

LEGISLATIVE DIGEST

[Administrative Code - Establishing Legacy Business Registry and Fee]

Ordinance amending the Administrative Code to direct the Small Business Commission to establish a Legacy Business Registry and authorize an administrative fee for the Registry not to exceed \$50.

Existing Law

Existing City law does not specifically provide for the recognition, study, or promotion of “longstanding, community-serving businesses.”

Amendments to Current Law

The proposal is an ordinance that would amend the Administrative Code to direct the Small Business Commission to establish and maintain a registry of Legacy Businesses in San Francisco (the “Registry”). A “Legacy Business” is a business that the Small Business Commission, after a noticed hearing, determines meets four criteria:

- It is a bar, restaurant, retail store, arts space, performance venue, non-profit entity directly serving the community, or a business primarily engaged in Production, Distribution, and Repair activities, as described in Article 2 of the Planning Code;
- It has operated in San Francisco for 30 or more years, with no break in San Francisco operations exceeding two years. The business may have operated in more than one location or jurisdiction, but must have been founded or currently be headquartered in San Francisco;
- It has contributed to the neighborhood’s history and/or the identity of a particular neighborhood or community; and,
- It is committed to maintaining the physical features or traditions that define the business, including craft, culinary or art forms.

The ordinance would require the Small Business Commission to survey San Francisco’s Legacy Businesses and, no later than September 30, 2015, make substantive recommendations to the Board of Supervisors for programs for Legacy Businesses. Such programs could include business and technical assistance, lease renewal and acquisition assistance, public education and commendation initiatives to recognize and honor the contributions of Legacy Businesses to San Francisco, financial incentives to encourage the stability of Legacy Businesses, and additional business stabilization and neighborhood continuity initiatives. To offset the costs of administering the program, the Small Business Commission, in consultation with the Controller, would establish an administrative fee, not to exceed \$50, for businesses applying to be included on the Registry.

Background

The original proposal introduced on October 7, 2014, would have also established a rebate program for Legacy Businesses that purchased the real property from which they operated their businesses. The program would also have provided rebates to “Qualified Landlords,” meaning persons that purchased real property from which Legacy Businesses operated their businesses and that extended the term of the Legacy Businesses’s leases by at least an additional ten years (for example, the purchaser extended an existing ten-year lease to a twenty-year lease). The amount of the rebate would have been equal to the transfer tax paid on the purchase of the property (or portion of the property) from which the Legacy Businesses operated. The total combined rebates paid to all Qualified Legacy Businesses and Qualified Landlords in any one year would not have exceeded \$400,000.

Under the original proposal introduced on October 7, 2014, the Executive Director of the Office of Small Business, in consultation with the Controller, would have adopted rules to implement the rebate program, and would have submitted an annual report to the Board of Supervisors on the program. Also under the original proposal, the Controller would have conducted an annual review of the effect of the program for the Board of Supervisors. The rebate program in the original proposal would have expired by operation of law at midnight on December 31, 2019, unless extended by ordinance.

The Budget and Finance Committee amended the ordinance to remove the rebate program in its entirety. The amendments also: (1) added a requirement that the Small Business Commission make the determination, after a noticed hearing, as to whether a business qualified as a Legacy Business; (2) modified the first requirement for qualification as a Legacy Business to include non-profit entities directly serving the community as potentially qualifying entities; (3) modified the second requirement for qualification as a Legacy Business to require that the business have been “founded or currently be headquartered in San Francisco” rather than requiring that the business have been “established and currently be based in San Francisco;” and (4) changed the date by which the Small Business Commission must make recommendations to the Board of Supervisors from June 30, 2015 to September 30, 2015.