

File No. 211150

Committee Item No. 10

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee Date November 17, 2021

Board of Supervisors Meeting Date _____

Cmte Board

- Motion
- Resolution
- Ordinance
- Legislative Digest
- Budget and Legislative Analyst Report
- Youth Commission Report
- Introduction Form
- Department/Agency Cover Letter and/or Report
- MOU
- Grant Information Form
- Grant Budget
- Subcontract Budget
- Contract/Agreement
- Form 126 – Ethics Commission
- Award Letter
- Application
- Public Correspondence

OTHER (Use back side if additional space is needed)

- FYI Referral 11/9/21
- SBC Referral 11/9/21
- _____
- _____
- _____
- _____
- _____
- _____
- _____

Completed by: Brent Jalipa Date November 12, 2021

Completed by: Brent Jalipa Date _____

[Business and Tax Regulations Code - Temporary Suspension of Cannabis Business Tax]

Ordinance amending the Business and Tax Regulations Code to suspend the imposition of the Cannabis Business Tax through December 31, 2022.

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

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

Section 1. The Business and Tax Regulations Code is hereby amended by revising Section 3003 of Article 30, to read as follows:

SEC. 3003. IMPOSITION OF TAX.

* * * *

(c) The imposition of the Cannabis Business Tax under this Section 3003 shall be suspended for the 2021 and 2022 tax year~~s~~.

Section 2. Effective Date; Retroactivity.

(a) This ordinance shall become effective 30 days after enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board of Supervisors overrides the Mayor’s veto of the ordinance.

1 (b) Upon the effective date of this ordinance, this ordinance shall be retroactive to
2 January 1, 2022.

3
4 Section 3. Scope of Ordinance. In enacting this ordinance, the Board of Supervisors
5 intends to amend only those words, phrases, paragraphs, subsections, sections, articles,
6 numbers, punctuation marks, charts, diagrams, or any other constituent parts of the Municipal
7 Code that are explicitly shown in this ordinance as additions, deletions, Board amendment
8 additions, and Board amendment deletions in accordance with the "Note" that appears under
9 the official title of the ordinance.

10
11 APPROVED AS TO FORM:
12 DENNIS J. HERRERA, City Attorney

13 By: /s/ Scott M. Reiber
14 SCOTT M. REIBER
Chief Tax Attorney

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<p>Item 10 File 21-1150</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 amends Section 3003 of the Business and Tax Regulations Code to further suspend the imposition of the Cannabis tax until January 2023. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • In November 2020, the Board of Supervisors approved an ordinance that delayed the imposition of the tax through December 2021. No tax revenue is expected to be collected in FY 2021-22. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • According to the Controller’s Office, the Cannabis tax is expected to generate \$8.8 million per fiscal year. If the tax becomes effective starting January 1, 2023, then collections would commence in 2024. Therefore, the estimated revenue loss resulting from the proposed ordinance would be \$8.8 million in FY 2022-23. <p style="text-align: center;">Recommendation</p> <ul style="list-style-type: none"> • Because this reduces General Fund revenues, approval of the proposed ordinance is a policy matter for the Board of Supervisors. 	

MANDATE STATEMENT

According to City Charter Section 2.105, all legislative acts shall be by ordinance and require the affirmative vote of at least a majority of the members of the Board of Supervisors.

BACKGROUND

In November 2018, approximately 66 percent of San Francisco voters approved Proposition D, the Cannabis Business Tax effective January 1, 2021. The proposition levies a gross receipts tax of 1 percent to 5 percent on recreational cannabis businesses. In November 2020, the Board of Supervisors approved an ordinance that delayed the imposition of the tax through December 2021. Because the Treasurer-Tax Collector is not collecting prepayments on this tax, no tax cannabis tax revenues are expected to be collected during FY 2021-22.

DETAILS OF PROPOSED LEGISLATION

The proposed ordinance amends Section 3003 of the Business and Tax Regulations Code to suspend the imposition of the Cannabis tax by one additional year through 2022.

FISCAL IMPACT

According to the Controller's Office, the Cannabis tax is expected to generate \$8.8 million per fiscal year. Under the proposed ordinance, the tax would go into effect on January 1, 2023 and the tax would be due February 2024. Therefore, the revenue loss resulting from the proposed ordinance would be \$8.8 million in FY 2022-23. Because this reduces General Fund revenues, approval of the proposed ordinance is a policy matter for the Board of Supervisors.

