

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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