[Business and Tax Regulations Code - Installment Payments for Delinquent License Fees]

Ordinance amending the Business and Tax Regulations Code to permit the Tax Collector to enter into payment plans on or before April 30, 2023, for the collection of delinquent Department of Public Health license fees collected on the uniform license bill that were due or payable before March 31, 2023.

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 76.1 of Article 2, to read as follows:

SEC. 76.1. LICENSES PAYABLE ON MARCH 31, WHERE PAYABLE, PENALTY FOR NONPAYMENT, ANNUAL ADJUSTMENT.

(a) Commencing March 31, 2012, the following *Unified License Bill* provisions shall apply to licenses that are renewable annually and are due and payable in full to the Treasurer and Tax Collector on March 31 of each year. The Tax Collector shall prorate fees for new licenses issued prior to March 31, or after March 31 to the end of the license period, on a monthly basis. *Except as provided in subsection (d), t*~~T~~he Tax Collector may not accept partial

payments and may not refund fees paid by a licensee, if the licensee ceases operating the business prior to the end of the license period.

(b) Whenever a City ordinance imposes a license fee, it shall be unlawful to do or perform the act or to carry on the business, trade, profession, or calling for which City law requires the license without obtaining and maintaining the required license.

All license fees are payable, when due, ~~at~~to the Office of the Treasurer and Tax Collector, *and shall be delinquent if not paid when due.*~~, in City Hall, and~~ *Except as provided in subsection (d),* if *the license fees are* not paid within 30 days after they become due, the license shall expire by operation of law and the licensee must obtain a new license and pay all applicable penalties specified below and fees incurred under the previously expired license~~,~~; provided, however, that the licensee shall not be subject to the penalties unless the Tax Collector sent notice to the licensee prior to February 28~~,~~ of the same year, informing the licensee that the permit is about to expire. The notice that the license is about to expire may be a part of the annual billing statement.

If a licensee does not pay the fee within 30 days after it becomes due, but the licensee continues to operate the business, the Tax Collector shall add 10% ~~percent~~ to the amount of the license fee as a penalty for nonpayment. If the licensee does not pay the fee within 60 days after it becomes due, but the licensee continues to operate the business, the Tax Collector shall add *an additional* ~~1~~5% ~~percent~~ to the amount of the license fee as a penalty for nonpayment, *for a total penalty of 15%*. If the licensee does not pay the fee within 90 days after it becomes due, but the licensee continues to operate the business, the Tax Collector shall add *an additional* ~~25~~*10%* ~~percent~~ to the amount of the license fee~~,~~ as a penalty for nonpayment, *for a total penalty of 25%*. If the licensee has failed for a period of six months or more to pay a license fee, but has continued to operate the business, the Tax Collector shall *add*~~impose~~ an additional ~~penalty of~~ 25% ~~percent~~ *to*~~on~~ the amount of the ~~delinquent~~ license fee *as a penalty for*

nonpayment, for a total penalty of 50%, and shall refer the delinquent licensee to the department charged with administering the permit for administrative action on the permit. These penalties are mandatory and City officers and employees may not waive them in whole or in part. *These penalties are in addition to any collection costs that the Tax Collector may collect from the delinquent licensee.*

(c) Each department shall maintain on its website an up-to-date schedule of all fees that it collects. The Municipal Code shall include an editor's statement informing the public that the fees administered pursuant to this Section *76.1* are subject to annual review and adjustment to reflect the City's cost increases or decreases, which may include adjustments based upon the Consumer Price Index that most accurately tracks increases and decreases in the City's cost for the function, service, or undertaking that the fee will pay for, and that each department maintains on its website an up-to-date list of the fees charged subject to adjustment. This subsection *(c)* is not intended to change the processes for adjustment of fees as provided in the Municipal Code.

(d) Notwithstanding subsections (a) and (b) of this Section 76.1, the Tax Collector, in the Tax Collector's sole discretion, may enter into an installment payment plan on or before April 30, 2023, for a delinquent licensee to pay any delinquent license fees and penalties collected by the Tax Collector under this Section 76.1 on behalf of the Department of Public Health, or its successor department, that were originally due before March 31, 2023. The Tax Collector may not enter into an installment payment plan with a delinquent licensee that is delinquent on license fees collected by the Tax Collector under this Section 76.1 on behalf of any City department or agency other than the Department of Public Health, or its successor department.

