
14 corridors and to continue contributing to the surrounding community.

15 (d) But in other instances, retail vacancies occur when a property owner or landlord fails to
16 actively market a vacant retail storefront to viable commercial tenants and/or to offer the property at a
17 reasonable rate. Retail vacancies may persist as property owners and landlords hold storefronts off of
18 the market for extended periods of time or refuse to offer the space for a reasonable market rate, while
19 the property itself continues to deteriorate.

20 (e) The purpose of the Vacancy Tax is to stimulate the rehabilitation of blighted, long-term
21 retail vacancies, and, in turn, to reinvigorate commercial corridors and stabilize commercial rents,
22 thereby allowing new small businesses to open and existing small businesses to thrive.

23 (f) By dedicating proceeds from the Vacancy Tax to the Small Business Assistance Fund, the
24 Vacancy Tax will also assist small businesses and provide relief to those small businesses adversely
25 affected by blight, crime, and other negative impacts caused by vacant storefronts in San Francisco.

1 **SEC. 2903. DEFINITIONS.**

2 Unless otherwise defined in this Article 29, the terms used in this Article shall have the
3 meanings given to them in Article 6 of the Business and Tax Regulations Code, as amended from time
4 to time. For purposes of this Article, the following definitions shall apply:

5 “Frontage” means the number of linear feet of Taxable Commercial Space that is adjacent or
6 tangent to a Public Right of Way, rounded to the nearest foot.

7 “One-Year Construction Period” means the one-year period following the date that the City
8 issues a building permit for repair, rehabilitation, or construction of a building or structure, provided
9 that if the City issues multiple building permits to an owner, tenant, co-owner, or co-tenant for such
10 building or structure, the One-Year Construction Period shall mean only the one-year period following
11 the issuance of the first building permit to that owner, tenant, co-owner, or co-tenant. For purposes of
12 determining whether the City has issued multiple building permits to the same owner, tenant, co-owner,
13 or co-tenant, a person related to or affiliated by common ownership or control with an owner, tenant,
14 co-owner, or co-tenant shall be deemed to be the same owner, tenant, co-owner, or co-tenant.

15 “One-Year Disaster Period” means the one-year period following the date that a building or
16 structure was severely damaged and made uninhabitable or unusable due to fire, natural disaster, or
17 other catastrophic event.

18 “Public Right of Way” means the dedicated public alleys, boulevards, courts, lanes, roads,
19 sidewalks, spaces, streets, and ways within the City, which are under the permitting jurisdiction of the
20 Department of Public Works.

21 “Residential Real Estate” means real property where the primary use of or right to use the
22 property is for the purpose of dwelling, sleeping or lodging other than as part of the business activity of
23 accommodations. For purposes of this Article 29, “accommodations” means the activity of providing
24 lodging or short-term accommodations for travelers, vacationers, or others, including the business
25

1 activity described in code 721 of the North American Industry Classification System as of November 6,
2 2012.

3 “Six-Month Conditional Use Application Period” means the six-month period following the
4 date that a complete application for a conditional use permit is filed with the City, provided that if more
5 than one conditional use permit application is filed by an owner, tenant, co-owner, or co-tenant for the
6 same building or structure, the Six-Month Conditional Use Application Period shall mean only the six-
7 month period following the date the first complete application is filed with the City by that owner,
8 tenant, co-owner, or co-tenant. For purposes of determining whether more than one conditional use
9 permit application has been filed by the same owner, tenant, co-owner, or co-tenant, a person related
10 to or affiliated by common ownership or control with an owner, tenant, co-owner, or co-tenant shall be
11 deemed to be the same owner, tenant, co-owner, or co-tenant.

12 “Taxable Commercial Space” means the ground floor of any building or structure, or the
13 ground floor of any portion of a building or structure, where such ground floor (1) is adjacent or
14 tangent to a Public Right of Way, (2) is located in a “neighborhood commercial district,” within the
15 meaning of Section 702(a)(1) of Article 7 of the Planning Code, or a “neighborhood commercial
16 transit district,” within the meaning of Section 702(a)(2) of that Code, as those neighborhood
17 commercial districts and neighborhood commercial transit districts exist on March 3, 2020, and (3) is
18 not Residential Real Estate.

19 “Vacant” means unoccupied, uninhabited, or unused for more than 182 days, whether
20 consecutive or nonconsecutive, in a tax year. Notwithstanding the prior sentence, a building or
21 structure shall not be considered Vacant during that building’s or that structure’s One-Year
22 Construction Period, One-Year Disaster Period, and/or Six-Month Conditional Use Application
23 Period. In determining whether a building or structure is Vacant, days within the One-Year
24 Construction Period, the One-Year Disaster Period, and the Six-Month Conditional Use Application
25 Period shall be disregarded.

1 SEC. 2904. IMPOSITION OF TAX.

2 (a) Except as otherwise provided in this Article 29, for the purposes described in Section 2907,
3 the City imposes an annual Vacancy Tax on keeping Taxable Commercial Space Vacant.

4 (b) The tax on keeping Taxable Commercial Space Vacant shall be \$1,000 per linear foot of
5 Frontage.

6 (c) The Vacancy Tax shall be payable by: (1) the owner of the Taxable Commercial Space kept
7 Vacant, provided that the Taxable Commercial Space is not leased; (2) the lessee, and not the owner, of
8 the Taxable Commercial Space kept Vacant, if that Taxable Commercial Space is leased but not
9 subleased; and (3) the sublessee, and not the owner or sublessor, of the Taxable Commercial Space
10 kept Vacant, if that Taxable Commercial Space is subleased. Not more than one tax shall be imposed
11 under this Section 2904 by reason of multiple liable owners, lessees, or sublessees. If there are
12 multiple liable owners, lessees, or sublessees, each such person shall be jointly and severally liable for
13 the Vacancy Tax.

14 (d) A person shall be liable for the Vacancy Tax only if that person has kept Taxable
15 Commercial Space Vacant in a tax year. A person shall be deemed to have kept Taxable Commercial
16 Space Vacant in a tax year if that person and any other person related to or affiliated by common
17 ownership or control with that person, individually or collectively, has kept that Taxable Commercial
18 Space Vacant for more than 182 days in that tax year.

