

## LEGISLATIVE DIGEST

[Emergency Ordinance - Temporary Waiver of Business Registration and License Fees for Certain Small Businesses Due to COVID-19 Pandemic]

**Emergency ordinance to waive business registration renewal fees for the fiscal year commencing July 1, 2020, and certain license fees due on March 31, 2020, for 1) businesses engaged in business within the City in 2019 with \$1,000,000 or less in San Francisco gross receipts in 2019, that generated the majority of those receipts from business activities precluded by any one or more of the Local Health Officer's shelter in place orders during the COVID-19 pandemic or from the activities of a restaurant or other facility that prepares and serves food for delivery or carry out ("Qualifying Business Activities"), and that operated out of a commercial location, and 2) newly established businesses commencing business within the City between January 1, 2020, and June 30, 2020, that are primarily engaged in Qualifying Business Activities and operate out of a commercial location; and to refund any waived fees paid to the City.**

### Existing Law

Persons engaged in business in the City must obtain a registration certificate from the Tax Collector and pay an annual registration fee under Article 12 of the Business and Tax Regulations Code on a fiscal year basis. Persons engaged in business in the City also pay various annual license fees. Many fees for licenses that are renewable annually are due and payable to the Tax Collector on March 31 of each year under Section 76.1 of Article 2 of the Business and Tax Regulations Code.

### Amendments to Current Law

This ordinance would waive, for each Qualifying Small Business, the business registration fee to renew its registration certificate for the fiscal year commencing July 1, 2020, and all annual license fees otherwise due and payable to the Tax Collector on March 31, 2020, without regard to any extensions. A Qualifying Small Business is defined as a person or combined group that satisfied all of the following in calendar year 2019: (1) had \$1,000,000 or less in San Francisco gross receipts; (2) generated most of those receipts from business activities precluded by any one or more of the Local Health Officer's shelter in place orders during the COVID-19 pandemic or from the activities of a restaurant or other facility that prepares and serves food; and (3) operated out of a commercial location. Newly established businesses commencing business within the City between January 1, 2020 and June 30, 2020 would be a Qualifying Small Business if it is primarily engaged in the activities described in "(2)" above and operates out of a commercial space. This ordinance also would refund any waived fees paid to the City, upon written request of the Qualifying Small Business filed within one year of payment of the fee.

The ordinance also would provide that, even if fees are waived, a Qualifying Small Business must still apply for renewal of its business registration certificate by September 30, 2020. In addition, Qualifying Small Businesses that cease business between July 1, 2020 and September 30, 2020 must still apply to renew their business registration certificates by September 30, 2020, for the period in which they were engaged in business in the City.

This ordinance is an emergency ordinance, so under Charter section 2.107, it will take effect immediately upon enactment and will remain in effect for 60 days, unless reenacted. If not reenacted, it will expire on the 61st day.

#### Background Information

On February 25, 2020, the Mayor proclaimed a state of emergency in response to the COVID-19 pandemic, and the Board of Supervisors concurred in that proclamation on March 3, 2020. On March 16, 2020, the Local Health Officer issued a shelter in place order directing San Franciscans to stay in their homes and requiring businesses to cease all non-essential operations at physical locations in the City. That order was amended and replaced by subsequent orders, and on July 13, 2020, the Local Health Officer issued Order No. C19-07f, extending shelter in place, with modifications but with no expiration date.

On March 11, 2020, by emergency declaration, the Mayor extended the due date for annual license fees otherwise due on March 31, 2020. On April 23, 2020, the Mayor further extended that due date to September 30, 2020, and also extended the deadline for the payment of registration fees to September 30, 2020.

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