

LEGISLATIVE DIGEST

[Authorization to Borrow Funds - Short-Term Loan Program for SARS-CoV-2 Impacted Small Businesses - Treasurer-Tax Collector - Line of Credit Amount Not to Exceed \$20,000,000]

Ordinance authorizing the Treasurer to secure a short-term line of credit in an amount not to exceed \$20,000,000, or in the alternative, partner with one or more financial institutions, for the purpose of providing short-term emergency unsecured loans to small businesses with a physical location in San Francisco that are unable to meet rent, mortgage, or other fixed operating costs as a result of the economic downturn caused by SARS-CoV-2.

Amendments to Current Law

This ordinance would authorize the Treasurer to secure a short-term line of credit of up to \$20,000,000 to provide interest-free loans to small businesses with a physical location in the City that are unable to meet rent, mortgage, or other fixed operating costs as a result of the economic downturn caused by SARS-CoV-2. Only \$20,000,000 in loans are authorized by this ordinance, and the loan to each small business may not exceed three months of rent/mortgage costs plus any fixed costs associated with locations of the small business in the City, up to a maximum of \$15,000. Loans must be repaid in full within one year.

This ordinance would also authorize the Treasurer, as an alternative to the loans described above, to pursue opportunities with financial institutions to provide emergency loans to small businesses with a physical location in San Francisco that are unable to meet rent, mortgage, or other fixed operating costs as a result of the economic downturn caused by SARS-CoV-2. Only \$20,000,000 in such loans are authorized by this ordinance.

For purposes of the above programs, eligible “small businesses” are defined as taxpayers or combined groups that meet all of the following requirements:

- (1) The taxpayer or combined group has obtained a business registration certificate from the Office of the Treasurer and Tax Collector under Article 12 of the Business and Tax Regulations Code;
- (2) The taxpayer or combined group had no more than \$1,100,000 in worldwide gross receipts in calendar year 2019; and
- (3) The taxpayer or at least one member of the taxpayer’s combined group pays annual license fees to the City under Section 76.1 of Article 2 of the Business and Tax Regulations Code.

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