

LEGISLATIVE DIGEST

[Business and Tax Regulations Code - Extending Temporary Suspension of Business Registration and Fee for Transportation Network Company Drivers and Taxi Drivers]

Ordinance amending the Business and Tax Regulations Code to extend through Fiscal Year 2027-2028 the temporary suspension of the application of the business registration and fee requirements to transportation network company drivers and taxi drivers.

Existing Law

In general, the City requires each business operating within the City, including taxi drivers and persons who drive for ride-hailing entities known as transportation network companies (“TNCs”) that are independent contractors, to obtain a registration certificate and pay an annual registration fee. In April 2018, the Board of Supervisors passed Ordinance 93-18, which temporarily suspended these requirements for all TNC drivers and taxi drivers whose only business activity in the City is TNC driving or taxi driving for registration years 2018-2019 and 2019-2020, and for registration year 2017-2018 for such TNC drivers and taxi drivers who commenced business in the City on or after January 1, 2018. Ordinance 298-19 extended the temporary suspension to registration year 2020-2021, Ordinance 43-21 extended the temporary suspension to registration year 2021-2022, and Ordinance 59-22 extended the temporary suspension to registration year 2022-2023.

Amendments to Current Law

This ordinance would extend the temporary suspension described above through and including registration year 2027-2028.

Background Information

In 2017, the Legislature enacted Senate Bill 182 (“SB 182”), the effect of which is to largely immunize automobile drivers who drive for TNCs from local business license requirements. Under SB 182 a city must allow such a driver to conduct business within its borders without obtaining any locally-issued business license, and without paying any business license tax, unless that driver lives in that city. In June 2022, the San Francisco Superior Court upheld the application of SB 182 to San Francisco in *City and County of San Francisco v. State of California* (S.F. Sup. Ct. No. CPF-18-516041) (the “SB 182 Litigation”).

To ensure that drivers that lived in the City were not treated less favorably than drivers that lived outside the City, Ordinance 93-18 temporarily suspended the business registration and fee requirements for all TNC drivers pending the resolution of the SB 182 litigation. Ordinance 93-18 also temporarily suspended the business registration and fee requirements for taxi drivers so that they were not treated less favorably than TNC drivers that lived outside

FILE NO. 221162

the City with respect to the City's business registration and fee requirements. Ordinances 298-19, 43-21, and 59-22 extended these temporary suspensions through registration year 2022-2023.

Although the San Francisco Superior Court has now upheld the application of SB 182 to the City, this ordinance would extend the temporary suspension for an additional five years, through and including June 30, 2028, to avoid the anomalous and unfair results described above.

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