

BOARD of SUPERVISORS



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## MEMORANDUM

TO: José Cisneros, City Treasurer, Office of the Treasurer and Tax Collector  
Sarah Dennis Phillips, Director, Planning Department  
Patrick O'Riordan, Director, Department of Building Inspection  
Dean Crispen, Fire Chief, Fire Department  
Carla Short, Director, Public Works  
Daniel Tsai, Director, Department of Public Health  
Derrick Lew, Police Chief, Police Department  
Maggie Weiland, Executive Director, Entertainment Commission  
Nikesh Patel, Director, Office of Cannabis

FROM: Brent Jalipa, Assistant Clerk, Budget and Finance Committee

DATE: February 6, 2026

SUBJECT: PROPOSED ORDINANCE INTRODUCED

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The Board of Supervisors' Budget and Finance Committee has received the following proposed Ordinance, introduced by Supervisor Stephen Sherrill:

**File No. 260118**

**Ordinance amending the Business and Tax Regulations Code to extend, through June 30, 2027, the waiver of certain first-year permit, license, and business registration fees for specified small businesses that newly form or that open a new location.**

If you have any 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.

c: Amanda Kahn Fried, Office of the Treasurer and Tax Collector  
Dan Sider, Planning Department  
Audrey Merlone, Planning Department  
Lisa Gluckstein, Planning Department  
Patty Lee, Department of Building Inspection  
Tate Hanna, Department of Building Inspection  
Theresa Ludwig, Fire Department  
Davis Steinberg, Public Works  
Ian Schneider, Public Works  
Dr. Naveena Bobba, Department of Public Health  
Sneha Patil, Department of Public Health  
Steven Lopez, Police Department  
Carl Nicita, Police Department  
Giannina Miranda, Police Department  
Jeremy Schwartz, Office of Cannabis

1 [Business and Tax Regulations Code - Extending Waiver of Permit, License, and Business  
2 Registration Fees for Certain Small Businesses]

3 **Ordinance amending the Business and Tax Regulations Code to extend, through**  
4 **June 30, 2027, the waiver of certain first-year permit, license, and business registration**  
5 **fees for specified small businesses that newly form or that open a new location.**

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

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

14 Section 1. Article 2 of the Business and Tax Regulations Code is hereby amended by  
15 revising Section 76.3, to read as follows:

16 **SEC. 76.3. WAIVER OF FIRST-YEAR PERMIT, LICENSE, AND BUSINESS**  
17 **REGISTRATION FEES.**

18 (a) **Definitions.** Unless otherwise defined in this Section 76.3, the terms used in this  
19 Section shall have the meanings given to them in Article 6 of the Business and Tax  
20 Regulations Code, as amended from time to time. For purposes of this Section 76.3, the  
21 following definitions shall apply:

22 “Business Registration Certificate” means a “registration certificate,” as defined in  
23 Section 852.2 of Article 12 of the Business and Tax Regulations Code, as may be amended  
24 from time to time.

25

1           “Business Registration Fee” means the tax imposed under Article 12 of the  
2 Business and Tax Regulations Code, as may be amended from time to time.

3           “City Departments” means the departments and agencies that issue any permit,  
4 license, or Business Registration Certificate, including but not limited to the Planning  
5 Department, Department of Building Inspection, Fire Department, Department of Public  
6 Works, Department of Public Health, Police Department, Entertainment Commission, Office of  
7 Cannabis, and Office of the Treasurer and Tax Collector.

8           “Commercial Use” means any non-residential use, other than a use at a business  
9 location operated from a home or other residential location or for a short-term residential  
10 rental use, as that term is defined in Section 41A.4 of Chapter 41A of the Administrative Code,  
11 as may be amended from time to time.

12           “Gross Receipts Tax Return” means the return reporting taxes imposed by Article  
13 12-A-1 of the Business and Tax Regulations Code and filed in accordance with Article 6 of  
14 that Code.

15           “License Fees” means all license fees payable to the City, including but not limited  
16 to fees payable to the City under Section 76.1 of this Article 2, relating to the operation of a  
17 business at a location that is for Commercial Use, but not including fees for licenses under  
18 Chapter 94A of the Administrative Code, as may be amended from time to time.

19           “Permit Fees” means the fees payable to the City upon application for and issuance  
20 of any permit, including but not limited to permits subject to Article 1 of the Business and Tax  
21 Regulations Code, for the establishment, modification, and/or operation of a Commercial Use,  
22 but not including fees for permits under Chapter 94A of the Administrative Code, as may be  
23 amended from time to time.

24           “Qualified Business” means either a Qualified New Business or a Qualified  
25 Business With New Location.

1           “Qualified Business With New Location” means a person that (1) commences  
2 business at a new business location that is for Commercial Use, as reported to the Tax  
3 Collector, after commencing business within the City at a different location, and (2) reported  
4 \$5,000,000 or less in annual San Francisco Gross Receipts or estimated San Francisco  
5 Gross Receipts on its most recently filed Gross Receipts Tax Return, application for a  
6 Business Registration Certificate, or renewal of a Business Registration Certificate.

7           “Qualified New Business” means a person that (1) applies for an initial Business  
8 Registration Certificate in accordance with Section 856 of Article 12 of the Business and Tax  
9 Regulations Code, (2) has \$5,000,000 or less in estimated San Francisco Gross Receipts for  
10 the calendar year in which the person commences business within the City, and (3) has a  
11 registered business location that is for Commercial Use as reported on the person’s  
12 application for a Business Registration Certificate or any update to that registration  
13 information provided to the Tax Collector. A “Qualified New Business” shall not include a  
14 continuing business that applies for a new Business Registration Certificate as a result of a  
15 change in its ownership or the form of how the business is held.