1 **SEC. 2905. EXEMPTIONS AND EXCLUSIONS.**

2 (a) For only so long as and to the extent that the City is prohibited from imposing the Vacancy
3 Tax, any person upon whom the City is prohibited under the Constitution or laws of the State of
4 California or the Constitution or laws of the United States from imposing the Vacancy Tax shall be
5 exempt from the Vacancy Tax.

6 (b) The City shall not be exempt from the Vacancy Tax.

7
8 **SEC. 2906. ADMINISTRATION.**

9 Except as otherwise provided under this Article 29, the Vacancy Tax shall be administered
10 pursuant to Article 6 of the Business and Tax Regulations Code. The Tax Collector is authorized to
11 determine what constitutes a related person and a person affiliated by common ownership or control
12 for purposes of determining the One-Year Construction Period as defined in Section 2903, the Six-
13 Month Conditional Use Application Period as defined in Section 2903, and whether a person has kept
14 Taxable Commercial Space Vacant, as defined in Section 2903, for more than 182 days in a tax year,
15 as defined in Section 2904(d).

16
17 **SEC. 2907. DEPOSIT OF PROCEEDS; EXPENDITURE OF PROCEEDS.**

18 (a) All monies collected under the Vacancy Tax Ordinance shall be deposited to the credit of
19 the Small Business Assistance Fund ("Fund"), established in Administrative Code Section 10.100-334.
20 The Fund shall be maintained separate and apart from all other City funds and shall be subject to
21 appropriation. Any balance remaining in the Fund at the close of any fiscal year shall be deemed to
22 have been provided for a special purpose within the meaning of Charter Section 9.113(a) and shall be
23 carried forward and accumulated in the Fund for the purposes described in subsection (b).

1 (b) Subject to the budgetary and fiscal provisions of the Charter, monies in the Small Business
2 Assistance Fund shall be appropriated on an annual or supplemental basis and used exclusively for the
3 following purposes:

4 (1) Up to 10% of the proceeds of the Vacancy Tax distributed in any proportion to the
5 Tax Collector and other City Departments, for administration of the Vacancy Tax and administration of
6 the Fund.

7 (2) Refunds of any overpayments of the Vacancy Tax, including any related penalties,
8 interest, and fees.

9 (3) All remaining amounts to provide funding to assist the maintenance and operation
10 of small businesses in the City.

11 (c) Commencing with a report filed no later than February 15, 2023, covering the fiscal year
12 ending on June 30, 2022, the Controller shall file annually with the Board of Supervisors, by
13 February 15 of each year, a report containing the amount of monies collected in and expended from the
14 Small Business Assistance Fund during the prior fiscal year, the status of any project required or
15 authorized to be funded by this Section 2907, and such other information as the Controller, in the
16 Controller's sole discretion, shall deem relevant to the operation of this Article 29.

17
18 **SEC. 2908. TECHNICAL ASSISTANCE TO THE TAX COLLECTOR.**

19 The Department of Public Works, the Department of Building Inspection, and the Office of
20 Economic Workforce Development shall provide technical assistance to the Tax Collector, upon the
21 Tax Collector's request, to administer the Vacancy Tax.

22
23 **SEC. 2909. AMENDMENT OF ORDINANCE.**

24 The Board of Supervisors may amend or repeal this Article 29 by ordinance without a vote of
25 the people except as limited by Article XIII C of the California Constitution.

1 **SEC. 2910. SEVERABILITY.**

2 (a) Except as provided in Section 2910(b), if any section, subsection, sentence, clause, phrase,
3 or word of this Article 29, or any application thereof to any person or circumstance, is held to be
4 invalid or unconstitutional by a decision of a court of competent jurisdiction, such decision shall not
5 affect the validity of the remaining portions or applications of this Article. The People of the City and
6 County of San Francisco hereby declare that, except as provided in Section 2910(b), they would have
7 adopted this Article 29 and each and every section, subsection, sentence, clause, phrase, and word not
8 declared invalid or unconstitutional without regard to whether any other portion of this Article or
9 application thereof would be subsequently declared invalid or unconstitutional.

10 (b) If the imposition of the Vacancy Tax in Section 2904 is held in its entirety to be facially
11 invalid or unconstitutional in a final court determination, the remainder of this Article 29 shall be void
12 and of no force and effect, and the City Attorney shall cause it to be removed from the Business and Tax
13 Regulations Code.

14
15 **SEC. 2911. SAVINGS CLAUSE.**

16 No section, clause, part, or provision of this Article 29 shall be construed as requiring the
17 payment of any tax that would be in violation of the Constitution or laws of the United States or of the
18 Constitution or laws of the State of California.

19
20 Section 3. Chapter 10 of the Administrative Code is hereby amended by adding
21 Section 10.100-334 to Article XIII, to read as follows:
22

23 **SEC. 10.100-334. SMALL BUSINESS ASSISTANCE FUND.**

24 (a) Establishment of Fund. The Small Business Assistance Fund ("Fund") is established as a
25 category four fund as defined in Section 10.100-1 of the Administrative Code, and shall receive all

1 taxes, penalties, interest, and fees collected from the Vacancy Tax imposed under Article 29 of the
2 Business and Tax Regulations Code.

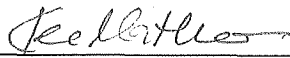
3 (b) Use of Fund. Subject to the budgetary and fiscal provisions of the Charter, monies in the
4 Fund shall be used exclusively for the purposes described in Section 2907(b) of Article 29 of the
5 Business and Tax Regulations Code.

6 (c) Administration of Fund. As stated in Section 2907(c) of Article 29 of the Business and Tax
7 Regulations Code, commencing with a report filed no later than February 15, 2023, covering the fiscal
8 year ending June 30, 2022, the Controller shall file annually with the Board of Supervisors, by
9 February 15 of each year, a report containing the amount of monies collected in and expended from the
10 Fund during the prior fiscal year, the status of any project required or authorized to be funded by
11 Section 2907, and such other information as the Controller, in the Controller's sole discretion, deems
12 relevant to the operation of Article 29.

13
14 Section 4. Appropriations Limit Increase. Pursuant to California Constitution
15 Article XIII B and applicable laws, for four years from March 3, 2020, the appropriations limit
16 for the City shall be increased by the aggregate sum collected by the levy of the tax imposed
17 under this ordinance.

