

LEGISLATIVE DIGEST
(Amended in Committee 7/14/2021)

[Waiver of Permit, License, and Business Registration Fees for Certain New Small Business Locations]

Ordinance waiving certain first-year permit, license, and business registration fees for businesses that either (1) commence engaging in business within the City from November 1, 2021 through October 31, 2022, have estimated first-year San Francisco gross receipts of \$2,000,000 or less, have a registered business location that is for ground floor commercial use and not formula retail use, and have gross receipts in the next three tax years of \$10,000,000 or less, or (2) open a new business location for ground floor commercial use and not formula retail use, reported San Francisco gross receipts of \$2,000,000 or less on its most recent return, and have gross receipts in the next three tax years of \$10,000,000 or less; and refunding any waived fees paid to the City.

Existing Law

Persons commencing business within the City must obtain a registration certificate from the Tax Collector and pay an initial registration fee covering the period from the commencement date through the next June 30th. They must annually renew their registrations and pay a registration renewal fee for the upcoming fiscal year beginning July 1. They pay fees for the application and/or issuance of various City permits, including, for example, building permits and permits that are required to operate their business. They also pay initial license fees to operate their business and pay license renewal fees that generally are due and payable to the Tax Collector on March 31 of each year.

Amendments to Current Law

This ordinance would waive initial registration fees, initial license fees, and permit fees for each qualified new business where the applications for the business registration certificate, initial license, or permit are filed by the qualified new business on or after November 1, 2021, and on or before October 31, 2022. A qualified new business is a business that: (1) applies for a registration certificate in accordance with Section 856 of Article 12 of the Business and Tax Regulations Code indicating its date of commencing business within the City on or after November 1, 2021 and on or before October 31, 2022; (2) has \$2,000,000 or less in estimated San Francisco gross receipts for the calendar year in which the business commences within the City; and (3) has a registered business location that is for one of the following ground floor commercial uses (excluding formula retail uses): retail sales and services; entertainment, arts, and recreation; or a social service or philanthropic facility.

This ordinance would also waive the initial license fees and permit fees for each qualified business with a new location where the applications for the initial license or permit are related to the new location and are filed by the qualified business with a new location on or after

November 1, 2021, and on or before October 31, 2022. A qualified business with a new location is a business that: (1) commenced business within the City before November 1, 2021 and holds a valid business registration certificate; (b) commences business at a new business location on or after November 1, 2021 and on or before October 31, 2022, that is for one of the following ground floor commercial uses (excluding formula retail uses): retail sales and services; entertainment, arts, and recreation; or a social service or philanthropic facility; and (c) reported \$2,000,000 or less in annual San Francisco Gross Receipts or estimated San Francisco Gross Receipts on its most recently filed gross receipts tax return, application for a registration certificate, or renewal of a registration certificate.

Fees charged for other than registration certificates, permits, and initial licenses (e.g., impact fees) are not subject to waiver under this ordinance. The waiver for qualified new businesses and qualified businesses with a new location also would not apply to: (1) any permit issued under the Places for People Program or, if adopted, the Shared Spaces Program, under Chapter 94A of the Administrative Code; (2) the renewal of any license or registration certificate; and (3) any fees collected on behalf of any federal, state, or other local government agency. This ordinance would refund any waived fees paid to the City, upon written request of the qualified new business filed within one year of payment of the fee.

If a business originally subject to waiver has more than \$10,000,000 in San Francisco gross receipts in the calendar year of, or in any calendar year during the three full-year calendar years following, the date the business commenced business in San Francisco or opened a new qualified business location in San Francisco, any waiver under this ordinance will be revoked retroactively, and the business will be required to remit to the City all waived amounts.

Committee Amendments

The amendments in committee on July 14, 2021, did the following:

- Expanded the locations qualifying for the waiver to include ground floor businesses that are not adjacent to a public right-of-way;
- Expanded the waivers to include certain existing small businesses that open a new qualified location, in addition to new small businesses;
- Limited the types of business locations qualifying for the waiver to the following uses (excluding formula retail uses): retail sales and services; entertainment, arts, and recreation; or a social service or philanthropic facility; and
- Added provisions revoking previously granted waivers for businesses with more than \$10,000,000 in San Francisco gross receipts in the calendar year of, or in any calendar year during the three full-year tax years following, the date the business commenced in San Francisco or opened a new qualified business location in San Francisco, and requiring such businesses to pay back any such previously waived fees.

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