



CITY AND COUNTY OF SAN FRANCISCO  
LONDON BREED, MAYOR

OFFICE OF SMALL BUSINESS  
REGINA DICK-ENDRIZZI, DIRECTOR

July 16, 2020

Ms. Angela Calvillo, Clerk of the Board  
City Hall Room 244  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102-4689

RE: Initiative Ordinance File Nos. 200645 and 200648 – Business Tax Changes

Small Business Commission Recommendation to the Board of Supervisors: **None.**

Dear Ms. Calvillo,

On July 13, 2020 the Small Business Commission (SBC or Commission) received a presentation from Ted Egan, Chief Economist for the City and County of San Francisco, on Mayoral and Board of Supervisors proposed Business Tax Changes as outlined in Initiative Ordinance File Nos. 200645 and 200648.

The Commission engaged in a substantive discussion with the Chief Economist regarding both Initiatives. The SBC was particularly interested in how each proposal would be practically implemented. Jen Low, Chief of Staff to Board of Supervisors President Yee, also made herself available to the Commission for questions and provided an update relative to anticipated amendments. She shared that the Office of the Mayor and the Board of Supervisors were continuing to engage in negotiations relative to their respective proposals and that the Board planned to introduce amendments to theirs at a special Budget and Finance Committee meeting on July 16, 2020. These include: 1) expanding the definition of the small business exemption to include businesses with gross receipts of \$2 million and under; 2) including a deferral of tax increases to larger industries; 3) including expanding the industries that would benefit from a tax reduction that would mirror what the Mayor's Office has proposed; and 4) future tax increases would be dependent on the progress observed while the local economy recovers. Ms. Low shared that ultimately the Board is hopeful that they and the Mayor's Office will be able to reach consensus on their respective proposals.

Through their discussion, the Commission affirmed that they are broadly supportive of gross receipts and payroll tax reform. The Commission, however, made a determination to not take formal action on either item due to the planned introduction of amendments at the special Budget and Finance Committee Hearing calendared for July 16, 2020.

Please feel free to contact me should you have any questions.

Sincerely,

OFFICE OF SMALL BUSINESS • SMALL BUSINESS COMMISSION  
1 DR. CARLTON B. GOODLETT PLACE, ROOM 140, SAN FRANCISCO, CALIFORNIA 94102-4681  
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Regina Dick-Endrizzi  
Director, Office of Small Business

cc: Noman Yee, President, Board of Supervisors  
Sandra Fewer, Member, Board of Supervisors  
Sophia Kittler, Mayor's Liaison to the Board of Supervisors  
Lisa Pagan, Office of Economic and Workforce Development  
Victor Young, Clerk, Rules Committee