1 Section 5. Effective and Operative Dates. The effective date of this ordinance shall be
2 ten days after the date the official vote count is declared by the Board of Supervisors. This
3 ordinance shall become operative on January 1, 2021.
4

5 APPROVED AS TO FORM:
6 DENNIS J. HERRERA, City Attorney

7 By: 
8 KERNE H. O. MATSUBARA
Deputy City Attorney

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LEGISLATIVE DIGEST

[Initiative Ordinance - Business and Tax Regulations, Administrative Codes - Excise Tax on Keeping Commercial Property Vacant]

Motion ordering submitted to the voters, at an election to be held on March 3, 2020, an Ordinance amending the Business and Tax Regulations Code and Administrative Code to impose an excise tax on persons keeping ground floor commercial space in neighborhood commercial districts or neighborhood commercial transit districts vacant, to fund assistance to small businesses; increasing the City's appropriations limit by the amount collected under the tax for four years from March 3, 2020; and affirming the Planning Department's determination under the California Environmental Quality Act.

Existing Law

The City currently does not tax the keeping of real property vacant.

Amendments to Current Law

This ordinance would impose an annual tax, effective January 1, 2021, on persons that keep ground floor commercial space in neighborhood commercial districts or neighborhood commercial transit districts vacant. The tax would be \$1,000 per linear foot of street-facing frontage of vacant ground floor commercial space.

Commercial space would be considered vacant if it is unoccupied, uninhabited, or unused for more than 182 days, whether consecutive or nonconsecutive, in a year. Days during the following periods would not count as vacant days: (1) the one-year period following the date that the City issues an initial building permit for repair, rehabilitation, or construction of a building or structure, (2) the one-year period following the date that a building or structure was severely damaged and made uninhabitable or unusable due to fire or natural disaster, and/or (3) the six-month period following the date that an initial application for a conditional use permit is filed with the City.

A person would be liable for the tax only if that person has kept commercial space vacant for more than 182 days in a year. A person would be deemed to have kept commercial space vacant for more than 182 days in a year if that person and persons related to or affiliated by common ownership or control with that person, individually or collectively, keeps that space vacant for more than 182 days in that year. The City would not be exempted from the tax.

The tax would be payable by the owner of the vacant commercial space. If the vacant commercial space is leased, the tax would be imposed on the lessee and not the owner. If the vacant commercial space is subleased, the tax would be imposed on the sublessee and not the owner or sublessor. Not more than one annual tax would be imposed with respect to

FILE NO. 191005

a particular commercial space. If there are multiple liable owners, lessees, or sublessees, each such person would be jointly and severally liable for the tax.

The tax would be dedicated to funding assistance to small businesses in the City.

This ordinance would increase the City's appropriations limit under Article XIII B by the amounts collected from this tax, for four years from March 3, 2020.

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CITY AND COUNTY OF SAN FRANCISCO

LONDON BREED, MAYOR

OFFICE OF SMALL BUSINESS
REGINA DICK-ENDRIZZI, DIRECTOR

November 1, 2019

Ms. Angela Calvillo, Clerk of the Board
City Hall Room 244
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

RE: BOS File No. 191005: Initiative Ordinance - Business and Tax Regulations, Administrative Codes - Excise Tax on Keeping Commercial Property Vacant

Small Business Commission Recommendation to the Board of Supervisors: **Recommendation to support upon the condition Supervisor Peskin works in consultation with the Office of Small Business on OSB recommended timelines, amends the 182 days to consecutive days and expresses its support for the intent to address property owners with long term vacancies.**

Dear Ms. Calvillo,

On October 28, 2019 the Small Business Commission (SBC or Commission) heard BOS File No. 191005: Initiative Ordinance - Business and Tax Regulations, Administrative Codes - Excise Tax on Keeping Commercial Property Vacant. Lee Hepner, Legislative Aide to Supervisor Aaron Peskin provided an overview of the legislation.

The Commission engaged in a practical discussion regarding the genesis of the legislation and its anticipated administration. Mr. Hepner also shared potential amendments expected to be introduced during Committee which include: 1) extending the "one year construction period" to include the period from submission of an application to issuance of the permit; 2) extend the "one year disaster period" to two years from the date that a building or structure was severely damaged or made uninhabitable or unusable due to fire, natural disaster, or other catastrophic event; and, 3) require that all ground floor Conditional Use applications in the City's Neighborhood Commercial Districts and Neighborhood Commercial Transit Districts be eligible for priority processing under the Community Business Priority Processing Program. Additionally, relative to the Small Business Assistance Fund, a potential amendment discussed

OFFICE OF SMALL BUSINESS • SMALL BUSINESS COMMISSION

1 DR. CARLTON B. GOODLETT PLACE, ROOM 110, SAN FRANCISCO, CALIFORNIA 94102-4681

(415) 554-6408

would enable the use of the fund for small sites acquisitions.

The Commission is wholly supportive of the intent for the Initiative Ordinance, particularly as it relates to long term vacancies. However, some concerns remain regarding the administration of the vacancy tax, how and when it will be determined that a property is indeed vacant, and potential unintended consequences that may result in adverse outcomes for small businesses. Specifically, that there will be small businesses who will incur the vacancy tax through no fault of their own but rather, due to inefficient city processes. Additionally, the Commission noted a desire to see an appeals process included in the Initiative Ordinance which would afford an entity an opportunity to challenge their receipt of the vacancy tax.

Directors Recommendations and Notes:

The Office of Small Business (OSB) is aligned with Supervisor Peskin, in that the City does need new tools to manage long term storefront vacancies that have been kept intentionally off the market for many years. And to create that stick where it solely is leveraged against the property owner. These longer term vacancies do negatively impact the economic vitality of our neighborhood commercial corridors.

The Office of Small Business appreciates Supervisor Peskin's interest of addressing the very real issues of rent increases on existing small business and stabilizing speculative rents for prospective businesses but is not aligned in how the ordinance is attempting to address these issues. OSB expresses concern that, as drafted, the initiative ordinance will likely drive up rents, and unintentionally entrap small businesses - that want to open a business in our City's neighborhoods - with the responsibility of paying the vacancy tax.

