

LEGISLATIVE DIGEST

[Business and Tax Regulations, Administrative Codes - Temporary Suspension of Vacancy Tax]

Ordinance amending the Business and Tax Regulations Code and Administrative Code to temporarily suspend the imposition of the Vacancy Tax, through December 31, 2021.

Existing Law

At an election on March 3, 2020, San Francisco voters approved the Vacancy Tax. Effective January 1, 2021, the tax is an annual excise tax on persons keeping ground floor commercial space in certain neighborhood commercial districts and certain neighborhood commercial transit districts vacant, to fund assistance to small businesses. The tax is based on (1) the number of linear feet of ground-level street-facing commercial space that is kept vacant and (2) the number of years that space has been kept vacant. The Controller must file annually with the Board of Supervisors a report on the amounts collected from the tax and spent, beginning with a report filed by February 15, 2023 for the fiscal year ending June 30, 2022.

Amendments to Current Law

This ordinance would temporarily suspend the imposition of the Vacancy Tax through December 31, 2021. Commercial space that is kept vacant in 2021 would not be taken into account in determining the number of years that space has been kept vacant for purposes of calculating the amount of the tax for 2022 and subsequent years. The Controller's annual report on the tax would begin with a report filed by February 15, 2024 for the fiscal year ending June 30, 2023.

Background Information

On February 25, 2020, the Mayor issued a proclamation declaring the existence of a local emergency in connection with the imminent spread within the City of a novel coronavirus ("COVID-19"). The Board of Supervisors concurred in that proclamation. On March 4, 2020, the Governor proclaimed a state of emergency to exist within the State due to the threat posed by COVID-19. On March 6, 2020, the Local Health Officer declared a local health emergency, and the Board of Supervisors concurred in that declaration. On March 16, 2020, the Local Health Officer issued a stay safe at home order, requiring most people to remain in their homes subject to certain exceptions, and requiring the closure of non-essential businesses, through April 7, 2020. On March 19, 2020, the Governor issued an executive order and the California Public Health Officer issued a corresponding order requiring people to stay home except as needed with certain exceptions. On March 31, 2020, the City's stay safe at home order was extended through May 3, 2020 with tightened restrictions. The order, possibly with some modifications, will be extended through at least the end of May 2020.

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