



SMALL BUSINESS COMMISSION  
OFFICE OF SMALL BUSINESS



CITY AND COUNTY OF SAN FRANCISCO  
EDWIN M. LEE, MAYOR

July 19, 2011

Ms. Angela Calvillo, Clerk of the Board  
Board of Supervisors  
City Hall room 244  
1 Carlton B. Goodlett Place  
San Francisco, CA 94102-4694

**Re: Board of Supervisors File No. 110749 [Business and Tax Regulations Code - 0.50% Sales Tax Increase to Fund Public Safety Programs and Services to Children and Seniors.]**

Small Business Commission Recommendation: **Approval with modification**

Dear Ms. Calvillo:

On July 11, 2011, the Small Business Commission (SBC) voted unanimously to recommend that the Board of Supervisors approve BOS File No. 110749 with a modification.

The Commission recognizes that the City needs to include revenue generation as part of its 5 year budget plan and the SBC supports a shared approach to accomplishing this task. The Small Business Commission requests that the City's leadership recognize that often, revenue generating measures are facilitated through brick and mortar retail businesses, by way of sales taxes and increased permit, license and regulatory fees. Moving forward, other areas of revenue generation, including a residential utility fee and spreading out the tax burden to a broader number of businesses need to be considered.

Commissioners noted that in this case, due to the reduction of the state sales tax rate, should this ordinance and ballot measure pass, there will still be a net reduction in sales taxes over the prior several years. Additionally, businesses will benefit from the increased funding as public safety and social services play an integral role in the safety and livability of both our City as a whole and our commercial corridors where many of our small businesses are located.

The SBC requests one modification. As drafted, this ordinance will cease to be operative if an identical or similar tax is approved at the state level prior to January 1, 2013 and as a result, the combined rate of the state tax is at least 8.25%. The Commission is concerned that this short window will open up the possibility for a significant tax disadvantage should the rate be increased in the future. The SBC recommends that the Board of Supervisors remove this provision or extend the period of time that the provision is in effect.

The Commission thanks Greg Wagner of the Mayor's Office for his detailed informational presentation.

Sincerely,

Regina Dick-Endrizzi  
Director, Office of Small Business

Cc: Supervisors Chiu, Cohen, Mirkarimi, Wiener  
Jason Elliott, Mayor's Office

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