



CITY AND COUNTY OF SAN FRANCISCO
LONDON BREED, MAYOR

OFFICE OF SMALL BUSINESS
REGINA DICK-ENDRIZZI, DIRECTOR

August 28, 2020

Ms. Angela Calvillo, Clerk of the Board
City Hall Room 244
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

RE: BOS File No. 200759 – Business and Tax Regulations Code - Tax Penalties and Interest;
Administration of Cannabis Business Tax

Small Business Commission Recommendation to the Board of Supervisors: **Support with modifications**

Dear Ms. Calvillo,

On August 24, 2020 the Small Business Commission (SBC or Commission) heard BOS File No. 200759 – Business and Tax Regulations Code - Tax Penalties and Interest; Administration of Cannabis Business Tax. Amanda Fried, Chief of Policy and Communications, Office of the Treasurer and Tax Collector provided the SBC with an overview of the legislation. Marisa Rodriguez, Director of the Office of Cannabis, was also present to answer the Commission's questions. After discussion, the SBC voted (7-0) to recommend that the Board of Supervisors support the legislation with modification.

Ms. Fried provided a thorough review of the legislation and the legislative intent for the Commission. In particular, she cited that this legislation was written in order to streamline the City's existing complicated tax penalty structure. And more specifically, that penalties administered under existing law resulted in unnecessarily harmful outcomes. She also clarified that moving forward with this legislation before the November 2020 election will allow businesses to enjoy the benefits of a more streamlined and less punitive penalty structure in the current tax year.

The Commissioners then discussed the provision of the legislation which would revoke the Tax Collector's ability to waive interest accrued on unpaid taxes. They highlighted the importance of retaining this ability in light of the economic crisis facing small businesses triggered by COVID-19. Ms. Fried offered that she would contemplate the Commission's staff's recommendation to strike that provision.

Ultimately, the Commission voted unanimously to support the legislation with the following modification:

- Retain the existing Business and Tax Regulations Code provision outlined in Section 6.17, which allows the Tax Collector to, whole or in part, waive interest if the failure to

make a payment or tax liability occurred notwithstanding the ordinary care of the taxpayer and in the absence of willful neglect; the taxpayer made an inadvertent error; or, if the waiver of the interest is ordered by a court of competent jurisdiction.

Thank you for considering the Commission's recommendation. Please feel free to contact me should you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Regina Dick-Endrizzi". The signature is written in a cursive, flowing style.

Regina Dick-Endrizzi
Director, Office of Small Business

cc: Jose Cisneros Treasurer, City County San Francisco
Sophia Kittler, Mayor's Liaison to the Board of Supervisors
Lisa Pagan, Office of Economic and Workforce Development
Linda Wong, Clerk, Budget and Finance Committee