Each and every member of the Board of Supervisors has asked OSB what can be done to reduce the cost and bureaucracy for a small businesses opening their business in San Francisco. The first rule of thumb is not to add to the cost, difficulty and length of time to open a business. OSB has very real concerns that as currently written this tax will increase the cost and reduce the feasibility for small business owners looking to open in San Francisco without effectively targeting the property owner. It is under this context that OSB is highlighting its set of recommendations to the initiative ordinance and identifying very real concerns to the definition of a storefront vacancy and implementation procedure to determine a long term vacancy and timing of when to assess the proposed tax.

OSB's Recommendations for Amendments:

1. Amend the Disaster Period to 3 years with a mandatory re-examining by the Board of Supervisors if a FEMA declaration is made covering more than 3% of the city.
2. The Vacancy Tax is applied to long term vacancies only.

3. Assign the definition of a long-term vacancy to Section 103.A of the Building Code that defines and strike Section 2906: *“The Tax Collector is authorized to determine what constitutes a related person and a person affiliated by common ownership or control for purposes of determining the One-Year Construction Period as defined in Section 2903, the Six-Month Conditional Use Application Period as defined in Section 2903, and whether a person has kept Taxable Commercial Space Vacant, as defined in Section 2903, for more than 182 days in a tax year, as defined in Section 2904(d).”*
4. The vacancy tax is applied to a property owner listed on the registry for X amount of time. OSB is recommending a definition of long term vacant storefront as three or more years.

Note: Supervisor Peskin’s Office discussed with SBC that Supervisor Peskin may amend the Initiative Ordinance with a phase in tax of \$250.00 per linear foot in year one, \$500.00 per linear foot in year two and \$1000 per linear foot in year three. For example: For the first year a vacant tax is applied the property owner will have to pay the City either \$711 registration fee (if registering on time) or \$2844 in penalty fees for not registering within 30 day and a \$6250 in vacancy tax.

Any vacancy tax assessment levied against the property owner for any time period under one to two years, the property will likely figure the tax amount into the base rent, passing this cost onto the tenant. Thus having a reverse effect in reducing rents.

5. Amend calculation of vacancy to be consecutive days not cumulative.
6. Remove all responsibility of the lessee for vacancy tax that is actively engaged in the process of opening their business for either the CUA process or the building permit process. This is already accounted for in Section 103.A of the Building Code.
7. If this amendment is not accepted then add a “reset” to the clock at the time of lease signing. A tenant should not be responsible for the time a building owner took in bringing a property to market or previous missteps with a property prior to their involvement.

Note: Supervisor Peskin’s Office discussed with the SBC that Supervisor Peskin may amend definition of the one-year construction period to: Extend the one-year construction period of the permit to include the period from submission of an application to issuance of permit. Section 103A of the building code already accounts for this and therefore is creating a regulatory structure where two agencies are tracking and accounting for the same building permit processing.

Supervisor Peskin’s Office discussed with the SBC establishing a requirement for all ground floor CUA in the City’s NCD and NCTD eligible for priority processing under CB3P. While it is a welcome consideration, this is an administrative procedure

of the Planning Department, authorized by the Planning Commission. Therefore it is still at the digression of the Planning Department staff whether a small business can apply for a CB3P. A CB3P application could be pulled off the consent agenda by a Planning Commissioner or a member of the public which could result in additional delays. OSB also has concerns that the added number of CB3P participants may slow the process for business owners.

Businesses currently not eligible for a CB3P:

<ul style="list-style-type: none"> • Business that seeks to sell any alcoholic beverages other than beer and/or wine sold on or off-site in conjunction with the operation of a Bona Fide Eating Place. • Massage Establishment • Tobacco Paraphernalia Establishment • Cannabis Uses • Bar • Nighttime Entertainment/Place of Entertainment (e.g. nightclubs, music venues) 	<ul style="list-style-type: none"> • Adult Entertainment Establishment • Fringe Financial Service Drive-up Facility • Wireless Telecommunications Site (“WTS”) • Outdoor Activity Area • Off-Street parking in excess of that allowed on an as-of-right basis • Office closed to the public located on the ground story
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8. Include an appeals process for hardship. Recognizing the complexities of many of our vacancies and unique needs of both business owners and property owners, create a method to appeal for an extension to the allotted time. (Ideally the initiative ordinance shall exclude the business owner). This process should require that the applicant demonstrate active progress on the vacancy in addition to outlining the next steps.

9. Apply Washington DC’s Vacant Building Registry ¹ list of exemptions for property owners assessed the vacancy tax. It may need to be a separate tier of exemptions from the existing list of exemptions in Building Code Section 103.A. Section 2909 allows the Board of Supervisors to amend or repeal the tax without having to go return to the voters. The one exception is that the Board of Supervisor may not raise the tax without the approval of the voters.

10. Retain the Section 10.100- 334. Small Business Assistance Fund. The Commission had discussions regarding the small sites program, but did not make a formal recommendation on how the funds are to be allocated.

¹ Washington DC: Vacant Building Services for Businesses

Notables for the Initiative Ordinance as written:

1. The initiative ordinance is establishing a vacancy tax. The vacancy tax does not specifically apply to long term vacancies. Taxing a property owner for a long term vacant storefront is what has publically been discussed and has generated agreement. The vacancy tax as drafted can be applied to a vacancy as short as 6 months, which is in the realm of normalcy and not considered a long term vacancy. This legislation as currently written will impact responsible property owners and businesses acting in good faith to fill a storefront vacancy within normal conditions and current permit processing timeframes.
2. Applies to ground floor commercial space in the City's NCD and NCTD, including NC-1, NC-2, NC-3, NCT-1, NCT2 and NCT-3, not just named NCD/NCTD's.^{2 3}
3. The average storefront commercial space is 25 linear feet. Average minimum annual vacancy tax is 25 X \$1000 = \$25,000.
4. The City currently has a Vacant and Abandoned Commercial Storefront registry program assigned under the Department of Building Inspection (DBI) and was recently updated and new regulations took effect April 22, 2019. As written, this initiative ordinance assigns all aspects for administering the ordinance to the Treasurer and Tax Collector (TTX), including tracking vacant and abandoned storefronts. Thus creating a redundant process and that is confusing for property owners and small businesses to navigate.
5. Additional confusion will come from the creation of a second definition of vacancy not aligned with the definition established in Section 103.A of the Building Code.

Under DBI's vacant and abandoned commercial storefront program its regulatory authority is solely over the property owner and its definition of a vacant or abandoned storefront is:

- (1) is unoccupied and unsecured; or
- (2) is unoccupied and secured by boarding or other similar means; or
- (3) is unoccupied and unsafe as defined in Section 1 02A of this Code; or
- (4) is unoccupied and has multiple code violations; or
- (5) has been unoccupied for over 30 days.

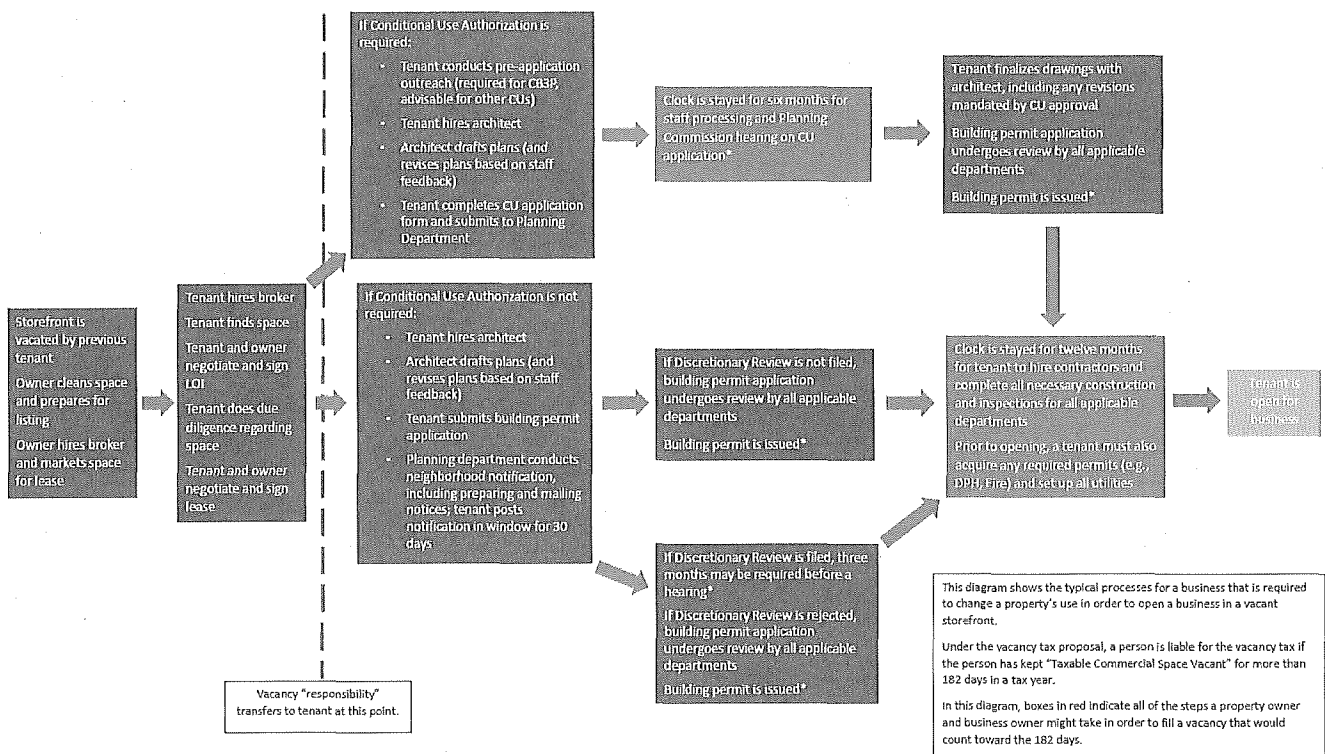
With the proposed initiative ordinance TTX's regulatory authority will be over both the property owner and the small business owner (lessee or sublessee).

- a. Definitions that constitutes a vacancy and applies to the property owner:
 - 182 consecutive/ non-consecutive days

² SEC. 702. Classes of Neighborhood Commercial Districts

³ Maps of the Zoning Districts

- One year construction period (i.e. soft story retrofits, repair of code violations while vacant)
 - One-year disaster period due to fire, natural disaster or other catastrophic events.
- b. Definitions that constitutes a vacancy and applies to the small business:
- 182 consecutive/ non-consecutive days
 - 6-month conditional use application period
 - One-year construction period (i.e. soft story retrofits, repair of code violations while vacant)



*Steps marked with an asterisk may be appealed to the Board of Appeals or the Board of Supervisors, potentially adding an additional month or more to the permitting process.

6. On March 5, 2019, the Budget and Legislative Analyst issued a report on the Commercial Vacancies in the Upper Market/Castro and City Permitting.⁴ The report identified that it took average number of **332 days to complete the Conditional Use Authorization** and average number of **260 days to complete Building Permits** from approval to final

⁴ March 05, 2019 - Commercial Vacancies in the Upper Market/Castro and City Permitting

construction sign off.

7. The 6-month conditional use process and the one-year construction period, is tied to the City bureaucratic process that has unforeseen variables that are often not in the business' control and can delay meeting the timeline. (Such as a DR filed against a both 311 neighborhood notification permits and permits that aren't subject to a 311 notice or Board of Permit Appeals process.)
8. Equity concern: When the vacancy tax is assessed due to exceeding the 6-month conditional use application period and/or the one-year construction period, the majority of the instances that obligation will fall to the small business. The small business will need to pay in full the minimum annual vacancy tax of \$25,000 before the business can receive its Certificate of Occupancy and/or License to Operate.
9. Equity concern: There are commercial corridors where vacant properties have long-term ownership by community members many for whom the space is their sole piece of equity and are living on a fixed income. Applying this tax to these property owners could destabilize the owner and potentially necessitate the sale of the property thus moving the property ownership from a long term member of the community to potential outsiders.

Thank you for considering the Commission's and Department's comments. Please feel free to contact me should you have any questions.

