

File No. 201260

Committee Item No. 4

Board Item No. 2

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Committee

Date December 16, 2020

Board of Supervisors Meeting

Date January 12, 2021

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Completed by: Linda Wong Date December 11, 2020

Completed by: Linda Wong Date _____

1 [Fee and Tax Relief for Certain Businesses]

2

3 **Ordinance waiving certain license fees originally due on March 31, 2020, and**
4 **March 31, 2021, business registration fees for the fiscal years beginning July 1, 2020,**
5 **and July 1, 2021, and payroll expense taxes for the tax year beginning January 1, 2020,**
6 **for businesses with no more than \$20,000,000 in San Francisco gross receipts holding**
7 **a place of entertainment permit; waiving certain license fees originally due on**
8 **March 31, 2020, business registration fees for the fiscal year beginning July 1, 2020,**
9 **and payroll expense taxes for the tax year beginning January 1, 2020, for businesses**
10 **with no more than \$750,000 in San Francisco gross receipts holding a restaurant**
11 **permit; refunding any waived amounts paid to the City; extending the deadline to pay**
12 **license fees originally due on March 31, 2020 and March 31, 2021, to November 1, 2021;**
13 **extending the deadline to pay business registration fees originally due on June 1, 2020,**
14 **to April 30, 2021; and extending the deadline to pay and file returns for certain**
15 **business taxes for the 2020 tax year to April 30, 2021.**

16

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

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25

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

2
3 Section 1. Background and Purpose.

4 (a) On February 25, 2020, Mayor London Breed proclaimed a state of emergency in
5 response to the COVID-19 pandemic. On March 3, 2020, the Board of Supervisors concurred
6 in the February 25 Proclamation.

7 (b) On March 16, 2020, to mitigate the spread of COVID-19, the Local Health Officer
8 issued Order No. C19-07, which has been amended and replaced by subsequent orders,
9 directing San Franciscans to “shelter in place” beginning on March 17, 2020. These orders,
10 which are now known as “stay-safer-at-home” orders, generally require individuals to stay in
11 their homes to the extent possible, and require businesses to cease all non-essential
12 operations at physical locations in the City, with some limited exceptions.

13 (c) In response to the COVID-19 emergency, on March 11, 2020, the Mayor extended
14 the due date for payment of certain license fees otherwise due on March 31, 2020 to
15 June 30, 2020. On April 23, 2020, the Mayor further extended the payment deadline for those
16 fees to September 30, 2020, and also extended certain deadlines for the payment of business
17 registration fees to September 30, 2020. On August 4, 2020, the Mayor further extended
18 those deadlines to March 1, 2021.

19 (d) Due to the public health emergency related to COVID-19 and the actions required
20 to respond to the emergency, San Francisco’s entertainment and nightlife and restaurant
21 businesses either have not been able to operate at all or have opened only on a limited basis,
22 which has caused many of these businesses to suffer economic harm. These businesses
23 include music venues, clubs, and bars with live performances, and restaurants, all of which
24 contribute tremendously to San Francisco’s culture. Despite not being able to operate at full
25 capacity or at all, these businesses currently are still required to pay certain license fees and

1 taxes. This ordinance is intended to mitigate the economic harm inflicted on certain
2 entertainment and restaurant businesses in San Francisco due to the public health
3 emergency.

4 (e) The COVID-19 outbreak also has caused significant negative impacts on
5 businesses in the City generally. While the exact course of the pandemic cannot be
6 predicted, it is expected to continue to pose serious public health concerns in San Francisco
7 for months to come, and will continue to have serious negative impacts on businesses during
8 that time. This ordinance is intended to mitigate those impacts by extending the payment
9 deadlines for certain license and registration fees and the payment and filing deadlines for
10 certain business taxes.

11
12 Section 2. Definitions.

13 For purposes of this ordinance, the following terms shall have the following meanings:

14 “Business Registration Certificate” means a “registration certificate,” as defined in
15 Section 852.2 of Article 12 of the Business and Tax Regulations Code.

16 “Business Registration Fee” means the tax imposed under Article 12 of the Business
17 and Tax Regulations Code.

18 “City” means the City and County of San Francisco.

19 “Combined Group” has the meaning described in Section 956.3 of Article 12-A-1 of the
20 Business and Tax Regulations Code.

21 “License Fees” means the fees payable to the Tax Collector under Section 76.1 of
22 Article 2 of the Business and Tax Regulations Code.

23 “Newly Established Business” has the meaning set forth in Section 852.1 of Article 12
24 of the Business and Tax Regulations Code.

1 “Payroll Expense Tax” means the tax imposed under Article 12-A of the Business and
2 Tax Regulations Code.

3 “Person” has the meaning set forth in Section 6.2-15 of Article 6 of the Business and
4 Tax Regulations Code.

5 “Place of Entertainment” has the meaning set forth in Section 1060 of Article 15.1 of
6 the Police Code.

7 “Place of Entertainment Permit” means the permit for any Place of Entertainment
8 required under Section 1060.1 of Article 15.1 of the Police Code.

9 “Qualified Entertainment Business” means a Person or Combined Group that both
10 (a) had no more than \$20,000,000 in total combined San Francisco Gross Receipts in
11 calendar year 2019; and (b) held a valid Place of Entertainment Permit on or after
12 April 1, 2020. For purposes of determining whether it is a “Qualified Entertainment Business,”
13 a Person or Combined Group that was a Newly Established Business commencing business
14 in the City in calendar year 2020, 2021, or 2022 shall use its estimated total combined San
15 Francisco Gross Receipts for the calendar year in which the Person or Combined Group first
16 commenced business in the City instead of its total combined San Francisco Gross Receipts
17 in calendar year 2019.

18 “Qualified Restaurant Business” means a Person or Combined Group that both (a) had
19 no more than \$750,000 in total combined San Francisco Gross Receipts in calendar year
20 2019; and (b) held a valid Restaurant Permit on or after April 1, 2020. For purposes of
21 determining whether it is a “Qualified Restaurant Business,” a Person or Combined Group that
22 was a Newly Established Business commencing business in the City in calendar year 2020 or
23 2021 shall use its estimated total combined San Francisco Gross Receipts for the calendar
24 year in which the Person or Combined Group first commenced business in the City instead of
25 its total combined San Francisco Gross Receipts in calendar year 2019.

1 “Registration Year” has the meaning set forth in Section 852.4 of Article 6 of the
2 Business and Tax Regulations Code.

3 “Restaurant Permit” means the permit that is required by the Department of Public
4 Health to operate a food preparation and service establishment, as defined in Section 451 of
5 the Health Code, and for which payment of the Class A annual license fee is required by
6 Section 249.1(a) of Article 2 of the Business and Tax Regulations Code.

7 “San Francisco Gross Receipts” has the meaning used in Section 855 of Article 12 of
8 the Business and Tax Regulations Code.

9 “Tax Collector” has the meaning set forth in Section 6.2-19 of Article 6 of the Business
10 and Tax Regulations Code.

11 “Tax Year” has the meaning set forth in Section 6.2-20 of Article 6 of the Business and
12 Tax Regulations Code.

13
14 Section 3. Waiver of License Fees, Business Registration Fees, and Payroll Expense
15 Taxes for Certain Entertainment and Restaurant Businesses.

16 (a) The following shall be waived for each Qualified Entertainment Business:

17 (1) All License Fees due on March 31, 2020 and March 31, 2021 without regard
18 to any extensions by Mayoral declaration, Section 6 of this ordinance, or otherwise;

19 (2) Business Registration Fees for the Registration Years beginning
20 July 1, 2020 and July 1, 2021; and

21 (3) Payroll Expense Taxes for the Tax Year beginning January 1, 2020.

22 (b) The following shall be waived for each Qualified Restaurant Business:

23 (1) All License Fees due on March 31, 2020 without regard to any extensions
24 by Mayoral declaration, Section 6 of this Ordinance, or otherwise;

1 (2) Business Registration Fees for the Registration Year beginning July 1, 2020;

2 and

3 (3) Payroll Expense Taxes for the Tax Year beginning January 1, 2020.

4 (c) No penalties shall be imposed on any Qualified Entertainment Business with
5 respect to the Business Registration Fee for the Registration Years beginning July 1, 2020
6 and July 1, 2021 or with respect to the Payroll Expense Tax for the Tax Year beginning
7 January 1, 2020. No penalties shall be imposed on any Qualified Restaurant Business with
8 respect to the Business Registration Fee for the Registration Year beginning July 1, 2020 or
9 with respect to the Payroll Expense Tax for the Tax Year beginning January 1, 2020. No
10 penalties shall be imposed with respect to the payment of any License Fee waived under this
11 Section 3.

12 (d) The Tax Collector may set the forms and procedures required for a Person or
13 Combined Group to apply for a waiver under this Section 3.

14

15 Section 4. Refund of Waived Taxes, Fees, and Penalties Paid to City.

16 If a Person or Combined Group pays or has paid to the City any tax, fee, or penalty
17 waived under Section 3 of this ordinance, the Tax Collector shall refund or cause to be
18 refunded the amount of that tax, fee, or penalty, without interest, upon request of that Person
19 or Combined Group. Any refund request under this Section 4 must be filed in writing on a
20 form prescribed by the Tax Collector within the later of (1) one year of payment of the tax, fee,
21 or penalty or (2) December 31, 2021.

22

23 Section 5. Effect of Fee and Tax Waivers.

24 (a) Notwithstanding Section 76.1(b) of Article 2 of the Business and Tax Regulations
25 Code, the failure of a Person to pay any License Fees waived under Section 3 of this

1 ordinance shall neither cause the license to expire by operation of law nor require the Person
2 to obtain a new license, and such failure shall not preclude the Person from continuing to do
3 or perform the act or carry on the business, trade, profession, or calling for which City law
4 requires the license.

5 (b) The waiver of a Person or Combined Group's Business Registration Fee under
6 Section 3 of this ordinance shall not relieve a Person or Combined Group from the registration
7 and other applicable requirements under Articles 6 and 12 of the Business and Tax
8 Regulations Code, except for the payment of that Person or Combined Group's waived
9 Business Registration Fee. If a Person or Combined Group satisfies the registration and
10 other applicable requirements under Articles 6 and 12 of the Business and Tax Regulations
11 Code for the Registration Years beginning July 1, 2020 and July 1, 2021 in the case of a
12 Qualified Entertainment Business and for the Registration Year beginning July 1, 2020 in the
13 case of a Qualified Restaurant Business, except in either case for the payment of any waived
14 Business Registration Fee, such Person or Combined Group shall be treated as if they had
15 paid the Business Registration Fee for all purposes for the applicable Registration Year.

16 (c) The waiver of a Person or Combined Group's Payroll Expense Tax under Section 3
17 of this ordinance shall not relieve a Person or Combined Group from the filing requirements
18 under Articles 6 and 12-A of the Business and Tax Regulations Code.

19
20 Section 6. Extension of Deadline to Pay License Fees.

21 (a) The due date for license fees that were due on March 31, 2020, under Section 76.1
22 of Article 2 of the Business and Tax Regulations Code, previously extended to March 1, 2021,
23 shall be further extended to November 1, 2021, and the deadline for the Tax Collector to issue
24 notice of such due date previously extended to February 1, 2021, shall be further extended to
25 October 1, 2021.

1 (b) The due date for license fees due on March 31, 2021, under Section 76.1 of
2 Article 2 of the Business and Tax Regulations Code, shall be extended to November 1, 2021,
3 and the deadline for the Tax Collector to issue notice of such due date shall be extended to
4 October 1, 2021.

5
6 Section 7. Extension of Deadline to Pay Business Registration Fees.