RECOMMENDATION

Approval of the proposed ordinance is a policy matter for the Board of Supervisors.

BOARD of SUPERVISORS



City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. (415) 554-5184
Fax No. (415) 554-5163
TDD/TTY No. (415) 554-5227

MEMORANDUM

TO: Marisa Rodriguez, Director, Office of Cannabis
Jose Cisneros, Treasurer, Office of the Treasurer and Tax Collector
Ben Rosenfield, City Controller, Office of the Controller

FROM: Brent Jalipa, Assistant Clerk
Budget and Finance Committee

DATE: November 9, 2021

SUBJECT: LEGISLATION INTRODUCED

The Board of Supervisors' Budget and Finance Committee has received the following proposed legislation, introduced by Supervisor Mandelman on November 2, 2020:

File No. 211150

Ordinance amending the Business and Tax Regulations Code to suspend the imposition of the Cannabis Business Tax through December 31, 2022.

If you have comments or reports to be included with the file, please forward them to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102 or by email at: linda.wong@sfgov.org.

c: Ray Law, Office of Cannabis
Amanda Kahn Fried, Office of the Treasurer and Tax Collector
Todd Rydstrom, Office of the Controller
Peg Stevenson, Office of the Controller

BOARD of SUPERVISORS



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MEMORANDUM

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

FROM: Brent Jalipa, Assistant Clerk
Budget and Finance Committee

DATE: November 9, 2021

SUBJECT: REFERRAL FROM BOARD OF SUPERVISORS
Budget and Finance Committee

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

File No. 211150

Ordinance amending the Business and Tax Regulations Code to suspend the imposition of the Cannabis Business Tax through December 31, 2022.

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

RESPONSE FROM SMALL BUSINESS COMMISSION - Date: _____

_____ **No Comment**

_____ **Recommendation Attached**

Chairperson, Small Business Commission

President, District 10
BOARD of SUPERVISORS



City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102-4689
Tel. No. 554-6516
Fax No. 554-7674
TDD/TTY No. 544-6546

Shamann Walton

PRESIDENTIAL ACTION

Date: 11/4/2021

To: Angela Calvillo, Clerk of the Board of Supervisors

Madam Clerk,

Pursuant to Board Rules, I am hereby:

Waiving 30-Day Rule (Board Rule No. 3.23)

File No.

211150

Mandelman

(Primary Sponsor)

Title. [Business and Tax Regulations Code - Temporary Suspension of Cannabis Business Tax]

Transferring (Board Rule No 3.3)

File No.

(Primary Sponsor)

Title.

From:

Committee

To:

Committee

Assigning Temporary Committee Appointment (Board Rule No. 3.1)

Supervisor:

Replacing Supervisor:

For:

(Date)

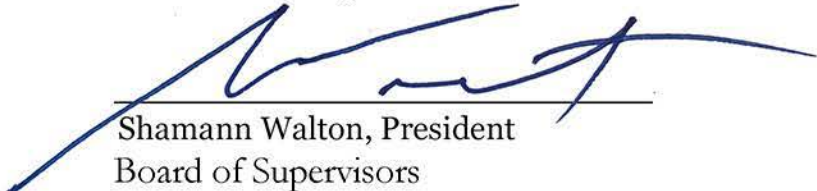
(Committee)

Meeting

Start Time:

End Time:

Temporary Assignment: Partial Full Meeting


Shamann Walton, President
Board of Supervisors

Introduction Form

By a Member of the Board of Supervisors or Mayor

Time stamp
or meeting date

I hereby submit the following item for introduction (select only one):

- 1. For reference to Committee. (An Ordinance, Resolution, Motion or Charter Amendment).
- 2. Request for next printed agenda Without Reference to Committee.
- 3. Request for hearing on a subject matter at Committee.
- 4. Request for letter beginning : "Supervisor inquiries"
- 5. City Attorney Request.
- 6. Call File No. from Committee.
- 7. Budget Analyst request (attached written motion).
- 8. Substitute Legislation File No.
- 9. Reactivate File No.
- 10. Topic submitted for Mayoral Appearance before the BOS on

Please check the appropriate boxes. The proposed legislation should be forwarded to the following:

- Small Business Commission
- Youth Commission
- Ethics Commission
- Planning Commission
- Building Inspection Commission

Note: For the Imperative Agenda (a resolution not on the printed agenda), use the Imperative Form.

Sponsor(s):

Subject:

The text is listed:

Signature of Sponsoring Supervisor:

For Clerk's Use Only