

## LEGISLATIVE DIGEST

[Business and Tax Regulations Code - Administrative Provisions]

**Ordinance amending the Business and Tax Regulations Code to revise its common administrative provisions and other provisions to implement Proposition F amending the gross receipts tax and repealing the payroll expense tax and Proposition L imposing the overpaid executive gross receipts tax, approved at the November 3, 2020, election, and make clarifying and other nonsubstantive changes.**

### Existing Law

Voters approved Propositions F and L at the November 3, 2020 election. Proposition F amended business registration fees for certain small businesses beginning in the 2021-22 fiscal year, and modified the Gross Receipts Tax and repealed the Payroll Expense Tax beginning with the 2021 tax year. Proposition F also added tax provisions to the Business and Tax Regulations Code that would have taken effect if then-pending litigation invalidated the Homelessness Gross Receipts Tax and/or the Early Care and Education Commercial Rents Tax. Proposition L added Article 33 to the Business and Tax Regulations Code to impose the Overpaid Executive Gross Receipts Tax on businesses with a greater than 100:1 ratio of the compensation of the business's highest-paid managerial employee to the median compensation paid to the business's employees based in the City.

Existing law provides for the administration of most of the City's taxes. These administrative provisions include definitions; the Tax Collector's audit and collection authority; filing and payment requirements; rules for refunds and lawsuits; penalty, interest, and citation provisions; and taxpayer confidentiality provisions, among others.

### Amendments to Current Law

This ordinance would extend these administrative provisions, as applicable, to the Overpaid Executive Gross Receipts Tax. It would also amend the administrative provisions to make them consistent with the changes approved by Proposition F, including the repeal of the Payroll Expense Tax, and would renumber certain sections and make other nonsubstantive and clarifying changes.

The courts have upheld the validity of the Homelessness Gross Receipts Tax and the Early Care and Education Commercial Rents Tax. Accordingly, this ordinance would remove from the Business and Tax Regulations Code the provisions added to that Code by Proposition F in the event those taxes had been invalidated. This ordinance also would remove Article 12-B, which relates to certain business tax refunds for the 2000 tax year and is obsolete, from the Business and Tax Regulations Code.

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