7 (a) Business Registration Renewals. The deadline under Articles 6 and 12 of the
8 Business and Tax Regulations Code for a Person or Combined Group that had an existing
9 Business Registration Certificate (or Business Registration Certificates, if a Combined Group)
10 on or before April 23, 2020, to apply for renewal of that Business Registration Certificate (or
11 Business Registration Certificates, if a Combined Group) and pay the Business Registration
12 Fee for the Registration Year ending June 30, 2021, which deadline was previously extended
13 from June 1, 2020, to March 1, 2021, shall be further extended to April 30, 2021, and no
14 penalty shall be assessed if such Person or Combined Group files and pays that Business
15 Registration Fee by April 30, 2021. Existing Business Registration Certificates issued under
16 Section 856 of Article 12 of the Business and Tax Regulations Code for the Registration Year
17 ending June 30, 2020, shall continue to be valid through April 30, 2021, for all purposes.

18 (b) New Businesses Commencing Business Before July 1, 2020. For Newly
19 Established Businesses commencing business in the City on or before June 30, 2020, that did
20 not have a Business Registration Certificate by April 23, 2020, the deadline for payment of the
21 Business Registration Fee for the Registration Year ending June 30, 2021, which was
22 previously extended to March 1, 2021, shall be further extended to April 30, 2021, and no
23 penalty shall be assessed if such Newly Established Business pays that Business
24 Registration Fee by April 30, 2021. This subsection (b) shall not relieve a Newly Established
25 Business from the requirement to timely apply for a Business Registration Certificate (or

1 Business Registration Certificates, if a Combined Group) and timely pay the prorated
2 Business Registration Fee for the Registration Year ending June 30, 2020, as required by
3 Section 856 of Article 12 of the Business and Tax Regulations Code. A Newly Established
4 Business subject to this subsection (b) that applies for a Business Registration Certificate (or
5 Business Registration Certificates, if a Combined Group) and pays the prorated Business
6 Registration Fee, plus any applicable penalties and interest, for the Registration Year ending
7 June 30, 2020, shall, in the sole discretion of the Tax Collector, either:

8 (1) be issued a Business Registration Certificate (or Business Registration
9 Certificates, if a Combined Group) for the Registration Year ending June 30, 2020, which shall
10 continue to be valid through April 30, 2021, for all purposes; or

11 (2) not be issued a Business Registration Certificate until the Newly Established
12 Business has paid its Business Registration Fee for the Registration Year ending
13 June 30, 2021, but: (A) all requirements in the San Francisco Municipal Code that such
14 certificate be posted shall be waived for such Newly Established Business for all purposes
15 through April 30, 2021; and (B) such Newly Established Business shall receive a business
16 account number (or numbers, if a Combined Group) reflecting its registration with the Tax
17 Collector, and shall not be reflected as being delinquent in the records of the Tax Collector
18 until May 1, 2021, on account of not paying its Business Registration Fee for the Registration
19 Year ending June 30, 2021.

20 (c) New Businesses Commencing Business On or After July 1, 2020. For Newly
21 Established Businesses commencing business in the City on or after July 1, 2020, the
22 deadline for payment of the Business Registration Fee for the Registration Year ending
23 June 30, 2021, which was previously extended to March 1, 2021, shall be further extended to
24 April 30, 2021, and no penalty shall be assessed if such Newly Established Business pays
25 that Business Registration Fee by April 30, 2021. This subsection (c) shall not relieve a

1 Newly Established Business from the requirement to timely apply for a Business Registration
2 Certificate (or Business Registration Certificates, if a Combined Group) for the Registration
3 Year ending June 30, 2021, as required by Section 856 of Article 12 of the Business and Tax
4 Regulations Code. A Newly Established Business subject to this subsection (c) shall not
5 receive a Business Registration Certificate (or Business Registration Certificates, if a
6 Combined Group) until it has paid its Business Registration Fee, but:

7 (1) all requirements in the San Francisco Municipal Code that a Business
8 Registration Certificate be posted shall be waived for such Newly Established Business for all
9 purposes through April 30, 2021; and

10 (2) such Newly Established Business shall receive a business account number
11 (or numbers, if a Combined Group) reflecting its registration with the Tax Collector, and shall
12 not be reflected as being delinquent in the records of the Tax Collector until May 1, 2021, on
13 account of not paying its Business Registration Fee for the Registration Year ending
14 June 30, 2021.

15 (d) A Newly Established Business that did not have a certificate of authority for the
16 collection of third-party taxes under Section 6.6-1 of Article 6 of the Business and Tax
17 Regulations Code by April 23, 2020, shall not be permitted to obtain such a certificate of
18 authority until it has paid its Business Registration Fee for the Registration Year ending
19 June 30, 2021, and shall not be permitted to engage in any business that requires it to collect
20 the tax on transient occupancy of hotel rooms in Article 7 of the Business and Tax
21 Regulations Code or the tax on occupancy of parking spaces in parking stations in Article 9 of
22 the Business and Tax Regulations Code without first paying the Business Registration Fee for
23 the Registration Year ending June 30, 2021.

24 (e) Persons or Combined Groups that cease business between July 1, 2020 and
25 April 30, 2021 shall remain subject to the requirements under Articles 6 and 12 of the

1 Business and Tax Regulations Code to pay the Business Registration Fee for the Registration
2 Year ending June 30, 2021 and file any necessary forms to accompany that payment, except
3 that such payment deadline shall be extended to April 30, 2021.

4 (f) The Tax Collector shall continue to timely issue Business Registration Certificates
5 to all Persons that choose to pay the Business Registration Fee for the Registration Year
6 ending June 30, 2021 prior to April 30, 2021.

7
8 Section 8. Extension of Deadline to File and Pay Certain Business Taxes.

9 (a) Notwithstanding Articles 6, 12-A, 12-A-1, 21, and 28 of the Business and Tax
10 Regulations Code, the due date for payment of, and filing returns for, the following taxes for
11 the 2020 Tax Year shall be extended from March 1, 2021 to April 30, 2021: the payroll
12 expense tax (Article 12-A), the gross receipts tax (Article 12-A-1) (including the tax on
13 administrative office business activities imposed under Section 953.8 of Article 12-A-1), the
14 Early Care and Education Commercial Rents Tax (Article 21), and the Homelessness Gross
15 Receipts Tax (Article 28) (including the homelessness administrative office tax imposed under
16 Section 2804(d) of Article 28).

17 (b) For purposes of Articles 6, 12-A, 12-A-1, 21, and 28 of the Business and Tax
18 Regulations Code, the original due date for payment of, and filing returns for, the taxes
19 referenced in subsection (a) of this Section 8 for the 2020 Tax Year shall be deemed to be
20 April 30, 2021.

21
22 Section 9. Severability.

23 If any section, subsection, sentence, clause, phrase, or word of this ordinance, or any
24 application thereof to any person or circumstance, is held to be invalid or unconstitutional by a
25 decision of a court of competent jurisdiction, such decision shall not affect the validity of the

LEGISLATIVE DIGEST
(Substituted, 12/8/20)

[Fee and Tax Relief for Certain Businesses]

Ordinance waiving certain license fees originally due on March 31, 2020, and March 31, 2021, business registration fees for the fiscal years beginning July 1, 2020, and July 1, 2021, and payroll expense taxes for the tax year beginning January 1, 2020, for businesses with no more than \$20,000,000 in San Francisco gross receipts holding a place of entertainment permit; waiving certain license fees originally due on March 31, 2020, business registration fees for the fiscal year beginning July 1, 2020, and payroll expense taxes for the tax year beginning January 1, 2020, for businesses with no more than \$750,000 in San Francisco gross receipts holding a restaurant permit; refunding any waived amounts paid to the City; extending the deadline to pay license fees originally due on March 31, 2020 and March 31, 2021, to November 1, 2021; extending the deadline to pay business registration fees originally due on June 1, 2020, to April 30, 2021; and extending the deadline to pay and file returns for certain business taxes for the 2020 tax year to April 30, 2021.

Existing Law

Businesses in the City must obtain a registration certificate from the Tax Collector and pay an annual registration fee on a fiscal year basis. They also pay other annual taxes to the City on a calendar year basis, including the payroll expense tax. Certain businesses with live entertainment must obtain a place of entertainment permit under the Police Code and pay one or more annual license fees due on March 31. Restaurants must obtain a permit under the Health and Safety Code and pay one or more annual licence fees due on March 31.

In general, the deadline for businesses in the City to pay certain annual license fees is March 31. Due to the COVID-19 emergency, the Mayor by declaration extended the deadline to pay annual license fees that were originally due on March 31, 2020 to March 1, 2021. The original deadline for businesses to renew and pay their business registration fee for the fiscal year beginning July 1, 2020 was June 1, 2020, which the Mayor by declaration extended to March 1, 2021. The deadline for businesses to file and pay their payroll expense tax, gross receipts tax, Early Care and Education Commercial Rents Tax, and Homelessness Gross Receipts Tax for the 2020 tax year is March 1, 2021.

Amendments to Current Law

This ordinance would waive the following for each Qualified Entertainment Business: (1) all license fees otherwise due and payable to the Tax Collector on March 31, 2020 and

March 31, 2021, without regard to any extensions; (2) business registration fees for the fiscal years commencing July 1, 2020 and July 1, 2021; (3) payroll expense taxes for the 2020 calendar year; and (4) all penalties associated with these taxes and fees.

This ordinance would waive the following for each Qualified Restaurant Business: (1) all license fees otherwise due and payable to the Tax Collector on March 31, 2020, without regard to any extensions; (2) business registration fees for the fiscal year commencing July 1, 2020; (3) payroll expense taxes for the 2020 calendar year; and (4) all penalties associated with these taxes and fees.

This ordinance also would refund any waived taxes, fees, and penalties paid to the City, upon written request of the Qualified Entertainment Business or Qualified Restaurant Business filed within the later of one year of payment of the tax, fee, and/or penalty, or December 31, 2021.

A Qualified Entertainment Business is a business that satisfied both of the following: (1) had no more than \$20,000,000 in total combined San Francisco gross receipts in calendar year 2019; and (2) held a valid P23 place of entertainment permit on or after April 1, 2020. For purposes of determining whether it is a "Qualified Entertainment Business," a business that commenced business in the City in calendar year 2020, 2021, or 2022 would use its estimated total combined San Francisco gross receipts for the calendar year in which they first commenced business in the City, rather than their 2019 total combined San Francisco gross receipts.

A Qualified Restaurant Business is a business that satisfied both of the following: (1) had no more than \$750,000 in total combined San Francisco gross receipts in calendar year 2019; and (2) held a valid H24, H25, or H26 restaurant permit on or after April 1, 2020. For purposes of determining whether it is a "Qualified Restaurant Business," a business that commenced business in the City in calendar year 2020 or 2021 would use its estimated total combined San Francisco gross receipts for the calendar year in which they first commenced business in the City, rather than their 2019 total combined San Francisco gross receipts.

For businesses in the City generally, this ordinance also would further extend the deadline to pay annual license fees that were originally due on March 31, 2020 to November 1, 2021 and would extend the deadline to pay annual license fees that originally would be due on March 31, 2021 to November 1, 2021. The deadline for businesses to renew and pay their business registration fee for the fiscal year beginning July 1, 2020, which was previously extended to March 1, 2021, would be further extended to April 30, 2021. The deadline for businesses to file and pay their payroll expense tax, gross receipts tax, Early Care and Education Commercial Rents Tax, and Homelessness Gross Receipts Tax for the 2020 tax year would be extended to April 30, 2021.

