

LEGISLATIVE DIGEST
(Substituted, 12/1/20)

[Waiver of License Fees, Business Registration Fees, and Payroll Expense Taxes for Certain Entertainment and Restaurant 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; and refunding any waived amounts paid to the City.

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.

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 one year of payment of the tax, fee, and/or penalty.

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.

Background Information

On November 3, 2020, proposed legislation was introduced to waive taxes and fees for certain entertainment businesses. This proposed legislation is being introduced as a substitute ordinance to waive taxes and fees for certain entertainment businesses and restaurants.

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