

LEGISLATIVE DIGEST

[Administrative Code - Legacy Business Registry, Rebate Program, and Establishing Fees]

Ordinance amending the Administrative Code to direct the Small Business Commission to establish a Legacy Business Registry, authorize an administrative fee for the Registry not to exceed \$50, and, for the next five years, provide a rebate to Qualified Legacy Businesses that purchase the real property from which they operate and to Qualified Landlords that purchase the real property from which Legacy Businesses operate if the purchaser extends the term of the Legacy Business's lease by at least ten years, in an amount equal to the transfer tax levied on the purchase.

Existing Law

Existing City law does not specifically provide for the recognition, study, or promotion of "longstanding, community-serving businesses."

Amendments to Current Law

The proposal is an ordinance that would amend the Administrative Code to direct the Small Business Commission to establish and maintain a registry of Legacy Businesses in San Francisco (the "Registry"). A "Legacy Business" is a business that meets four criteria:

- It is a bar, restaurant, retail store, arts space, performance venue, or a business primarily engaged in Production, Distribution, and Repair activities, as described in Article 2 of the Planning Code;
- It has operated in San Francisco for 30 or more years, with no break in San Francisco operations exceeding two years. The business may have operated in more than one location or jurisdiction, but must have been established and currently be based in San Francisco;
- It has contributed to the neighborhood's history and/or the identity of a particular neighborhood or community; and,
- It is committed to maintaining the physical features or traditions that define the business, including craft, culinary or art forms.

The ordinance would require the Small Business Commission to survey San Francisco's Legacy Businesses and, no later than June 30, 2015, make substantive recommendations to the Board of Supervisors for programs for Legacy Businesses. Such programs could include business and technical assistance, lease renewal and acquisition

assistance, public education and commendation initiatives to recognize and honor the contributions of Legacy Businesses to San Francisco, financial incentives to encourage the stability of Legacy Businesses, and additional business stabilization and neighborhood continuity initiatives. To offset the costs of administering the program, the Small Business Commission, in consultation with the Controller, would establish an administrative fee, not to exceed \$50, for businesses applying to be included on the Registry.

The proposal would establish a rebate program for Legacy Businesses that purchase the real property from which they operate their businesses. The program would also provide rebates to “Qualified Landlords,” meaning persons that purchase real property from which Legacy Businesses operate their businesses and that extend the term of the Legacy Businesses’s leases by at least an additional ten years (for example, the purchaser extends an existing ten-year lease to a twenty-year lease). The amount of the rebate would be equal to the transfer tax paid on the purchase of the property (or portion of the property) from which the Legacy Businesses operate. The total combined rebates paid to all Qualified Legacy Businesses and Qualified Landlords in any one year would not exceed \$400,000.

The Executive Director of the Office of Small Business, in consultation with the Controller, would adopt rules to implement the rebate program, and would submit an annual report to the Board of Supervisors on the program. And the Controller would conduct an annual review of the effect of the program for the Board of Supervisors.

The rebate program would expire by operation of law at midnight on December 31, 2019, unless extended by ordinance.

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