Background Information

On November 3, 2020, proposed legislation was introduced to waive taxes and fees for certain entertainment businesses. On December 1, 2021, a substitute ordinance was introduced to waive taxes and fees for certain entertainment businesses and restaurants. This proposed legislation is being introduced as a substitute for the ordinance substituted on December 1, 2021 to add provisions extending deadlines to pay certain license and business registration fees and to file and pay certain business taxes for the 2020 tax year.

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<p>Item 4 File 20-1260</p>	<p>Department: Treasurer/Tax Collector</p>
<p>EXECUTIVE SUMMARY</p>	
<p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> • The proposed ordinance will exempt qualifying business from payment of certain license fees, business registration fees, and payroll expense taxes for designated periods. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • Under the proposed ordinance, restaurant and food service businesses with revenues of less than \$750,000 and entertainment businesses with revenues of less than \$20 million would have license fees, business registration fees, and payroll expense tax waived. Covered restaurants and food service businesses would receive a one-year waiver of license fees, business registration fees, and payroll expense tax. Entertainment businesses would receive a two-year waiver of license fees and business registration fees, and a one-year waiver of payroll expense tax. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • The proposed ordinance would result in estimated one-time reduction in license fee, business registration fee, and payroll expense tax revenues to the City for covered businesses of \$5,055,283, including \$2,470,000 for restaurants and \$2,585,283 for entertainment businesses. • The estimated savings for covered restaurants and food service businesses would be approximately \$1,754 per businesses, and for covered entertainment businesses would be \$6,098. <p style="text-align: center;">Policy Consideration</p> <ul style="list-style-type: none"> • The Budget and Legislative Analyst recommends approval of the proposed ordinance because the benefits to covered businesses, which provides some financial relief to compensate for revenue loss, exceed the costs to the City. Of the \$5.0 million in estimated revenue reductions, approximately \$3.7 million (or 73 percent) would be for licensing fees, for which the costs to administer the associated permits would be spread across several departments and could likely be absorbed in the respective department budgets. <p style="text-align: center;">Recommendation</p> <ul style="list-style-type: none"> • Approve the proposed ordinance. 	

MANDATE STATEMENT

Charter Section 2.105 states that all legislative acts shall be by ordinance of the Board of Supervisors.

Business and Tax Regulations Code Section 76.1(b) of Article 2 states that it “shall be unlawful to do or perform ... the business, trade, profession or calling for which City law requires the license without obtaining and maintaining the required license.” Similarly, Business and Tax Regulations Code Section 853(a) of Article 12 states that “no person may engage in business within the City unless the person has obtained a current registration certificate....”

DETAILS OF PROPOSED LEGISLATION

The proposed ordinance will exempt qualifying business from payment of certain licensing fees, business registration fees, and payroll expense taxes for designated periods. For businesses that hold a place of entertainment permit as defined in San Francisco Police Code Section 1060, Article 15.1 and that have gross receipts not in excess of \$20,000,000 for calendar year 2019, the proposed ordinance waives the requirement to pay annual license fees originally due on March 31, 2020 and March 31, 2021, business registration fees for FY 2020-21 and FY 2021-22, and payroll expense tax for the tax year beginning January 1, 2020. For business that has a restaurant license and gross receipts not exceeding \$750,000 in calendar year 2019, the ordinance waives certain license fees originally due on March 31, 2020, business registration fees for FY 2020-21, and payroll expense tax for the tax year commencing on January 1, 2020.

Qualifying Businesses

As defined in the San Francisco Police Code, a “place of entertainment license” refers to:

“(All) premises, including outdoor premises, to which patrons or members are admitted which serves food, beverages, or food and beverages, including but not limited to alcoholic beverages, for consumption on the premises and wherein Entertainment is furnished or occurs upon the premises.”

Entertainment refers to any kind of play, act, theatrical, singing, dance, or musical performance, strip shows, fashion shows, and karaoke.

Qualifying Restaurant Businesses, as defined in the San Francisco Health Code, includes restaurants, fast food establishments, pushcarts, concession vendors, outdoor food carts, institutional food service establishments, food-servicing bars or taverns, and all demonstration and instructional food operations with gross receipts under \$750,000.

FISCAL IMPACT

Businesses in San Francisco must pay an annual business registration fee defined in the City’s Business and Tax Regulations Code and posted on the Treasurer/Tax Collector’s website. Business

registration fees were due on May 31, 2020, although the due date for 2019-2020 business registration fees was extended to March 1, 2021.

Article 12-A of the City's Business and Tax Regulation Code defines the payroll expense tax, which equals 0.38 percent of payroll for all businesses with payroll of more than \$320,000.

Businesses in San Francisco, including restaurants, other food service businesses, and entertainment businesses, may require permits from City departments with regulatory authority. Businesses pay a "unified license fee" based on these permits, which is due annually on March 31, and collected by the Treasurer/Tax Collector on behalf of the Department of Public Health, Fire Department, Police Department, Entertainment Commission and the Office of Cannabis. Annual license fees for places of entertainment, as defined per Section 1060 of the Police Code, are \$605. The license fees are due on March 31 of each year, although the date for license fees due on March 31, 2020 was extended to March 1, 2021.

The proposed ordinance would result in estimated one-time reduction in license fee, business registration fee, and payroll expense tax revenues to the City for covered businesses of \$5,055,283, including \$2,470,000 for restaurants and \$2,585,283 for entertainment businesses.

According to the proposed ordinance, the intent of the waiver of license fees, business registration fees, and payroll expense taxes is to mitigate the economic harm inflicted on certain entertainment businesses in San Francisco due to the public health emergency. Exhibits 1 and 2 below show the estimated combined benefits that will be realized by the covered businesses as a result of the provisions of the proposed ordinance.

The Treasurer/Tax Collector estimates 1,473 small food service establishments stand to benefit if the ordinance is enacted. The major financial easement for these smaller food establishments is achieved through the one-year waiver of the license fee, which could return to the businesses up to \$2,091,176 in fee revenue that would otherwise accrue to the City. Assuming that the total count of qualifying restaurant businesses (1,473) is the actual number of businesses that would receive financial benefits from the proposed fee waiver, the average savings would be approximately \$1,754 per business. The actual number of beneficiaries may be smaller, given that some of the food service establishments that make up the total count may have already ceased operations by the time the ordinance would go into effect if passed.

Exhibit 1: Total Cost of Waivers and Exemption for Qualifying Restaurants**Restaurant less the \$750,000 Gross Receipt. Count: 1473 businesses**

Type	Originally due	Period Covered	Estimated Value
License Fees	April 30, 2020 (deferred until March 1, 2021)	April 2020 – March 2021	\$2,091,176
Business Registration Fees	May 31, 2020 (deferred until March 1, 2021)	July 1, 2020 – June 30, 2021	\$412,360
Payroll Expense Taxes	1-Mar-21	January 1, 2020 – Dec 31, 2021	\$81,747
		TOTAL	\$2,585,283

Source: Treasurer/Tax Collector's Office

The Treasurer/Tax Collector estimates of the savings realized by places of entertainment from the proposed two-year license fee and business registration fee waivers, and the one-year exemption for the payroll expense tax is \$2,470,000, shown in Exhibit 2 below. Estimated average savings to covered businesses over two years is \$6,098, which includes savings of \$4,024 for waived license fees (\$2,012 per year for two years), \$839 for waived business registration fees (approximately \$419 per year for two years), and \$1,235 for waived payroll expense tax for one year. As in the case of restaurants, a fewer number of establishments may actually receive the benefit, as some of these businesses will have ceased operations during the period over which the waivers and tax easements will be operative.

Exhibit 2: Total Cost of Waivers and Exemption for Qualifying Places of Entertainment**Gross receipts less than \$20,000,000. Count: 405 businesses**

Type	Originally due	Period Covered	Estimated Value
License Fees	April 30, 2020 (deferred until March 1, 2021)	April 2020 – March 2021	\$815,000
License Fees	30-Apr-21	April 2021 – March 2022	\$815,000
Business Registration Fees	May 31, 2020 (deferred until March 1, 2021)	July 1, 2020 – June 30, 2021	\$170,000
Business Registration Fees	31-May-21	July 1, 2021 – June 30, 2020	\$170,000
Payroll Expense Taxes	1-Mar-21	January 1, 2020 – Dec 31, 2021	\$500,000
Total			\$2,470,000

Source: Treasurer/Tax Collector's Office

As noted above, the total revenue reduction to the City for the waivers and exemption granted in the proposed ordinance is estimated by the Treasurer/Tax Collector to be \$5,055,283. Revenue reductions by fiscal year are shown in Exhibit 3. Of the \$5,055,283 revenue reduction, \$3,721,176 is for license fees, for which the permits are administered by several departments, including Public Health, Police, and Fire, and for which the reduction in revenues could likely be absorbed within the respective departments’ budgets.

Exhibit 3: Estimated Revenue Reduction

	FY 2019-20*	FY 2020-21	FY 2021-22	Total (cumulative)
License fee waiver	\$726,544	\$2,383,382	\$611,250	\$3,721,176
Business Registration waiver		\$582,360	\$170,000	\$752,360
Payroll Tax exemption	\$290,874	\$290,874		\$581,747
Totals by FY	\$1,017,418	\$3,256,616	\$781,250	\$5,055,283

* Retroactive to FY 2019-20

POLICY CONSIDERATION

The proposed legislation is intended to provide some financial relief for local small business establishments that have incurred revenue loss due required business closures during the COVID-19 pandemic. On March 16, 2020, the Local Health Officer issued Order no. C19-07 which temporarily closed all non-essential business operations. Subsequent public health orders extended these closures, and although subsequent phased re-opening of restaurants and places of entertainment were allowed in the summer of 2020, some restrictions were maintained or reinstated, which has contributed to ongoing revenue loss for these businesses. As noted above, the average estimated benefits to businesses covered by the proposed ordinance are \$1,754 per restaurant and \$6,098 per entertainment business.

The Budget and Legislative Analyst recommends approval of the proposed ordinance because the benefits to covered businesses, which provides some financial relief to compensate for revenue loss, exceed the costs to the City. As noted above, of the \$5.0 million in estimated revenue reductions, approximately \$3.7 million (or 73 percent) would be for licensing fees, for which the costs to administer the associated permits would be spread across several departments and could likely be absorbed in the respective department budgets.

RECOMMENDATION

Approve the proposed ordinance.

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: Jose Cisneros, Treasurer, Office of the Treasurer & Tax Collector

FROM: Linda Wong, Assistant Clerk
Budget and Finance Committee

DATE: December 7, 2020

SUBJECT: LEGISLATION INTRODUCED

The Board of Supervisors' Budget and Finance Committee has received the following substitute legislation, introduced by Mayor London N. Breed on December 1, 2020:

File No. 201260-2

Ordinance waiving certain license fees originally due on March 31, 2020, and March 31, 2021, business registration fees for the fiscal years beginning July 1, 2020, and July 1, 2021, and payroll expense taxes for the tax year beginning January 1, 2020, for businesses with no more than \$20,000,000 in San Francisco gross receipts holding a place of entertainment permit; waiving certain license fees originally due on March 31, 2020, business registration fees for the fiscal year beginning July 1, 2020, and payroll expense taxes for the tax year beginning January 1, 2020, for businesses with no more than \$750,000 in San Francisco gross receipts holding a restaurant permit; and refunding any waived amounts paid to the City.

If you have comments or reports to be included with the file, please forward them to the Budget and Finance Clerk, Linda Wong, by email to: linda.wong@sfgov.org.

c: Amanda Fried, Office of the Treasurer & Tax Collector

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
Small Business Commission, City Hall, Room 448

FROM: Linda Wong, Assistant Clerk
Budget and Finance Committee

DATE: December 7, 2020

SUBJECT: REFERRAL FROM BOARD OF SUPERVISORS
Budget and Finance Committee

The Board of Supervisors' Budget and Finance Committee has received the following substitute legislation, which is being referred to the Small Business Commission for comment and recommendation.

File No. 201260-2

Ordinance waiving certain license fees originally due on March 31, 2020, and March 31, 2021, business registration fees for the fiscal years beginning July 1, 2020, and July 1, 2021, and payroll expense taxes for the tax year beginning January 1, 2020, for businesses with no more than \$20,000,000 in San Francisco gross receipts holding a place of entertainment permit; waiving certain license fees originally due on March 31, 2020, business registration fees for the fiscal year beginning July 1, 2020, and payroll expense taxes for the tax year beginning January 1, 2020, for businesses with no more than \$750,000 in San Francisco gross receipts holding a restaurant permit; and refunding any waived amounts paid to the City.

Please return this cover sheet with the Commission's response to Linda Wong, Budget and Finance Clerk, by email to: linda.wong@sfgov.org.

RESPONSE FROM SMALL BUSINESS COMMISSION - Date: _____

_____ **No Comment**

_____ **Recommendation Attached**

Chairperson, Small Business Commission



**PRESIDENT NORMAN YEE
BUDGET CHAIR SANDRA LEE FEWER**

MEMORANDUM

DATE: December 10, 2020

TO: Angela Calvillo, Clerk of the Board of Supervisors

FROM: President Norman Yee and Budget Chair Sandra Lee Fewer

CC: Honorable Members of the Board of Supervisors
Legislative Aides
Administrative Aides
Anne Pearson, Office of the City Attorney
Ben Rosenfield, City Controller
Budget & Legislative Analyst's Office
Mayor's Office
City Departments

SUBJECT: Special Budget and Finance Committee Meeting – Wednesday, December 16, 2020

Dear Madam Clerk:

It has come to our attention that there are several time-sensitive budgetary items that need action prior to the new year, including the release of funds from the Budget & Finance Committee reserve.

Pursuant to Administrative Code 2.8, there will be a Special Budget & Finance Committee meeting scheduled on Wednesday, December 16, 2020 at 10:00 A.M. to hear these matters. We appreciate the Budget & Finance Committee Members and Department staff for being available to fulfill this official business.

Below are the items that will be heard at this Special Budget & Finance Committee meeting:

- **201361** – Hearing - Release of Reserved Funds - Office of Early Care and Education - Economic Recovery - \$42,000,000
- **200876** - Home Detention Electronic Monitoring Program Rules and Regulations and Program Administrator's Evidence of Financial Responsibility - FY2020-2021

- **200933** - Contract Amendment - Cross Country Staffing, Inc. - Registry Services
- Not to Exceed \$41,200,000
- **201260** - Fee and Tax Relief for Certain Businesses
- **201363** - Hearing - Release of Reserved Funds - Department of Public Health -
Implementation of Key Behavioral Health Initiatives - \$30,300,000
- **201378** - Hearing - Release of Reserved Funds - Department of Homelessness and
Supportive Housing - Implementation of Homelessness Recovery Plan -
\$64,200,000

Thank you,



Supervisor Norman Yee
President, Board of Supervisors



Supervisor Sandra Lee Fewer
Chair, Budget and Finance Committee

From: [Khan, Asim \(CON\)](#)
To: [BOS Legislation, \(BOS\)](#); [Wong, Linda \(BOS\)](#); [Kittler, Sophia \(MYR\)](#); [Bintliff, Jacob \(BOS\)](#)
Cc: [Egan, Ted \(CON\)](#)
Subject: Pending Further Review Completed: #201260
Date: Friday, December 11, 2020 3:04:22 PM

The OEA has completed its review of #201260 and will not issue a report on the matter.

201260 Fee and Tax Relief for Certain Businesses

Thanks,
Asim

Asim Khan, Ph.D.

Senior Economist, Office of Economic Analysis
Controller's Office
City and County of San Francisco
City Hall, Room 306
San Francisco, CA 94102
(415) 554-5369

From: [Gee, Natalie \(BOS\)](#)
To: [Wong, Linda \(BOS\)](#); [BOS Legislation, \(BOS\)](#)
Subject: Please add Sup. Walton to 201260
Date: Friday, December 4, 2020 12:25:18 PM

Good afternoon Linda,

Please add Supervisor Walton as a co-sponsor to File No. 201260 [Waiver of License Fees, Business Registration Fees, and Payroll Expense Taxes for Certain Entertainment Businesses].

Thank you,
Natalie

Natalie Gee 朱凱勤, Chief of Staff
Office of District 10 **Supervisor Shamann Walton**
1 Dr. Carlton B. Goodlett Pl, San Francisco | Room 282
Direct: 415.554.7672 | **Office:** 415.554.7670

*I am working from home due to the **COVID-19 Stay Safer At Home order** and will be most responsive by email.*

From: [BOS Legislation, \(BOS\)](#)
To: [Kittler, Sophia \(MYR\)](#); [Beinart, Amy \(BOS\)](#); [BOS Legislation, \(BOS\)](#)
Cc: [Wong, Linda \(BOS\)](#)
Subject: RE: add Supervisor Ronen as cosponsor to 201260
Date: Friday, December 4, 2020 1:08:47 PM
Attachments: [image001.png](#)

Thank you. Looping in Budget and Finance Clerk, Linda for processing.

Jocelyn Wong

San Francisco Board of Supervisors
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102
T: 415.554.7702 | F: 415.554.5163
jocelyn.wong@sfgov.org | www.sfbos.org

(VIRTUAL APPOINTMENTS) To schedule a “virtual” meeting with me (on Microsoft Teams), please ask and I can answer your questions in real time.

Due to the current COVID-19 health emergency and the Shelter in Place Order, the Office of the Clerk of the Board is working remotely while providing complete access to the legislative process and our services



Click [here](#) to complete a Board of Supervisors Customer Service Satisfaction form

The [Legislative Research Center](#) provides 24-hour access to Board of Supervisors legislation, and archived matters since August 1998.

***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.*

From: Kittler, Sophia (MYR) <sophia.kittler@sfgov.org>
Sent: Friday, December 4, 2020 12:52 PM
To: Beinart, Amy (BOS) <amy.beinart@sfgov.org>; BOS Legislation, (BOS) <bos.legislation@sfgov.org>
Subject: RE: add Supervisor Ronen as cosponsor to 201260

Great, thank you Amy!

From: Beinart, Amy (BOS)

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: Jose Cisneros, Treasurer, Office of the Treasurer & Tax Collector

FROM: Linda Wong, Assistant Clerk
Budget and Finance Committee

DATE: December 14, 2020

SUBJECT: LEGISLATION INTRODUCED

The Board of Supervisors' Budget and Finance Committee has received the following substituted legislation, introduced by Mayor London N. Breed on December 8, 2020:

File No. 201260-3

Ordinance waiving certain license fees originally due on March 31, 2020, and March 31, 2021, business registration fees for the fiscal years beginning July 1, 2020, and July 1, 2021, and payroll expense taxes for the tax year beginning January 1, 2020, for businesses with no more than \$20,000,000 in San Francisco gross receipts holding a place of entertainment permit; waiving certain license fees originally due on March 31, 2020, business registration fees for the fiscal year beginning July 1, 2020, and payroll expense taxes for the tax year beginning January 1, 2020, for businesses with no more than \$750,000 in San Francisco gross receipts holding a restaurant permit; refunding any waived amounts paid to the City; extending the deadline to pay license fees originally due on March 31, 2020, and March 31, 2021, to November 1, 2021; extending the deadline to pay business registration fees originally due on June 1, 2020, to April 30, 2021; and extending the deadline to pay and file returns for certain business taxes for the 2020 tax year to April 30, 2021.

If you have comments or reports to be included with the file, please forward them to the Budget and Finance Clerk, Linda Wong, by email to: linda.wong@sfgov.org.

c: Amanda Fried, Office of the Treasurer & Tax Collector

1 [Fee and Tax Relief for Certain Businesses]

2

3 **Ordinance waiving certain license fees originally due on March 31, 2020, and**
 4 **March 31, 2021, business registration fees for the fiscal years beginning July 1, 2020,**
 5 **and July 1, 2021, and payroll expense taxes for the tax year beginning January 1, 2020,**
 6 **for businesses with no more than \$20,000,000 in San Francisco gross receipts holding**
 7 **a place of entertainment permit; waiving certain license fees originally due on**
 8 **March 31, 2020, business registration fees for the fiscal year beginning July 1, 2020,**
 9 **and payroll expense taxes for the tax year beginning January 1, 2020, for businesses**
 10 **with no more than \$750,000 in San Francisco gross receipts holding a restaurant**
 11 **permit; refunding any waived amounts paid to the City; extending the deadline to pay**
 12 **license fees originally due on March 31, 2020 and March 31, 2021, to November 1, 2021;**
 13 **extending the deadline to pay business registration fees originally due on June 1, 2020,**
 14 **to April 30, 2021; and extending the deadline to pay and file returns for certain**
 15 **business taxes for the 2020 tax year to April 30, 2021.**

16

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

21

22

23

24

25

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

2
3 Section 1. Background and Purpose.

4 (a) On February 25, 2020, Mayor London Breed proclaimed a state of emergency in
5 response to the COVID-19 pandemic. On March 3, 2020, the Board of Supervisors concurred
6 in the February 25 Proclamation.

7 (b) On March 16, 2020, to mitigate the spread of COVID-19, the Local Health Officer
8 issued Order No. C19-07, which has been amended and replaced by subsequent orders,
9 directing San Franciscans to “shelter in place” beginning on March 17, 2020. These orders,
10 which are now known as “stay-safer-at-home” orders, generally require individuals to stay in
11 their homes to the extent possible, and require businesses to cease all non-essential
12 operations at physical locations in the City, with some limited exceptions.

13 (c) In response to the COVID-19 emergency, on March 11, 2020, the Mayor extended
14 the due date for payment of certain license fees otherwise due on March 31, 2020 to
15 June 30, 2020. On April 23, 2020, the Mayor further extended the payment deadline for those
16 fees to September 30, 2020, and also extended certain deadlines for the payment of business
17 registration fees to September 30, 2020. On August 4, 2020, the Mayor further extended
18 those deadlines to March 1, 2021.

19 (d) Due to the public health emergency related to COVID-19 and the actions required
20 to respond to the emergency, San Francisco’s entertainment and nightlife and restaurant
21 businesses either have not been able to operate at all or have opened only on a limited basis,
22 which has caused many of these businesses to suffer economic harm. These businesses
23 include music venues, clubs, and bars with live performances, and restaurants, all of which
24 contribute tremendously to San Francisco’s culture. Despite not being able to operate at full
25 capacity or at all, these businesses currently are still required to pay certain license fees and

1 taxes. This ordinance is intended to mitigate the economic harm inflicted on certain
2 entertainment and restaurant businesses in San Francisco due to the public health
3 emergency.

4 (e) The COVID-19 outbreak also has caused significant negative impacts on
5 businesses in the City generally. While the exact course of the pandemic cannot be
6 predicted, it is expected to continue to pose serious public health concerns in San Francisco
7 for months to come, and will continue to have serious negative impacts on businesses during
8 that time. This ordinance is intended to mitigate those impacts by extending the payment
9 deadlines for certain license and registration fees and the payment and filing deadlines for
10 certain business taxes.

11
12 Section 2. Definitions.