Sincerely,



Regina Dick-Endrizzi
Director, Office of Small Business

cc: Aaron Peskin, Member, Board of Supervisors,
Sophia Kittler, Mayor's Liaison to the Board of Supervisors
Lisa Pagan, Office of Economic and Workforce Development
Linda Wong Clerk, Budget and Finance Committee

Wong, Linda (BOS)

From: Donovan, Dominica (ECN)
Sent: Monday, November 4, 2019 9:10 AM
To: Wong, Linda (BOS)
Cc: Lew, Lisa (BOS); Dick-Endrizzi, Regina (ECN); Karunaratne, Kanishka (MYR); Kittler, Sophia (MYR); Pagan, Lisa (ECN); Quevedo, Bryan (ECN); Chan, Gloria (ECN); Peskin, Aaron (BOS); Hepner, Lee (BOS); Fewer, Sandra (BOS); Boilard, Chelsea (BOS); Stefani, Catherine (BOS); Herzstein, Daniel (BOS); Mandelman, Rafael (BOS); Mundy, Erin (BOS)
Subject: RE: BOS Referral: File No. 191005 - Initiative Ordinance - Business and Tax Regulations, Administrative Codes - Excise Tax on Keeping Commercial Property Vacant
Attachments: 191005 - SBC Response.Final.pdf

Hi Linda,

Please see the SBC's response attached.

Many thanks,

Dominica Donovan
Senior Policy Analyst
Small Business Commission Secretary

Office of Small Business
City and County of San Francisco
City Hall, Room 140
Direct: (415) 554-6489 | Office: (415) 554-6134

[website](#) | [business portal](#) | [facebook](#) | [twitter](#)

From: Lew, Lisa (BOS)
Sent: Monday, October 07, 2019 4:07 PM
To: Dick-Endrizzi, Regina (ECN) <regina.dick-endrizzi@sfgov.org>
Cc: Donovan, Dominica (ECN) <dominica.donovan@sfgov.org>; Wong, Linda (BOS) <linda.wong@sfgov.org>
Subject: BOS Referral: File No. 191005 - Initiative Ordinance - Business and Tax Regulations, Administrative Codes - Excise Tax on Keeping Commercial Property Vacant

Hello,

Attached is a proposed legislation which is being referred to the Small Business Commission for comment and recommendation.

File No. 191005

Motion ordering submitted to the voters, at an election to be held on March 3, 2020, an Ordinance amending the Business and Tax Regulations Code and Administrative Code to impose an excise tax on persons keeping ground floor commercial space in neighborhood commercial districts or neighborhood commercial transit districts vacant, to fund assistance to small businesses; increasing the City's appropriations limit by the amount collected under the tax for four years from March 3, 2020; and affirming the Planning Department's determination under the California Environmental Quality Act.

Sent on behalf of Linda Wong, Budget and Finance Committee. Please forward the Commission's response as soon as it is available to Linda Wong.

Regards,

Lisa Lew

Board of Supervisors
San Francisco City Hall, Room 244
San Francisco, CA 94102
P 415-554-7718 | F 415-554-5163
lisa.lew@sfgov.org | www.sfbos.org



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Disclosures: Personal information that is provided in communications to the Board of Supervisors is subject to disclosure under the California Public Records Act and the San Francisco Sunshine Ordinance. Personal information provided will not be redacted. Members of the public are not required to provide personal identifying information when they communicate with the Board of Supervisors and its committees. All written or oral communications that members of the public submit to the Clerk's Office regarding pending legislation or hearings will be made available to all members of the public for inspection and copying. The Clerk's Office does not redact any information from these submissions. This means that personal information—including names, phone numbers, addresses and similar information that a member of the public elects to submit to the Board and its committees—may appear on the Board of Supervisors' website or in other public documents that members of the public may inspect or copy.

BOARD of SUPERVISORS



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

October 7, 2019

File No. 191005

Lisa Gibson
Environmental Review Officer
Planning Department
1650 Mission Street, Suite 400
San Francisco, CA 94103

Dear Ms. Gibson:

On October 1, 2019, Supervisor Peskin introduced legislation for the following proposed Initiative Ordinance for the March 3, 2020, Election:

File No. 191005

Motion ordering submitted to the voters, at an election to be held on March 3, 2020, an Ordinance amending the Business and Tax Regulations Code and Administrative Code to impose an excise tax on persons keeping ground floor commercial space in neighborhood commercial districts or neighborhood commercial transit districts vacant, to fund assistance to small businesses; increasing the City's appropriations limit by the amount collected under the tax for four years from March 3, 2020; and affirming the Planning Department's determination under the California Environmental Quality Act.

This legislation is being transmitted to you for environmental review.

Angela Calvillo, Clerk of the Board

A handwritten signature in cursive script, appearing to read "Linda Wong".

for By: Linda Wong, Assistant Clerk
Budget and Finance Committee

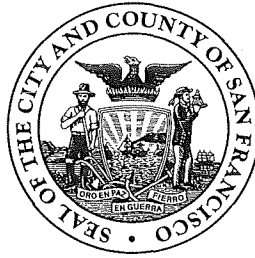
Attachment

c: Joy Navarrete, Environmental Planner not result in a direct or indirect physical change
Don Lewis, Environmental Planner in the environment.

joy navarrete

Digitally signed by joy navarrete
DN: dc=org, dc=sfgov, dc=cityplanning,
ou=CityPlanning, ou=Environmental
Planning, cn=joy.navarrete,
email=joy.navarrete@sfgov.org
Date: 2019.10.17 17:06:47 -0700


BOARD of SUPERVISORS



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

MEMORANDUM

TO: Ben Rosenfield, City Controller, Office of the Controller

FROM:  Linda Wong, Assistant Clerk, Budget and Finance Committee
Board of Supervisors

DATE: October 7, 2019

SUBJECT: INITIATIVE ORDINANCE INTRODUCED
March 3, 2020 Election

The Board of Supervisors' Budget and Finance Committee has received the following Initiative Ordinance for the March 3, 2020, Election, introduced by Supervisor Peskin on October 1, 2019. This matter is being referred to you in accordance with Rules of Order 2.22.4.

File No. 191005

Motion ordering submitted to the voters, at an election to be held on March 3, 2020, an Ordinance amending the Business and Tax Regulations Code and Administrative Code to impose an excise tax on persons keeping ground floor commercial space in neighborhood commercial districts or neighborhood commercial transit districts vacant, to fund assistance to small businesses; increasing the City's appropriations limit by the amount collected under the tax for four years from March 3, 2020; and affirming the Planning Department's determination under the California Environmental Quality Act.

Please review and prepare a financial analysis of the proposed measure prior to the first Budget and Finance Committee hearing.

