FILE NO. 260792

# LEGISLATIVE DIGEST

[Business and Tax Regulations Code - Retroactive - Gross Receipts Tax Credit for Small Hardware Retailers]

**Ordinance amending the Business and Tax Regulations Code, retroactively to January 1, 2026, to provide small hardware retailers with a credit against their Gross Receipts Tax for tax years 2026 through 2035.**

## Existing Law

The Business and Tax Regulations Code imposes Gross Receipts Tax on small hardware retailers as it does on retailers and other businesses in the City.

## Amendments to Current Law

This ordinance creates a new tax credit for small hardware retailers against their Gross Receipts Tax obligations for ten years, beginning with tax year 2026. The credit can be claimed by retailers that (1) receive more than 50% of their combined gross receipts from qualifying hardware products, and (2) have less than $50 million in combined gross receipts from all sources during a tax year. The credit is 0.2% of taxable gross receipts from all sources, capped at $60,000.

## Background Information

Small hardware retailers are an important part of the diverse and varied shopping choices for which San Francisco is known. Small hardware retailers have greater difficulty making tax payments than larger ones, which are in a better position to absorb costs because of economies of scale. By reducing the Gross Receipts Taxes on small hardware retailers, this ordinance intends to protect the character and diversity of San Francisco and its neighborhoods.

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