13 For purposes of this ordinance, the following terms shall have the following meanings:

14 “Business Registration Certificate” means a “registration certificate,” as defined in
15 Section 852.2 of Article 12 of the Business and Tax Regulations Code.

16 “Business Registration Fee” means the tax imposed under Article 12 of the Business
17 and Tax Regulations Code.

18 “City” means the City and County of San Francisco.

19 “Combined Group” has the meaning described in Section 956.3 of Article 12-A-1 of the
20 Business and Tax Regulations Code.

21 “License Fees” means the fees payable to the Tax Collector under Section 76.1 of
22 Article 2 of the Business and Tax Regulations Code.

23 “Newly Established Business” has the meaning set forth in Section 852.1 of Article 12
24 of the Business and Tax Regulations Code.

1 “Payroll Expense Tax” means the tax imposed under Article 12-A of the Business and
2 Tax Regulations Code.

3 “Person” has the meaning set forth in Section 6.2-15 of Article 6 of the Business and
4 Tax Regulations Code.

5 “Place of Entertainment” has the meaning set forth in Section 1060 of Article 15.1 of
6 the Police Code.

7 “Place of Entertainment Permit” means the permit for any Place of Entertainment
8 required under Section 1060.1 of Article 15.1 of the Police Code.

9 “Qualified Entertainment Business” means a Person or Combined Group that both
10 (a) had no more than \$20,000,000 in total combined San Francisco Gross Receipts in
11 calendar year 2019; and (b) held a valid Place of Entertainment Permit on or after
12 April 1, 2020. For purposes of determining whether it is a “Qualified Entertainment Business,”
13 a Person or Combined Group that was a Newly Established Business commencing business
14 in the City in calendar year 2020, 2021, or 2022 shall use its estimated total combined San
15 Francisco Gross Receipts for the calendar year in which the Person or Combined Group first
16 commenced business in the City instead of its total combined San Francisco Gross Receipts
17 in calendar year 2019.

18 “Qualified Restaurant Business” means a Person or Combined Group that both (a) had
19 no more than \$750,000 in total combined San Francisco Gross Receipts in calendar year
20 2019; and (b) held a valid Restaurant Permit on or after April 1, 2020. For purposes of
21 determining whether it is a “Qualified Restaurant Business,” a Person or Combined Group that
22 was a Newly Established Business commencing business in the City in calendar year 2020 or
23 2021 shall use its estimated total combined San Francisco Gross Receipts for the calendar
24 year in which the Person or Combined Group first commenced business in the City instead of
25 its total combined San Francisco Gross Receipts in calendar year 2019.

1 "Registration Year" has the meaning set forth in Section 852.4 of Article 6 of the
2 Business and Tax Regulations Code.

3 "Restaurant Permit" means the permit that is required by the Department of Public
4 Health to operate a food preparation and service establishment, as defined in Section 451 of
5 the Health Code, and for which payment of the Class A annual license fee is required by
6 Section 249.1(a) of Article 2 of the Business and Tax Regulations Code.

7 "San Francisco Gross Receipts" has the meaning used in Section 855 of Article 12 of
8 the Business and Tax Regulations Code.

9 "Tax Collector" has the meaning set forth in Section 6.2-19 of Article 6 of the Business
10 and Tax Regulations Code.

11 "Tax Year" has the meaning set forth in Section 6.2-20 of Article 6 of the Business and
12 Tax Regulations Code.

13
14 Section 3. Waiver of License Fees, Business Registration Fees, and Payroll Expense
15 Taxes for Certain Entertainment and Restaurant Businesses.

16 (a) The following shall be waived for each Qualified Entertainment Business:

17 (1) All License Fees due on March 31, 2020 and March 31, 2021 without regard
18 to any extensions by Mayoral declaration, Section 6 of this ordinance, or otherwise;

19 (2) Business Registration Fees for the Registration Years beginning
20 July 1, 2020 and July 1, 2021; and

21 (3) Payroll Expense Taxes for the Tax Year beginning January 1, 2020.

22 (b) The following shall be waived for each Qualified Restaurant Business:

23 (1) All License Fees due on March 31, 2020 without regard to any extensions
24 by Mayoral declaration, Section 6 of this Ordinance, or otherwise;

1 (2) Business Registration Fees for the Registration Year beginning July 1, 2020;

2 and

3 (3) Payroll Expense Taxes for the Tax Year beginning January 1, 2020.

4 (c) No penalties shall be imposed on any Qualified Entertainment Business with
5 respect to the Business Registration Fee for the Registration Years beginning July 1, 2020
6 and July 1, 2021 or with respect to the Payroll Expense Tax for the Tax Year beginning
7 January 1, 2020. No penalties shall be imposed on any Qualified Restaurant Business with
8 respect to the Business Registration Fee for the Registration Year beginning July 1, 2020 or
9 with respect to the Payroll Expense Tax for the Tax Year beginning January 1, 2020. No
10 penalties shall be imposed with respect to the payment of any License Fee waived under this
11 Section 3.

12 (d) The Tax Collector may set the forms and procedures required for a Person or
13 Combined Group to apply for a waiver under this Section 3.

14

15 Section 4. Refund of Waived Taxes, Fees, and Penalties Paid to City.

16 If a Person or Combined Group pays or has paid to the City any tax, fee, or penalty
17 waived under Section 3 of this ordinance, the Tax Collector shall refund or cause to be
18 refunded the amount of that tax, fee, or penalty, without interest, upon request of that Person
19 or Combined Group. Any refund request under this Section 4 must be filed in writing on a
20 form prescribed by the Tax Collector within the later of (1) one year of payment of the tax, fee,
21 or penalty or (2) December 31, 2021.

22

23 Section 5. Effect of Fee and Tax Waivers.

24 (a) Notwithstanding Section 76.1(b) of Article 2 of the Business and Tax Regulations
25 Code, the failure of a Person to pay any License Fees waived under Section 3 of this

1 ordinance shall neither cause the license to expire by operation of law nor require the Person
2 to obtain a new license, and such failure shall not preclude the Person from continuing to do
3 or perform the act or carry on the business, trade, profession, or calling for which City law
4 requires the license.

5 (b) The waiver of a Person or Combined Group's Business Registration Fee under
6 Section 3 of this ordinance shall not relieve a Person or Combined Group from the registration
7 and other applicable requirements under Articles 6 and 12 of the Business and Tax
8 Regulations Code, except for the payment of that Person or Combined Group's waived
9 Business Registration Fee. If a Person or Combined Group satisfies the registration and
10 other applicable requirements under Articles 6 and 12 of the Business and Tax Regulations
11 Code for the Registration Years beginning July 1, 2020 and July 1, 2021 in the case of a
12 Qualified Entertainment Business and for the Registration Year beginning July 1, 2020 in the
13 case of a Qualified Restaurant Business, except in either case for the payment of any waived
14 Business Registration Fee, such Person or Combined Group shall be treated as if they had
15 paid the Business Registration Fee for all purposes for the applicable Registration Year.

16 (c) The waiver of a Person or Combined Group's Payroll Expense Tax under Section 3
17 of this ordinance shall not relieve a Person or Combined Group from the filing requirements
18 under Articles 6 and 12-A of the Business and Tax Regulations Code.

19
20 Section 6. Extension of Deadline to Pay License Fees.

21 (a) The due date for license fees that were due on March 31, 2020, under Section 76.1
22 of Article 2 of the Business and Tax Regulations Code, previously extended to March 1, 2021,
23 shall be further extended to November 1, 2021, and the deadline for the Tax Collector to issue
24 notice of such due date previously extended to February 1, 2021, shall be further extended to
25 October 1, 2021.

1 (b) The due date for license fees due on March 31, 2021, under Section 76.1 of
2 Article 2 of the Business and Tax Regulations Code, shall be extended to November 1, 2021,
3 and the deadline for the Tax Collector to issue notice of such due date shall be extended to
4 October 1, 2021.

5
6 Section 7. Extension of Deadline to Pay Business Registration Fees.

7 (a) Business Registration Renewals. The deadline under Articles 6 and 12 of the
8 Business and Tax Regulations Code for a Person or Combined Group that had an existing
9 Business Registration Certificate (or Business Registration Certificates, if a Combined Group)
10 on or before April 23, 2020, to apply for renewal of that Business Registration Certificate (or
11 Business Registration Certificates, if a Combined Group) and pay the Business Registration
12 Fee for the Registration Year ending June 30, 2021, which deadline was previously extended
13 from June 1, 2020, to March 1, 2021, shall be further extended to April 30, 2021, and no
14 penalty shall be assessed if such Person or Combined Group files and pays that Business
15 Registration Fee by April 30, 2021. Existing Business Registration Certificates issued under
16 Section 856 of Article 12 of the Business and Tax Regulations Code for the Registration Year
17 ending June 30, 2020, shall continue to be valid through April 30, 2021, for all purposes.

18 (b) New Businesses Commencing Business Before July 1, 2020. For Newly
19 Established Businesses commencing business in the City on or before June 30, 2020, that did
20 not have a Business Registration Certificate by April 23, 2020, the deadline for payment of the
21 Business Registration Fee for the Registration Year ending June 30, 2021, which was
22 previously extended to March 1, 2021, shall be further extended to April 30, 2021, and no
23 penalty shall be assessed if such Newly Established Business pays that Business
24 Registration Fee by April 30, 2021. This subsection (b) shall not relieve a Newly Established
25 Business from the requirement to timely apply for a Business Registration Certificate (or

1 Business Registration Certificates, if a Combined Group) and timely pay the prorated
2 Business Registration Fee for the Registration Year ending June 30, 2020, as required by
3 Section 856 of Article 12 of the Business and Tax Regulations Code. A Newly Established
4 Business subject to this subsection (b) that applies for a Business Registration Certificate (or
5 Business Registration Certificates, if a Combined Group) and pays the prorated Business
6 Registration Fee, plus any applicable penalties and interest, for the Registration Year ending
7 June 30, 2020, shall, in the sole discretion of the Tax Collector, either:

8 (1) be issued a Business Registration Certificate (or Business Registration
9 Certificates, if a Combined Group) for the Registration Year ending June 30, 2020, which shall
10 continue to be valid through April 30, 2021, for all purposes; or

11 (2) not be issued a Business Registration Certificate until the Newly Established
12 Business has paid its Business Registration Fee for the Registration Year ending
13 June 30, 2021, but: (A) all requirements in the San Francisco Municipal Code that such
14 certificate be posted shall be waived for such Newly Established Business for all purposes
15 through April 30, 2021; and (B) such Newly Established Business shall receive a business
16 account number (or numbers, if a Combined Group) reflecting its registration with the Tax
17 Collector, and shall not be reflected as being delinquent in the records of the Tax Collector
18 until May 1, 2021, on account of not paying its Business Registration Fee for the Registration
19 Year ending June 30, 2021.

20 (c) New Businesses Commencing Business On or After July 1, 2020. For Newly
21 Established Businesses commencing business in the City on or after July 1, 2020, the
22 deadline for payment of the Business Registration Fee for the Registration Year ending
23 June 30, 2021, which was previously extended to March 1, 2021, shall be further extended to
24 April 30, 2021, and no penalty shall be assessed if such Newly Established Business pays
25 that Business Registration Fee by April 30, 2021. This subsection (c) shall not relieve a

1 Newly Established Business from the requirement to timely apply for a Business Registration
2 Certificate (or Business Registration Certificates, if a Combined Group) for the Registration
3 Year ending June 30, 2021, as required by Section 856 of Article 12 of the Business and Tax
4 Regulations Code. A Newly Established Business subject to this subsection (c) shall not
5 receive a Business Registration Certificate (or Business Registration Certificates, if a
6 Combined Group) until it has paid its Business Registration Fee, but:

7 (1) all requirements in the San Francisco Municipal Code that a Business
8 Registration Certificate be posted shall be waived for such Newly Established Business for all
9 purposes through April 30, 2021; and

10 (2) such Newly Established Business shall receive a business account number
11 (or numbers, if a Combined Group) reflecting its registration with the Tax Collector, and shall
12 not be reflected as being delinquent in the records of the Tax Collector until May 1, 2021, on
13 account of not paying its Business Registration Fee for the Registration Year ending
14 June 30, 2021.