If you have any questions or concerns, please call me at (415) 554-7719 or email: linda.wong@sfgov.org. To submit documentation, please forward to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.

c: Todd Rydstrom, Deputy City Controller
Peg Stevenson, City Performance Director
Natasha Mihal, City Services Auditor

BOARD of SUPERVISORS



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

MEMORANDUM

TO: Sophia Kittler, Liaison to the Board of Supervisors, Mayor's Office
Jon Givner, Deputy City Attorney, Office of the City Attorney
John Arntz, Director, Department of Elections
LeeAnn Pelham, Executive Director, Ethics Commission
Naomi Kelly, City Administrator, Office of the City Administrator
Jose Cisneros, Treasurer, Office of the Treasurer & Tax Collector
Mohammed Nuru, Director, Public Works
Joaquin Torres, Director, Office of Economic and Workforce Development

FROM: *ll*
bn Linda Wong, Assistant Clerk, Budget and Finance Committee
Board of Supervisors

DATE: October 7, 2019

SUBJECT: INITIATIVE ORDINANCE INTRODUCED
March 3, 2020 Election

The Board of Supervisors' Budget and Finance Committee has received the following Initiative Ordinance for the March 3, 2020, Election, introduced by Supervisor Peskin on October 1, 2019. This matter is being referred to you in accordance with Rules of Order 2.22.4.

File No. 191005

Motion ordering submitted to the voters, at an election to be held on March 3, 2020, an Ordinance amending the Business and Tax Regulations Code and Administrative Code to impose an excise tax on persons keeping ground floor commercial space in neighborhood commercial districts or neighborhood commercial transit districts vacant, to fund assistance to small businesses; increasing the City's appropriations limit by the amount collected under the tax for four years from March 3, 2020; and affirming the Planning Department's determination under the California Environmental Quality Act.

Please review and submit any reports or comments you wish to be included with the legislative file.

If you have any questions or concerns, please call me at (415) 554-7719 or email: linda.wong@sfgov.org. To submit documentation, please forward to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.

- c: Andres Power, Mayor's Office
- Rebecca Peacock, Mayor's Office
- Patrick Ford, Ethics Commission
- Lynn Khaw, Office of the City Administrator
- Lihmeei Leu, Office of the City Administrator
- Amanda Kahn Fried, Office of the Treasurer & Tax Collector
- David Steinberg, Public Works
- Jeremy Spitz, Public Works
- Jennifer Blot, Public Works
- John Thomas, Public Works
- Lena Liu, Public Works
- J'Wel Vaughan, Office of Economic and Workforce Development
- Ken Rich, Office of Economic and Workforce Development
- Lisa Pagan, Office of Economic and Workforce Development

BOARD of SUPERVISORS



City Hall
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San Francisco 94102-4689
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Fax No. 554-5163
TDD/TTY No. 554-5227

October 7, 2019

Planning Commission
Attn: Jonas Ionin
1650 Mission Street, Ste. 400
San Francisco, CA 94103

Dear Commissioners:


On October 1, 2019, Supervisor Peskin introduced the following legislation:

File No. 191005

Motion ordering submitted to the voters, at an election to be held on March 3, 2020, an Ordinance amending the Business and Tax Regulations Code and Administrative Code to impose an excise tax on persons keeping ground floor commercial space in neighborhood commercial districts or neighborhood commercial transit districts vacant, to fund assistance to small businesses; increasing the City's appropriations limit by the amount collected under the tax for four years from March 3, 2020; and affirming the Planning Department's determination under the California Environmental Quality Act.

The proposed ordinance is being transmitted pursuant to Planning Code, Section 302(b), for public hearing and recommendation. The ordinance is pending before the Budget and Finance Committee and will be scheduled for hearing upon receipt of your response.

Angela Calvillo, Clerk of the Board

For By:  Linda Wong, Assistant Clerk
Budget and Finance Committee

c: John Rahaim, Director of Planning
Dan Sider, Director of Executive Programs
Aaron Starr, Manager of Legislative Affairs
AnMarie Rodgers, Director of Citywide Planning
Corey Teague, Zoning Administrator

Scott Sanchez, Acting Deputy Zoning Administrator
Lisa Gibson, Environmental Review Officer
Devyani Jain, Deputy Environmental Review Officer
Joy Navarrete, Environmental Planning
Don Lewis, Environmental Planning

BOARD of SUPERVISORS



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

MEMORANDUM

TO: Tom Hui, Director, Department of Building Inspection
Sonya Harris, Secretary, Building Inspection Commission

FROM: *ll*
bor Linda Wong, Assistant Clerk
Budget and Finance Committee

DATE: October 7, 2019

SUBJECT: LEGISLATION INTRODUCED

The Board of Supervisors' Budget and Finance Committee has received the following legislation, introduced by Supervisor Peskin on October 1, 2019:

File No. 191005

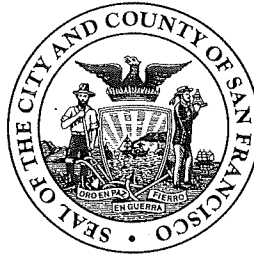
Motion ordering submitted to the voters, at an election to be held on March 3, 2020, an Ordinance amending the Business and Tax Regulations Code and Administrative Code to impose an excise tax on persons keeping ground floor commercial space in neighborhood commercial districts or neighborhood commercial transit districts vacant, to fund assistance to small businesses; increasing the City's appropriations limit by the amount collected under the tax for four years from March 3, 2020; and affirming the Planning Department's determination under the California Environmental Quality Act.

The proposed ordinance is being transmitted pursuant to Charter, Section D3.750-5, for public hearing and recommendation. It is pending before the Budget and Finance Committee and will be scheduled for hearing upon receipt of your response.

Please forward me the Commission's recommendation and reports at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102 or by email at: linda.wong@sfgov.org.

c: William Strawn, Department of Building Inspection
Patty Lee, Department of Building Inspection

BOARD of SUPERVISORS



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

MEMORANDUM

TO: Regina Dick-Endrizzi, Director
Small Business Commission, City Hall, Room 448

FROM: *ll*
ll Linda Wong, Assistant Clerk
Budget and Finance Committee

DATE: October 7, 2019

SUBJECT: REFERRAL FROM BOARD OF SUPERVISORS
Budget and Finance Committee

The Board of Supervisors' Budget and Finance Committee has received the following legislation, which is being referred to the Small Business Commission for comment and recommendation. The Commission may provide any response it deems appropriate within 12 days from the date of this referral.

File No. 191005

Motion ordering submitted to the voters, at an election to be held on March 3, 2020, an Ordinance amending the Business and Tax Regulations Code and Administrative Code to impose an excise tax on persons keeping ground floor commercial space in neighborhood commercial districts or neighborhood commercial transit districts vacant, to fund assistance to small businesses; increasing the City's appropriations limit by the amount collected under the tax for four years from March 3, 2020; and affirming the Planning Department's determination under the California Environmental Quality Act.

Please return this cover sheet with the Commission's response to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.

RESPONSE FROM SMALL BUSINESS COMMISSION - Date: _____

____ No Comment

____ Recommendation Attached

Chairperson, Small Business Commission

c: Dominica Donovan, Small Business Commission



235 Montgomery St., Ste. 760, San Francisco, CA 94104
tel: 415.352.4520 • fax: 415.392.0485
sfchamber.com • twitter: @sf_chamber

October 30, 2019

Supervisor Sandra Lee Fewer, Budget and Finance Committee Chair
Supervisor Catherine Stefani
Supervisor Rafael Mandelman
San Francisco Board of Supervisors
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, Ca 94102

Re: File #191005, Excise Tax on Keeping Commercial Properties Vacant

Dear Chairwoman Fewer and Supervisors Stefani and Mandelman,

The San Francisco Chamber of Commerce, representing thousands of local businesses, has reviewed Supervisor Peskin's Vacancy Tax measure proposed for the March 2020 ballot (File #191005). The measure, should it pass, will assess a tax on property owners and landlords who have ground floor commercial spaces that are vacant for more than 182 days in a year.

We appreciate that the Supervisor shares our concerns, and that of local businesses, property owners, residents and visitors, that our city's neighborhood retail spaces should be occupied and thriving. We also recognize that thought and effort has gone into crafting this legislation to make sure those who are trying, against fairly challenging odds, to fill their vacancies in a timely manner would not be penalized when their retail spaces remain vacant over time.

However, we are concerned that the measure as currently drafted does not give sufficient time or flexibility for landlords and property owners who are working in good faith to lease their commercial spaces to do so, given how long it takes to get through the city's permitting process. In addition, building out a space, ensuring it is seismically sound, and completing the full move-in process takes considerable time as well.

We all share the goal of reducing commercial vacancies and ensuring businesses, especially small, local businesses, can obtain permits and open their doors as quickly as possible. We have drafted proposed amendments to this measure we feel will add the necessary time and flexibility required to ensure that business owners who are trying in good faith to market, lease and build out retail spaces will be able to do so before they are assessed a Vacancy Tax. We urge you to discuss and approve the following amendments when this item comes before you at the Budget and Finance Committee.

The exemptions for a Construction Period and Disaster Period currently stands at one year. Based on input from our members, the time it takes to repair after a large disaster and to obtain all the required permits, we believe these **one-year extensions should be extended to three years**. If a property owner, landlord, lessees and sublessees subject to the Vacancy Tax, has already received their necessary permits, and then a disaster hits, they should also have one additional year to comply with the Vacancy Tax.

Given the lengthy process that businesses must go through to ensure they are properly permitted, several allowances need to be made. The Conditional Use exemption period stands at six months. This is not a feasible time period for the City to review or appeal conditional use permits. **This period should be extended to eighteen months**. In addition, many businesses face planning hurdles beyond Conditional Use



235 Montgomery St., Ste. 760, San Francisco, CA 94104
tel: 415.352.4520 • fax: 415.392.0485
sfchamber.com • twitter: @sf_chamber

authorizations, such as Discretionary Review hearings and Board of Permit Appeal hearings. **To accommodate for these obstacles, the Conditional Use exemption period should be expanded to include Discretionary Review appeals and hearings.**

Several businesses require a lengthy neighborhood notification process before launching operations. Due to the lengthy process of "Neighborhood Notification", we are recommending a **6 month exemption period when a vacant retail space is waiting for a neighborhood notification** to be sent out regarding a new business.

The term "vacant" is defined by being unoccupied, uninhabited, or unused for more than 182 days – consecutive or nonconsecutive. **It is imperative that this be amended to 182 consecutive days** to ensure that the reason for the vacancy is not due to the results of circumstantial causes outside of business owner's control.

To further ensure that small businesses are not harmed by unforeseen consequences of this tax, **small property owners, small business owners and Legacy Businesses as defined by the Planning Code, as well as neighborhood commercial retail spaces zoned for obsolete or difficult to retain practices, should be exempt from the Vacancy Tax.**

Given that the tax could be passed down to a lessee, who might not have budgeted for this additional cost, the effective date should be amended to **January 1, 2022** in order to give retail owners time to finance for this potential new cost of doing business in San Francisco.

The business and economic environment in San Francisco is anything but stagnant. With constantly changing economic cycles and other outside factors influencing business, we suggest this tax be subject to a **sunset provision of five years.**

The San Francisco Chamber of Commerce believes that the vast majority of neighborhood commercial property owners and businesses work hard to fill their retail spaces and keep them activated. These amendments will give our City's "good actors" the time and flexibility they need to find tenants, obtain permits and build out commercial spaces within a reasonable time frame so that our neighborhood shopping areas can flourish.

Sincerely,

A handwritten signature in black ink, appearing to read "Rodney Fong", written over a circular stamp or seal.

Rodney Fong
President and CEO

cc: Clerk of the Board, to be distributed to all Supervisors; Mayor London Breed; Supervisor Peskin

Print Form

Introduction Form

By a Member of the Board of Supervisors or Mayor

RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO

2019 OCT -1 PM 4:55
Time stamp

BY _____ or meeting date AK

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):

Peskin

Subject:

[Initiative Ordinance - Business and Tax Regulations, Administrative Codes - Excise Tax on Keeping Commercial Property Vacant]

The text is listed:

Motion ordering submitted to the voters at an election to be held on March 3, 2020, an Ordinance amending the Business and Tax Regulations Code and Administrative Code to impose an excise tax on persons keeping ground floor commercial space in neighborhood commercial districts or neighborhood commercial transit districts vacant, to fund assistance to small businesses; increasing the City's appropriations limit by the amount collected under the tax for four years from March 3, 2020; and affirming the Planning Department's determination under the California Environmental Quality Act.

Signature of Sponsoring Supervisor: [Signature]

For Clerk's Use Only