

LEGISLATIVE DIGEST

(Amendment of the Whole, dated 4/5/2010)

[Permit and License Fee Elimination.]

Ordinance amending San Francisco Business and Tax Regulations Code Sections 248 and 249.1, amending San Francisco Police Code Sections 2.26 and 2.27, and repealing San Francisco Police Code Section 2.28, all to eliminate certain permit and license fees and revenue fees, while retaining any underlying permitting, licensing, and other substantive regulatory requirements.

Existing Law

The City regulates various businesses and activities. As part of that regulation, the City may require an initial authorization to engage in the business or activity, often called a "permit", and an annual renewal of that authorization, often called a "license".

The City may charge a fee to recover the costs of investigating and processing the permit or license application, as well as the costs of any regulation of the business or activity conducted under the permit or license.

The City also imposes a limited number of pre-Prop. 13 fees on certain businesses to raise general revenue.

Amendments to Current Law

The proposal would amend the Business and Tax Regulations Code and the Police Code to eliminate the fees for certain permits and licenses:

Public Health

- \$749 license fee for **food product and marketing establishments with an inventory of food worth more than \$1,000.**
- \$145 license fee for **temporary food preparation service establishments.**

Police

- \$871 permit fee and \$310 annual license fee for **amusement parks.**
- \$477 permit fee and \$136 annual license fee for **ball or ring throwing games.**

- \$367 permit fee and \$75 per quarter license fee for **balloon and kite advertising**.
- \$648 permit fee and the \$275 per day license fee for **circuses**.
- \$413 permit fee for **closing-out sales**.
- \$357 permit fee and \$40 annual license fee for **fortunetellers**.
- \$13 "insignia and uniform" permit fee for **funeral procession escorts**
- \$525 permit fee and \$624 annual license fee for **peddlers selling fish, vegetables, and fruit** (but peddlers would be required to pay the same permit fee and annual license fee to sell **food for human consumption**).
- \$379 permit fee and \$137 annual license fee for **street photographers (owners)** and the \$231 permit fee and \$67 annual license fee for **street photographers (solicitors)**.
- \$53 annual license fee for **antique shops**.
- \$66 annual license fee for **bingo games**.
- \$96 annual license fee for **funeral procession escorts**.
- \$29 annual license fee for a **second or additional mechanical amusement device**.
- \$144 annual license fee for a **first mechanical contrivance**, and \$22 annual license fee for **each additional mechanical contrivance**.
- \$277 annual license fee for the **first pedicab operated by a pedicab owner**, and \$139 annual license fee for **each additional pedicab**.
- \$125 per day license fee for **rodeos or Wild West shows**.
- \$53 annual license fee for **second-hand dealers**, and \$53 annual license fee for **second-hand dealers selling auto accessories**.
- \$136 annual license fee for **shooting galleries**.
- \$399 annual license fee for **skating rinks**.

(These figures reflect the fee amounts as stated in the Municipal Code. The fees charged for the Police Code permits and licenses are now higher, due to automatic cost-of-living adjustments under Police Code Section 2.31.)

The proposal would also eliminate the revenues fee on **closing-out sales** equal to 1 percent of the gross retail value of the entire stock of merchandise on hand for the sale.

The proposal expressly provides that the elimination of these fees would not eliminate the requirement that anyone obtain a permit or license to engage in the particular business or activity, or that they comply with any other substantive regulations governing such business or activity. The proposal would only mean that the City would not charge the person any fee for issuance of the permit or license.

Background Information

If the City eliminates some or all of the fees as proposed, it would have to absorb the costs of processing and issuing the permits and licenses and of regulating those businesses and activities, or reduce enforcement costs, etc.

And because of the subsequent adoption of Propositions 13 and 218, if the City were to eliminate the revenue fee on closing-out sales, it could not re-impose that fee without voter approval, or at least any portion of the fee that would exceed the City's administrative and regulatory costs.

Changes from the Previous Draft

The proposed legislation currently on file, dated 1/5/2010, would eliminate permit and/or license fees for, among others, car rental agencies, junk dealers, mobile caterers, pawnbrokers, certain peddlers, auto wreckers, tour guides, and pedicab drivers. The amendment of the whole, dated 4/5/2010, leaves those fees at their current levels. The amendment of the whole also retains current revenue fees for mobile caterers and pawnbrokers proposed for elimination in the 1/5/2010 draft. And the amendment of the whole includes new provisions eliminating permit and/or license fees for funeral procession escorts (insignia and uniform) and street photographers.