15 (d) A Newly Established Business that did not have a certificate of authority for the
16 collection of third-party taxes under Section 6.6-1 of Article 6 of the Business and Tax
17 Regulations Code by April 23, 2020, shall not be permitted to obtain such a certificate of
18 authority until it has paid its Business Registration Fee for the Registration Year ending
19 June 30, 2021, and shall not be permitted to engage in any business that requires it to collect
20 the tax on transient occupancy of hotel rooms in Article 7 of the Business and Tax
21 Regulations Code or the tax on occupancy of parking spaces in parking stations in Article 9 of
22 the Business and Tax Regulations Code without first paying the Business Registration Fee for
23 the Registration Year ending June 30, 2021.

24 (e) Persons or Combined Groups that cease business between July 1, 2020 and
25 April 30, 2021 shall remain subject to the requirements under Articles 6 and 12 of the

1 Business and Tax Regulations Code to pay the Business Registration Fee for the Registration
2 Year ending June 30, 2021 and file any necessary forms to accompany that payment, except
3 that such payment deadline shall be extended to April 30, 2021.

4 (f) The Tax Collector shall continue to timely issue Business Registration Certificates
5 to all Persons that choose to pay the Business Registration Fee for the Registration Year
6 ending June 30, 2021 prior to April 30, 2021.

7
8 Section 8. Extension of Deadline to File and Pay Certain Business Taxes.

9 (a) Notwithstanding Articles 6, 12-A, 12-A-1, 21, and 28 of the Business and Tax
10 Regulations Code, the due date for payment of, and filing returns for, the following taxes for
11 the 2020 Tax Year shall be extended from March 1, 2021 to April 30, 2021: the payroll
12 expense tax (Article 12-A), the gross receipts tax (Article 12-A-1) (including the tax on
13 administrative office business activities imposed under Section 953.8 of Article 12-A-1), the
14 Early Care and Education Commercial Rents Tax (Article 21), and the Homelessness Gross
15 Receipts Tax (Article 28) (including the homelessness administrative office tax imposed under
16 Section 2804(d) of Article 28).

17 (b) For purposes of Articles 6, 12-A, 12-A-1, 21, and 28 of the Business and Tax
18 Regulations Code, the original due date for payment of, and filing returns for, the taxes
19 referenced in subsection (a) of this Section 8 for the 2020 Tax Year shall be deemed to be
20 April 30, 2021.

21
22 Section 9. Severability.

23 If any section, subsection, sentence, clause, phrase, or word of this ordinance, or any
24 application thereof to any person or circumstance, is held to be invalid or unconstitutional by a
25 decision of a court of competent jurisdiction, such decision shall not affect the validity of the

LEGISLATIVE DIGEST
(Substituted, 12/8/20)

[Fee and Tax Relief for Certain Businesses]

Ordinance waiving certain license fees originally due on March 31, 2020, and March 31, 2021, business registration fees for the fiscal years beginning July 1, 2020, and July 1, 2021, and payroll expense taxes for the tax year beginning January 1, 2020, for businesses with no more than \$20,000,000 in San Francisco gross receipts holding a place of entertainment permit; waiving certain license fees originally due on March 31, 2020, business registration fees for the fiscal year beginning July 1, 2020, and payroll expense taxes for the tax year beginning January 1, 2020, for businesses with no more than \$750,000 in San Francisco gross receipts holding a restaurant permit; refunding any waived amounts paid to the City; extending the deadline to pay license fees originally due on March 31, 2020 and March 31, 2021, to November 1, 2021; extending the deadline to pay business registration fees originally due on June 1, 2020, to April 30, 2021; and extending the deadline to pay and file returns for certain business taxes for the 2020 tax year to April 30, 2021.

Existing Law

Businesses in the City must obtain a registration certificate from the Tax Collector and pay an annual registration fee on a fiscal year basis. They also pay other annual taxes to the City on a calendar year basis, including the payroll expense tax. Certain businesses with live entertainment must obtain a place of entertainment permit under the Police Code and pay one or more annual license fees due on March 31. Restaurants must obtain a permit under the Health and Safety Code and pay one or more annual licence fees due on March 31.

In general, the deadline for businesses in the City to pay certain annual license fees is March 31. Due to the COVID-19 emergency, the Mayor by declaration extended the deadline to pay annual license fees that were originally due on March 31, 2020 to March 1, 2021. The original deadline for businesses to renew and pay their business registration fee for the fiscal year beginning July 1, 2020 was June 1, 2020, which the Mayor by declaration extended to March 1, 2021. The deadline for businesses to file and pay their payroll expense tax, gross receipts tax, Early Care and Education Commercial Rents Tax, and Homelessness Gross Receipts Tax for the 2020 tax year is March 1, 2021.

Amendments to Current Law

This ordinance would waive the following for each Qualified Entertainment Business: (1) all license fees otherwise due and payable to the Tax Collector on March 31, 2020 and

March 31, 2021, without regard to any extensions; (2) business registration fees for the fiscal years commencing July 1, 2020 and July 1, 2021; (3) payroll expense taxes for the 2020 calendar year; and (4) all penalties associated with these taxes and fees.

This ordinance would waive the following for each Qualified Restaurant Business: (1) all license fees otherwise due and payable to the Tax Collector on March 31, 2020, without regard to any extensions; (2) business registration fees for the fiscal year commencing July 1, 2020; (3) payroll expense taxes for the 2020 calendar year; and (4) all penalties associated with these taxes and fees.

This ordinance also would refund any waived taxes, fees, and penalties paid to the City, upon written request of the Qualified Entertainment Business or Qualified Restaurant Business filed within the later of one year of payment of the tax, fee, and/or penalty, or December 31, 2021.

A Qualified Entertainment Business is a business that satisfied both of the following: (1) had no more than \$20,000,000 in total combined San Francisco gross receipts in calendar year 2019; and (2) held a valid P23 place of entertainment permit on or after April 1, 2020. For purposes of determining whether it is a "Qualified Entertainment Business," a business that commenced business in the City in calendar year 2020, 2021, or 2022 would use its estimated total combined San Francisco gross receipts for the calendar year in which they first commenced business in the City, rather than their 2019 total combined San Francisco gross receipts.

A Qualified Restaurant Business is a business that satisfied both of the following: (1) had no more than \$750,000 in total combined San Francisco gross receipts in calendar year 2019; and (2) held a valid H24, H25, or H26 restaurant permit on or after April 1, 2020. For purposes of determining whether it is a "Qualified Restaurant Business," a business that commenced business in the City in calendar year 2020 or 2021 would use its estimated total combined San Francisco gross receipts for the calendar year in which they first commenced business in the City, rather than their 2019 total combined San Francisco gross receipts.

For businesses in the City generally, this ordinance also would further extend the deadline to pay annual license fees that were originally due on March 31, 2020 to November 1, 2021 and would extend the deadline to pay annual license fees that originally would be due on March 31, 2021 to November 1, 2021. The deadline for businesses to renew and pay their business registration fee for the fiscal year beginning July 1, 2020, which was previously extended to March 1, 2021, would be further extended to April 30, 2021. The deadline for businesses to file and pay their payroll expense tax, gross receipts tax, Early Care and Education Commercial Rents Tax, and Homelessness Gross Receipts Tax for the 2020 tax year would be extended to April 30, 2021.

Background Information

On November 3, 2020, proposed legislation was introduced to waive taxes and fees for certain entertainment businesses. On December 1, 2021, a substitute ordinance was introduced to waive taxes and fees for certain entertainment businesses and restaurants. This proposed legislation is being introduced as a substitute for the ordinance substituted on December 1, 2021 to add provisions extending deadlines to pay certain license and business registration fees and to file and pay certain business taxes for the 2020 tax year.

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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
Small Business Commission, City Hall, Room 448

FROM: Linda Wong, Assistant Clerk
Budget and Finance Committee

DATE: December 14, 2020

SUBJECT: REFERRAL FROM BOARD OF SUPERVISORS
Budget and Finance Committee

The Board of Supervisors' Budget and Finance Committee has received the following substituted legislation, which is being referred to the Small Business Commission for comment and recommendation.

File No. 201260-3

Ordinance waiving certain license fees originally due on March 31, 2020, and March 31, 2021, business registration fees for the fiscal years beginning July 1, 2020, and July 1, 2021, and payroll expense taxes for the tax year beginning January 1, 2020, for businesses with no more than \$20,000,000 in San Francisco gross receipts holding a place of entertainment permit; waiving certain license fees originally due on March 31, 2020, business registration fees for the fiscal year beginning July 1, 2020, and payroll expense taxes for the tax year beginning January 1, 2020, for businesses with no more than \$750,000 in San Francisco gross receipts holding a restaurant permit; refunding any waived amounts paid to the City; extending the deadline to pay license fees originally due on March 31, 2020, and March 31, 2021, to November 1, 2021; extending the deadline to pay business registration fees originally due on June 1, 2020, to April 30, 2021; and extending the deadline to pay and file returns for certain business taxes for the 2020 tax year to April 30, 2021.

Please return this cover sheet with the Commission's response to Linda Wong, Budget and Finance Clerk, by email to: linda.wong@sfgov.org.

RESPONSE FROM SMALL BUSINESS COMMISSION - Date: _____

_____ **No Comment**

_____ **Recommendation Attached**

Chairperson, Small Business Commission

1 [Fee and Tax Relief for Certain Businesses]

2

3 **Ordinance waiving certain license fees originally due on March 31, 2020, and**
4 **March 31, 2021, business registration fees for the fiscal years beginning July 1, 2020,**
5 **and July 1, 2021, and payroll expense taxes for the tax year beginning January 1, 2020,**
6 **for businesses with no more than \$20,000,000 in San Francisco gross receipts holding**
7 **a place of entertainment permit; waiving certain license fees originally due on**
8 **March 31, 2020, business registration fees for the fiscal year beginning July 1, 2020,**
9 **and payroll expense taxes for the tax year beginning January 1, 2020, for businesses**
10 **with no more than \$750,000 in San Francisco gross receipts holding a restaurant**
11 **permit; refunding any waived amounts paid to the City; extending the deadline to pay**
12 **license fees originally due on March 31, 2020 and March 31, 2021, to November 1, 2021;**
13 **extending the deadline to pay business registration fees originally due on June 1, 2020,**
14 **to April 30, 2021; and extending the deadline to pay and file returns for certain**
15 **business taxes for the 2020 tax year to April 30, 2021.**

16

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

21

22

23

24

25

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

2
3 Section 1. Background and Purpose.

4 (a) On February 25, 2020, Mayor London Breed proclaimed a state of emergency in
5 response to the COVID-19 pandemic. On March 3, 2020, the Board of Supervisors concurred
6 in the February 25 Proclamation.

7 (b) On March 16, 2020, to mitigate the spread of COVID-19, the Local Health Officer
8 issued Order No. C19-07, which has been amended and replaced by subsequent orders,
9 directing San Franciscans to “shelter in place” beginning on March 17, 2020. These orders,
10 which are now known as “stay-safer-at-home” orders, generally require individuals to stay in
11 their homes to the extent possible, and require businesses to cease all non-essential
12 operations at physical locations in the City, with some limited exceptions.