16           (b) **Waiver for Qualified New Businesses.** All Permit Fees, initial License Fees,  
17 and the initial Business Registration Fee shall be waived for each Qualified New Business as  
18 follows:

19           (1) Permit Fees and initial License Fees shall be waived, provided the Qualified  
20 New Business has filed the application for the permit or initial license on or after July 1, 2023  
21 and during the one-year period beginning on the date the Qualified New Business  
22 commenced business within the City, and the Qualified New Business has a Business  
23 Registration Certificate at the time it files the application for the permit or initial license. The  
24 waiver in this Section 76.3(b)(1) shall not apply to (A) any fees for the renewal of a license or  
25

1 (B) any fees collected by the City on behalf of any federal, state, or other local government  
2 agency.

3 (2) The initial Business Registration Fee shall be waived, provided the Qualified  
4 New Business has filed the application for an initial Business Registration Certificate in  
5 accordance with Section 856 of Article 12 of the Business and Tax Regulations Code, and  
6 that application was filed on or after July 1, 2023. The waiver in this Section 76.3(b)(2) shall  
7 not apply to any fees for the renewal of a Business Registration Certificate.

8 (c) **Waiver for Qualified Businesses With New Location.** All Permit Fees and  
9 initial License Fees shall be waived for each Qualified Business With New Location. The  
10 waiver in this Section 76.3(c) shall apply to applications for a permit or initial license filed by  
11 the Qualified Business With New Location on or after July 1, 2023, provided the Qualified  
12 Business With New Location (1) files the application during the one-year period beginning on  
13 the date the Qualified New Business With New Location commenced business at the new  
14 business location, and (2) has registered the new business location with the Tax Collector no  
15 later than the time it files the application for the permit or initial license. The waiver in this  
16 Section 76.3(c) shall apply only to Permit Fees and initial License Fees with respect to that  
17 new business location. The waiver in this Section 76.3(c) shall not apply to (1) any fees for the  
18 renewal of a license, and (2) any fees collected by the City on behalf of any federal, state, or  
19 other local government agency.

20 \* \* \* \*

21 (j) The waiver of fees provided by this Section 76.3 shall expire by operation of law at  
22 the end of the day on June 30, 2027~~6~~. No Permit Fees, initial License Fees, or Business  
23 Registration Fees shall be waived for applications for permits, licenses, or Business  
24 Registration Certificates filed on or after July 1, 2027~~6~~. As of December 31, 2028~~7~~, the City  
25

1 Attorney is authorized to cause this Section 76.3 to be removed from the Business and Tax  
2 Regulations Code.

3

4 Section 2. 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 Section 3. Effective Date. This ordinance shall become effective at 12:00 a.m. on the  
12 31st day after enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor  
13 returns the ordinance unsigned or does not sign the ordinance within ten days of receiving it,  
14 or the Board of Supervisors overrides the Mayor's veto of the ordinance.

15

16 APPROVED AS TO FORM:  
17 DAVID CHIU, City Attorney

18 By: /s/ Bradley A. Russi  
19 BRADLEY A. RUSSI  
20 Deputy City Attorney

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**LEGISLATIVE DIGEST**

[Business and Tax Regulations Code - Extending Waiver of Permit, License, and Business Registration Fees for Certain Small Businesses]

**Ordinance amending the Business and Tax Regulations Code to extend, through June 30, 2027, the waiver of certain first-year permit, license, and business registration fees for specified small businesses that newly form or that open a new location.**

Existing Law

The “First Year Free” program currently waives permit, initial license, and initial business registration fees for businesses that have estimated first-year San Francisco gross receipts of \$5,000,000 or less, have a registered business location that is for commercial use other than for a home-based business or short-term residential rental use, and have actual San Francisco gross receipts of \$15,000,000 or less in the calendar year of, or in any calendar year during the three full calendar years following, the date the business commenced business within San Francisco. It also waives permit and initial license fees for businesses that opened a location in the City for commercial use other than for a home-based business or short-term residential rental use, reported San Francisco gross receipts of \$5,000,000 or less on their most recent return, and have actual San Francisco gross receipts of \$15,000,000 or less in the calendar year of, or in any calendar year during the three full calendar years following, the date the businesses opened the new location. The “First Year Free” program expires on June 30, 2026.

Amendments to Current Law

This ordinance would extend the “First Year Free” program through June 30, 2027. It would not apply to permits, licenses, or business registration certificates filed on or after July 1, 2027.

## Introduction Form

*(by a Member of the Board of Supervisors or the Mayor)*



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

- 1. For reference to Committee (Ordinance, Resolution, Motion or Charter Amendment)
- 2. Request for next printed agenda (For Adoption Without Committee Reference)  
*(Routine, non-controversial and/or commendatory matters only)*
- 3. Request for Hearing on a subject matter at Committee
- 4. Request for Letter beginning with "Supervisor  inquires..."
- 5. City Attorney Request
- 6. Call File No.  from Committee.
- 7. Budget and Legislative Analyst Request (attached written Motion)
- 8. Substitute Legislation File No.
- 9. Reactivate File No.
- 10. Topic submitted for Mayoral Appearance before the Board on

The proposed legislation should be forwarded to the following (please check all appropriate boxes):

- Small Business Commission       Youth Commission       Ethics Commission
- Planning Commission       Building Inspection Commission       Human Resources Department

General Plan Referral sent to the Planning Department (proposed legislation subject to Charter 4.105 & Admin 2A.53):

- Yes                       No

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

Sponsor(s):

Subject:

Long Title or text listed:

Signature of Sponsoring Supervisor: