

**LEGISLATIVE DIGEST**

*(Amended in Committee - 2/17/2021)*

[Waiver of Business Registration Fees and Certain License Fees]

**Ordinance waiving business registration fees for the fiscal year commencing July 1, 2020, and certain license fees originally due on March 31, 2020, for businesses with \$25,000,000 or less in San Francisco gross receipts that received more than 50% of such receipts from business activities precluded during all or a portion of the period from March 17, 2020 through March 1, 2021 due to a Local Health Officer's order to mitigate the spread of COVID-19 and/or from the activities of a facility that prepares and serves food for delivery or carry out or a restaurant, and refunding any waived amounts paid to the City.**

Existing Law

Businesses in the City must obtain a registration certificate from the Tax Collector and pay an annual registration fee under Article 12 of the Business and Tax Regulations Code on a fiscal year basis. They also pay various annual license fees that are due and payable to the Tax Collector on March 31 of each year under Section 76.1 of Article 2 of the Business and Tax Regulations Code.

Amendments to Current Law

This ordinance would waive, for each Qualified Business: (1) the business registration fee for the fiscal year commencing July 1, 2020; (2) all annual license fees otherwise due and payable to the Tax Collector on March 31, 2020, without regard to any extensions; and (3) all penalties with respect to these waived business registration fees and license fees. This ordinance also would refund any waived taxes, fees, and penalties paid to the City, upon written request of the Qualified Business filed within the later of: (1) one year of payment of the tax, fee, and/or penalty; and (2) December 31, 2021.

A Qualified Business is a business that satisfied both of the following in calendar year 2019: (1) had \$25,000,000 or less in total combined San Francisco gross receipts, and (2) generated more than 50 percent of those receipts from business activities in the City that were precluded during all or a portion of the period from March 17, 2020 through March 1, 2021 by an order of the Local Health Officer to mitigate the spread of COVID-19 and/or from the activities of a facility that prepares and serves food for delivery or carry out or a restaurant. For purposes of determining whether it is a "Qualified Business," a business commencing business in the City in calendar year 2020 or 2021 would use its estimated total combined San Francisco gross receipts for the calendar year in which they first commenced business in the City, rather than 2019 total combined San Francisco gross receipts.

Background Information

On February 25, 2020, the Mayor proclaimed a state of emergency in response to the COVID-19 pandemic, and the Board of Supervisors concurred in that proclamation on March 3, 2020. On March 16, 2020, the Local Health Officer issued a shelter in place order directing San Franciscans to stay in their homes and requiring businesses to cease all non-essential operations at physical locations in the City. That order has been amended and replaced by subsequent orders extending shelter in place (now referred to as “stay safer at home”), with modifications but with no expiration date.

On March 11, 2020, by emergency declaration, the Mayor extended the due date for annual license fees otherwise due on March 31, 2020. On April 23, 2020, the Mayor further extended that due date to September 30, 2020, and also extended the deadline for the payment of registration fees for fiscal year 2020/2021 to September 30, 2020. On August 4, 2020, the Mayor further extended those deadlines to March 1, 2021. On January 22, 2021, the Board of Supervisors, by ordinance, further extended the deadline to pay these license fees and business registration fees to November 1, 2021 and April 30, 2021, respectively. That legislation also waived these license fees and business registration fees, among others, for certain qualified entertainment businesses and certain qualified restaurant businesses.

This legislative digest reflects amendments made in committee on February 17, 2021. The amendments would permit payors to request a refund of taxes, fees, and penalties waived by this ordinance within the later of one year of payment and December 31, 2021.

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