13 (c) In response to the COVID-19 emergency, on March 11, 2020, the Mayor extended
14 the due date for payment of certain license fees otherwise due on March 31, 2020 to
15 June 30, 2020. On April 23, 2020, the Mayor further extended the payment deadline for those
16 fees to September 30, 2020, and also extended certain deadlines for the payment of business
17 registration fees to September 30, 2020. On August 4, 2020, the Mayor further extended
18 those deadlines to March 1, 2021.

19 (d) Due to the public health emergency related to COVID-19 and the actions required
20 to respond to the emergency, San Francisco’s entertainment and nightlife and restaurant
21 businesses either have not been able to operate at all or have opened only on a limited basis,
22 which has caused many of these businesses to suffer economic harm. These businesses
23 include music venues, clubs, and bars with live performances, and restaurants, all of which
24 contribute tremendously to San Francisco’s culture. Despite not being able to operate at full
25 capacity or at all, these businesses currently are still required to pay certain license fees and

1 taxes. This ordinance is intended to mitigate the economic harm inflicted on certain
2 entertainment and restaurant businesses in San Francisco due to the public health
3 emergency.

4 (e) The COVID-19 outbreak also has caused significant negative impacts on
5 businesses in the City generally. While the exact course of the pandemic cannot be
6 predicted, it is expected to continue to pose serious public health concerns in San Francisco
7 for months to come, and will continue to have serious negative impacts on businesses during
8 that time. This ordinance is intended to mitigate those impacts by extending the payment
9 deadlines for certain license and registration fees and the payment and filing deadlines for
10 certain business taxes.

11
12 Section 2. Definitions.

13 For purposes of this ordinance, the following terms shall have the following meanings:

14 “Business Registration Certificate” means a “registration certificate,” as defined in
15 Section 852.2 of Article 12 of the Business and Tax Regulations Code.

16 “Business Registration Fee” means the tax imposed under Article 12 of the Business
17 and Tax Regulations Code.

18 “City” means the City and County of San Francisco.

19 “Combined Group” has the meaning described in Section 956.3 of Article 12-A-1 of the
20 Business and Tax Regulations Code.

21 “License Fees” means the fees payable to the Tax Collector under Section 76.1 of
22 Article 2 of the Business and Tax Regulations Code.

23 “Newly Established Business” has the meaning set forth in Section 852.1 of Article 12
24 of the Business and Tax Regulations Code.

1 “Payroll Expense Tax” means the tax imposed under Article 12-A of the Business and
2 Tax Regulations Code.

3 “Person” has the meaning set forth in Section 6.2-15 of Article 6 of the Business and
4 Tax Regulations Code.

5 “Place of Entertainment” has the meaning set forth in Section 1060 of Article 15.1 of
6 the Police Code.

7 “Place of Entertainment Permit” means the permit for any Place of Entertainment
8 required under Section 1060.1 of Article 15.1 of the Police Code.

9 “Qualified Entertainment Business” means a Person or Combined Group that both
10 (a) had no more than \$20,000,000 in total combined San Francisco Gross Receipts in
11 calendar year 2019; and (b) held a valid Place of Entertainment Permit on or after
12 April 1, 2020. For purposes of determining whether it is a “Qualified Entertainment Business,”
13 a Person or Combined Group that was a Newly Established Business commencing business
14 in the City in calendar year 2020, 2021, or 2022 shall use its estimated total combined San
15 Francisco Gross Receipts for the calendar year in which the Person or Combined Group first
16 commenced business in the City instead of its total combined San Francisco Gross Receipts
17 in calendar year 2019.

18 “Qualified Restaurant Business” means a Person or Combined Group that both (a) had
19 no more than \$750,000 in total combined San Francisco Gross Receipts in calendar year
20 2019; and (b) held a valid Restaurant Permit on or after April 1, 2020. For purposes of
21 determining whether it is a “Qualified Restaurant Business,” a Person or Combined Group that
22 was a Newly Established Business commencing business in the City in calendar year 2020 or
23 2021 shall use its estimated total combined San Francisco Gross Receipts for the calendar
24 year in which the Person or Combined Group first commenced business in the City instead of
25 its total combined San Francisco Gross Receipts in calendar year 2019.

1 "Registration Year" has the meaning set forth in Section 852.4 of Article 6 of the
2 Business and Tax Regulations Code.

3 "Restaurant Permit" means the permit that is required by the Department of Public
4 Health to operate a food preparation and service establishment, as defined in Section 451 of
5 the Health Code, and for which payment of the Class A annual license fee is required by
6 Section 249.1(a) of Article 2 of the Business and Tax Regulations Code.

7 "San Francisco Gross Receipts" has the meaning used in Section 855 of Article 12 of
8 the Business and Tax Regulations Code.

9 "Tax Collector" has the meaning set forth in Section 6.2-19 of Article 6 of the Business
10 and Tax Regulations Code.

11 "Tax Year" has the meaning set forth in Section 6.2-20 of Article 6 of the Business and
12 Tax Regulations Code.

13
14 Section 3. Waiver of License Fees, Business Registration Fees, and Payroll Expense
15 Taxes for Certain Entertainment and Restaurant Businesses.

16 (a) The following shall be waived for each Qualified Entertainment Business:

17 (1) All License Fees due on March 31, 2020 and March 31, 2021 without regard
18 to any extensions by Mayoral declaration, Section 6 of this ordinance, or otherwise;

19 (2) Business Registration Fees for the Registration Years beginning
20 July 1, 2020 and July 1, 2021; and

21 (3) Payroll Expense Taxes for the Tax Year beginning January 1, 2020.

22 (b) The following shall be waived for each Qualified Restaurant Business:

23 (1) All License Fees due on March 31, 2020 without regard to any extensions
24 by Mayoral declaration, Section 6 of this Ordinance, or otherwise;

1 (2) Business Registration Fees for the Registration Year beginning July 1, 2020;

2 and

3 (3) Payroll Expense Taxes for the Tax Year beginning January 1, 2020.

4 (c) No penalties shall be imposed on any Qualified Entertainment Business with
5 respect to the Business Registration Fee for the Registration Years beginning July 1, 2020
6 and July 1, 2021 or with respect to the Payroll Expense Tax for the Tax Year beginning
7 January 1, 2020. No penalties shall be imposed on any Qualified Restaurant Business with
8 respect to the Business Registration Fee for the Registration Year beginning July 1, 2020 or
9 with respect to the Payroll Expense Tax for the Tax Year beginning January 1, 2020. No
10 penalties shall be imposed with respect to the payment of any License Fee waived under this
11 Section 3.

12 (d) The Tax Collector may set the forms and procedures required for a Person or
13 Combined Group to apply for a waiver under this Section 3.

14

15 Section 4. Refund of Waived Taxes, Fees, and Penalties Paid to City.

16 If a Person or Combined Group pays or has paid to the City any tax, fee, or penalty
17 waived under Section 3 of this ordinance, the Tax Collector shall refund or cause to be
18 refunded the amount of that tax, fee, or penalty, without interest, upon request of that Person
19 or Combined Group. Any refund request under this Section 4 must be filed in writing on a
20 form prescribed by the Tax Collector within the later of (1) one year of payment of the tax, fee,
21 or penalty or (2) December 31, 2021.

22

23 Section 5. Effect of Fee and Tax Waivers.

24 (a) Notwithstanding Section 76.1(b) of Article 2 of the Business and Tax Regulations
25 Code, the failure of a Person to pay any License Fees waived under Section 3 of this

1 ordinance shall neither cause the license to expire by operation of law nor require the Person
2 to obtain a new license, and such failure shall not preclude the Person from continuing to do
3 or perform the act or carry on the business, trade, profession, or calling for which City law
4 requires the license.

5 (b) The waiver of a Person or Combined Group's Business Registration Fee under
6 Section 3 of this ordinance shall not relieve a Person or Combined Group from the registration
7 and other applicable requirements under Articles 6 and 12 of the Business and Tax
8 Regulations Code, except for the payment of that Person or Combined Group's waived
9 Business Registration Fee. If a Person or Combined Group satisfies the registration and
10 other applicable requirements under Articles 6 and 12 of the Business and Tax Regulations
11 Code for the Registration Years beginning July 1, 2020 and July 1, 2021 in the case of a
12 Qualified Entertainment Business and for the Registration Year beginning July 1, 2020 in the
13 case of a Qualified Restaurant Business, except in either case for the payment of any waived
14 Business Registration Fee, such Person or Combined Group shall be treated as if they had
15 paid the Business Registration Fee for all purposes for the applicable Registration Year.

16 (c) The waiver of a Person or Combined Group's Payroll Expense Tax under Section 3
17 of this ordinance shall not relieve a Person or Combined Group from the filing requirements
18 under Articles 6 and 12-A of the Business and Tax Regulations Code.

19
20 Section 6. Extension of Deadline to Pay License Fees.

21 (a) The due date for license fees that were due on March 31, 2020, under Section 76.1
22 of Article 2 of the Business and Tax Regulations Code, previously extended to March 1, 2021,
23 shall be further extended to November 1, 2021, and the deadline for the Tax Collector to issue
24 notice of such due date previously extended to February 1, 2021, shall be further extended to
25 October 1, 2021.

1 (b) The due date for license fees due on March 31, 2021, under Section 76.1 of
2 Article 2 of the Business and Tax Regulations Code, shall be extended to November 1, 2021,
3 and the deadline for the Tax Collector to issue notice of such due date shall be extended to
4 October 1, 2021.

5
6 Section 7. Extension of Deadline to Pay Business Registration Fees.

7 (a) Business Registration Renewals. The deadline under Articles 6 and 12 of the
8 Business and Tax Regulations Code for a Person or Combined Group that had an existing
9 Business Registration Certificate (or Business Registration Certificates, if a Combined Group)
10 on or before April 23, 2020, to apply for renewal of that Business Registration Certificate (or
11 Business Registration Certificates, if a Combined Group) and pay the Business Registration
12 Fee for the Registration Year ending June 30, 2021, which deadline was previously extended
13 from June 1, 2020, to March 1, 2021, shall be further extended to April 30, 2021, and no
14 penalty shall be assessed if such Person or Combined Group files and pays that Business
15 Registration Fee by April 30, 2021. Existing Business Registration Certificates issued under
16 Section 856 of Article 12 of the Business and Tax Regulations Code for the Registration Year
17 ending June 30, 2020, shall continue to be valid through April 30, 2021, for all purposes.

18 (b) New Businesses Commencing Business Before July 1, 2020. For Newly
19 Established Businesses commencing business in the City on or before June 30, 2020, that did
20 not have a Business Registration Certificate by April 23, 2020, the deadline for payment of the
21 Business Registration Fee for the Registration Year ending June 30, 2021, which was
22 previously extended to March 1, 2021, shall be further extended to April 30, 2021, and no
23 penalty shall be assessed if such Newly Established Business pays that Business
24 Registration Fee by April 30, 2021. This subsection (b) shall not relieve a Newly Established
25 Business from the requirement to timely apply for a Business Registration Certificate (or

1 Business Registration Certificates, if a Combined Group) and timely pay the prorated
2 Business Registration Fee for the Registration Year ending June 30, 2020, as required by
3 Section 856 of Article 12 of the Business and Tax Regulations Code. A Newly Established
4 Business subject to this subsection (b) that applies for a Business Registration Certificate (or
5 Business Registration Certificates, if a Combined Group) and pays the prorated Business
6 Registration Fee, plus any applicable penalties and interest, for the Registration Year ending
7 June 30, 2020, shall, in the sole discretion of the Tax Collector, either:

8 (1) be issued a Business Registration Certificate (or Business Registration
9 Certificates, if a Combined Group) for the Registration Year ending June 30, 2020, which shall
10 continue to be valid through April 30, 2021, for all purposes; or

11 (2) not be issued a Business Registration Certificate until the Newly Established
12 Business has paid its Business Registration Fee for the Registration Year ending
13 June 30, 2021, but: (A) all requirements in the San Francisco Municipal Code that such
14 certificate be posted shall be waived for such Newly Established Business for all purposes
15 through April 30, 2021; and (B) such Newly Established Business shall receive a business
16 account number (or numbers, if a Combined Group) reflecting its registration with the Tax
17 Collector, and shall not be reflected as being delinquent in the records of the Tax Collector
18 until May 1, 2021, on account of not paying its Business Registration Fee for the Registration
19 Year ending June 30, 2021.