(1) Any installment payment plan under this subsection (d) shall have a term of no longer than 24 months, and shall require the payment of all delinquent license fees collected by the Tax Collector under this Section 76.1 on behalf of the Department of Public Health, plus all penalties

accrued on such delinquent license fees through the date the installment payment plan is executed by both the Tax Collector and the delinquent licensee.

(2) If a delinquent licensee enters into an installment payment plan under this subsection (d):

(A) The delinquent licensee's Department of Public Health licenses subject to expiration for non-payment under subsection (a) shall be tentatively reinstated for the duration of the installment payment plan and the delinquent licensee shall not be treated as delinquent by the City as a result of that non-payment as long as the delinquent licensee remains current on its payments under the installment payment plan, is not delinquent on any tax liabilities owed to the Tax Collector under the Business and Tax Regulations Code, and is not delinquent on any license fees collected by the Tax Collector under this Section 76.1 that are not included in the installment payment plan; and

(B) Any penalties under subsection (b) on the delinquent license fees that had not yet accrued under subsection (d)(1) shall not be imposed.

(3) Once the delinquent licensee has made all payments under the installment payment plan, the tentatively reinstated license or licenses, as applicable, shall be fully reinstated.

(4) The Tax Collector may terminate the installment payment plan if the delinquent licensee fails to make a timely payment under the installment payment plan, or if during the term of the installment payment plan the delinquent licensee becomes delinquent on any tax liabilities owed to the Tax Collector under the Business and Tax Regulations Code or becomes delinquent on any license fees collected by the Tax Collector under this Section 76.1 that are not included in the installment payment plan. Upon the Tax Collector's termination of the installment payment plan:

(A) Any penalties under subsection (b) on the delinquent license fees that had not yet accrued under subsection (d)(1) shall accrue immediately based on the original due date of license fees;

(B) The tentatively reinstated license or licenses, as applicable, shall expire immediately by operation of law and the delinquent licensee must obtain a new license or licenses, as applicable, and pay to the Tax Collector immediately all payments remaining under the installment payment plan plus the additional penalties accrued under subsection (d)(4)(A); and

(C) The Tax Collector shall refer the delinquent licensee to the Department of Public Health for administrative action on the permit.

(e) If any subsection, sentence, clause, phrase, or word of this Section 76.1, or any application thereof to any person or circumstance, is held to be invalid or unconstitutional by a decision of a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions or applications of this Section. The Board of Supervisors hereby declares that it would have enacted this Section and each and every subsection, sentence, clause, phrase, and word not declared invalid or unconstitutional without regard to whether any other portion of this Section or application thereof would be subsequently declared invalid or unconstitutional.

Section 2. Effective Date. 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.

Section 3. Scope of Ordinance. In enacting this ordinance, the Board of Supervisors intends to amend only those words, phrases, paragraphs, subsections, sections, articles, numbers, punctuation marks, charts, diagrams, or any other constituent parts of the Municipal

Code that are explicitly shown in this ordinance as additions, deletions, Board amendment additions, and Board amendment deletions in accordance with the "Note" that appears under the official title of the ordinance.

APPROVED AS TO FORM:
DAVID CHIU, City Attorney

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

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City and County of San Francisco
Tails
Ordinance

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

File Number: 221022 **Date Passed:** November 15, 2022

Ordinance amending the Business and Tax Regulations Code to permit the Tax Collector to enter into payment plans on or before April 30, 2023, for the collection of delinquent Department of Public Health license fees collected on the uniform license bill that were due or payable before March 31, 2023.

November 02, 2022 Budget and Finance Committee - RECOMMENDED

November 08, 2022 Board of Supervisors - PASSED ON FIRST READING

Ayes: 11 - Chan, Dorsey, Mandelman, Mar, Melgar, Peskin, Preston, Ronen, Safai, Stefani and Walton

November 15, 2022 Board of Supervisors - FINALLY PASSED

Ayes: 11 - Chan, Dorsey, Mandelman, Mar, Melgar, Peskin, Preston, Ronen, Safai, Stefani and Walton

File No. 221022

I hereby certify that the foregoing Ordinance was FINALLY PASSED on 11/15/2022 by the Board of Supervisors of the City and County of San Francisco.

Angela Calvillo
Clerk of the Board

London N. Breed
Mayor

11/17/22

Date Approved