20 (c) New Businesses Commencing Business On or After July 1, 2020. For Newly
21 Established Businesses commencing business in the City on or after July 1, 2020, the
22 deadline for payment of the Business Registration Fee for the Registration Year ending
23 June 30, 2021, which was previously extended to March 1, 2021, shall be further extended to
24 April 30, 2021, and no penalty shall be assessed if such Newly Established Business pays
25 that Business Registration Fee by April 30, 2021. This subsection (c) shall not relieve a

1 Newly Established Business from the requirement to timely apply for a Business Registration
2 Certificate (or Business Registration Certificates, if a Combined Group) for the Registration
3 Year ending June 30, 2021, as required by Section 856 of Article 12 of the Business and Tax
4 Regulations Code. A Newly Established Business subject to this subsection (c) shall not
5 receive a Business Registration Certificate (or Business Registration Certificates, if a
6 Combined Group) until it has paid its Business Registration Fee, but:

7 (1) all requirements in the San Francisco Municipal Code that a Business
8 Registration Certificate be posted shall be waived for such Newly Established Business for all
9 purposes through April 30, 2021; and

10 (2) such Newly Established Business shall receive a business account number
11 (or numbers, if a Combined Group) reflecting its registration with the Tax Collector, and shall
12 not be reflected as being delinquent in the records of the Tax Collector until May 1, 2021, on
13 account of not paying its Business Registration Fee for the Registration Year ending
14 June 30, 2021.

15 (d) A Newly Established Business that did not have a certificate of authority for the
16 collection of third-party taxes under Section 6.6-1 of Article 6 of the Business and Tax
17 Regulations Code by April 23, 2020, shall not be permitted to obtain such a certificate of
18 authority until it has paid its Business Registration Fee for the Registration Year ending
19 June 30, 2021, and shall not be permitted to engage in any business that requires it to collect
20 the tax on transient occupancy of hotel rooms in Article 7 of the Business and Tax
21 Regulations Code or the tax on occupancy of parking spaces in parking stations in Article 9 of
22 the Business and Tax Regulations Code without first paying the Business Registration Fee for
23 the Registration Year ending June 30, 2021.

24 (e) Persons or Combined Groups that cease business between July 1, 2020 and
25 April 30, 2021 shall remain subject to the requirements under Articles 6 and 12 of the

1 Business and Tax Regulations Code to pay the Business Registration Fee for the Registration
2 Year ending June 30, 2021 and file any necessary forms to accompany that payment, except
3 that such payment deadline shall be extended to April 30, 2021.

4 (f) The Tax Collector shall continue to timely issue Business Registration Certificates
5 to all Persons that choose to pay the Business Registration Fee for the Registration Year
6 ending June 30, 2021 prior to April 30, 2021.

7
8 Section 8. Extension of Deadline to File and Pay Certain Business Taxes.

9 (a) Notwithstanding Articles 6, 12-A, 12-A-1, 21, and 28 of the Business and Tax
10 Regulations Code, the due date for payment of, and filing returns for, the following taxes for
11 the 2020 Tax Year shall be extended from March 1, 2021 to April 30, 2021: the payroll
12 expense tax (Article 12-A), the gross receipts tax (Article 12-A-1) (including the tax on
13 administrative office business activities imposed under Section 953.8 of Article 12-A-1), the
14 Early Care and Education Commercial Rents Tax (Article 21), and the Homelessness Gross
15 Receipts Tax (Article 28) (including the homelessness administrative office tax imposed under
16 Section 2804(d) of Article 28).

17 (b) For purposes of Articles 6, 12-A, 12-A-1, 21, and 28 of the Business and Tax
18 Regulations Code, the original due date for payment of, and filing returns for, the taxes
19 referenced in subsection (a) of this Section 8 for the 2020 Tax Year shall be deemed to be
20 April 30, 2021.

21
22 Section 9. Severability.

23 If any section, subsection, sentence, clause, phrase, or word of this ordinance, or any
24 application thereof to any person or circumstance, is held to be invalid or unconstitutional by a
25 decision of a court of competent jurisdiction, such decision shall not affect the validity of the

LEGISLATIVE DIGEST
(Substituted, 12/8/20)

[Fee and Tax Relief for Certain Businesses]

Ordinance waiving certain license fees originally due on March 31, 2020, and March 31, 2021, business registration fees for the fiscal years beginning July 1, 2020, and July 1, 2021, and payroll expense taxes for the tax year beginning January 1, 2020, for businesses with no more than \$20,000,000 in San Francisco gross receipts holding a place of entertainment permit; waiving certain license fees originally due on March 31, 2020, business registration fees for the fiscal year beginning July 1, 2020, and payroll expense taxes for the tax year beginning January 1, 2020, for businesses with no more than \$750,000 in San Francisco gross receipts holding a restaurant permit; refunding any waived amounts paid to the City; extending the deadline to pay license fees originally due on March 31, 2020 and March 31, 2021, to November 1, 2021; extending the deadline to pay business registration fees originally due on June 1, 2020, to April 30, 2021; and extending the deadline to pay and file returns for certain business taxes for the 2020 tax year to April 30, 2021.

Existing Law

Businesses in the City must obtain a registration certificate from the Tax Collector and pay an annual registration fee on a fiscal year basis. They also pay other annual taxes to the City on a calendar year basis, including the payroll expense tax. Certain businesses with live entertainment must obtain a place of entertainment permit under the Police Code and pay one or more annual license fees due on March 31. Restaurants must obtain a permit under the Health and Safety Code and pay one or more annual licence fees due on March 31.

In general, the deadline for businesses in the City to pay certain annual license fees is March 31. Due to the COVID-19 emergency, the Mayor by declaration extended the deadline to pay annual license fees that were originally due on March 31, 2020 to March 1, 2021. The original deadline for businesses to renew and pay their business registration fee for the fiscal year beginning July 1, 2020 was June 1, 2020, which the Mayor by declaration extended to March 1, 2021. The deadline for businesses to file and pay their payroll expense tax, gross receipts tax, Early Care and Education Commercial Rents Tax, and Homelessness Gross Receipts Tax for the 2020 tax year is March 1, 2021.

Amendments to Current Law

This ordinance would waive the following for each Qualified Entertainment Business: (1) all license fees otherwise due and payable to the Tax Collector on March 31, 2020 and

March 31, 2021, without regard to any extensions; (2) business registration fees for the fiscal years commencing July 1, 2020 and July 1, 2021; (3) payroll expense taxes for the 2020 calendar year; and (4) all penalties associated with these taxes and fees.

This ordinance would waive the following for each Qualified Restaurant Business: (1) all license fees otherwise due and payable to the Tax Collector on March 31, 2020, without regard to any extensions; (2) business registration fees for the fiscal year commencing July 1, 2020; (3) payroll expense taxes for the 2020 calendar year; and (4) all penalties associated with these taxes and fees.

This ordinance also would refund any waived taxes, fees, and penalties paid to the City, upon written request of the Qualified Entertainment Business or Qualified Restaurant Business filed within the later of one year of payment of the tax, fee, and/or penalty, or December 31, 2021.

A Qualified Entertainment Business is a business that satisfied both of the following: (1) had no more than \$20,000,000 in total combined San Francisco gross receipts in calendar year 2019; and (2) held a valid P23 place of entertainment permit on or after April 1, 2020. For purposes of determining whether it is a "Qualified Entertainment Business," a business that commenced business in the City in calendar year 2020, 2021, or 2022 would use its estimated total combined San Francisco gross receipts for the calendar year in which they first commenced business in the City, rather than their 2019 total combined San Francisco gross receipts.

A Qualified Restaurant Business is a business that satisfied both of the following: (1) had no more than \$750,000 in total combined San Francisco gross receipts in calendar year 2019; and (2) held a valid H24, H25, or H26 restaurant permit on or after April 1, 2020. For purposes of determining whether it is a "Qualified Restaurant Business," a business that commenced business in the City in calendar year 2020 or 2021 would use its estimated total combined San Francisco gross receipts for the calendar year in which they first commenced business in the City, rather than their 2019 total combined San Francisco gross receipts.

For businesses in the City generally, this ordinance also would further extend the deadline to pay annual license fees that were originally due on March 31, 2020 to November 1, 2021 and would extend the deadline to pay annual license fees that originally would be due on March 31, 2021 to November 1, 2021. The deadline for businesses to renew and pay their business registration fee for the fiscal year beginning July 1, 2020, which was previously extended to March 1, 2021, would be further extended to April 30, 2021. The deadline for businesses to file and pay their payroll expense tax, gross receipts tax, Early Care and Education Commercial Rents Tax, and Homelessness Gross Receipts Tax for the 2020 tax year would be extended to April 30, 2021.

Background Information

On November 3, 2020, proposed legislation was introduced to waive taxes and fees for certain entertainment businesses. On December 1, 2021, a substitute ordinance was introduced to waive taxes and fees for certain entertainment businesses and restaurants. This proposed legislation is being introduced as a substitute for the ordinance substituted on December 1, 2021 to add provisions extending deadlines to pay certain license and business registration fees and to file and pay certain business taxes for the 2020 tax year.

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From: [RivamonteMesa, Abigail \(BOS\)](#)
To: [Wong, Linda \(BOS\)](#); [BOS Legislation, \(BOS\)](#)
Cc: [Temprano, Tom \(BOS\)](#); [Mundy, Erin \(BOS\)](#); [Haney, Matt \(BOS\)](#)
Subject: Co-Sponsor Budget Item #4 201260 [Fee and Tax Relief for Certain Businesses]
Date: Wednesday, December 16, 2020 12:33:24 PM

Hello,

Please add Supervisor Haney as a co-sponsor for

Budget Item #4 [201260](#)

[Fee and Tax Relief for Certain Businesses] Sponsors: Mayor; Mandelman, Stefani, Mar, Walton and Ronen

Ordinance waiving certain license fees originally due on March 31, 2020, and March 31, 2021, business registration fees for the fiscal years beginning July 1, 2020, and July 1, 2021, and payroll expense taxes for the tax year beginning January 1, 2020, for businesses with no more than \$20,000,000 in San Francisco gross receipts holding a place of entertainment permit; waiving certain license fees originally due on March 31, 2020, business registration fees for the fiscal year beginning July 1, 2020, and payroll expense taxes for the tax year beginning January 1, 2020, for businesses with no more than \$750,000 in San Francisco gross receipts holding a restaurant permit; refunding any waived amounts paid to the City; extending the deadline to pay license fees originally due on March 31, 2020, and March 31, 2021, to November 1, 2021; extending the deadline to pay business registration fees originally due on June 1, 2020, to April 30, 2021; and extending the deadline to pay and file returns for certain business taxes for the 2020 tax year to April 30, 2021.