
Legislative Review:	BOS File #220970– Waiver of Permit, License, and Business Registration Fees for Certain Small Businesses
Name:	Ronen
Date Introduced:	9/13/2022
Date Referred:	9/19/2022
Scheduled for BOS Committee:	Budget and Finance Committee

Legislative Overview: This legislation extends the First Year Free Program through June 30th, 2023. It would:

- Expand eligibility to businesses who make between \$2-5 million in gross receipts, and to new businesses who are not on the ground floor.
- Allow businesses to seek refunds up to one year after permit fees were made or June 30th, 2023 (whichever is later).
- Update the claw back provision, in which a business would need to repay permit fees that were previously waived under FYF, to apply to businesses making over \$15 million in gross receipts in any of the three following calendar years.

Existing law:

In 2021, the Mayor’s Office and Supervisor Ronen, in collaboration with the Office of the Treasurer and Tax Collector, established the “First Year Free” program, which waived most initial registration fees, initial license fees, and permit fees for certain new businesses and businesses with new locations through October 31, 2022.

- Businesses with up to \$2 million in gross receipts were eligible
- Businesses had to be on the ground floor

Amendments to Current Law

Proposed changes: This legislation expands and extends the current First Year Free program with the following modifications:

- It includes a longer timeframe for businesses to get fees waived or refunded (through June 30, 2023)
- It expands eligibility to new businesses that may have higher gross receipts (up to \$5 million in gross receipts)
- It expands eligibility to new businesses that are not located on the ground floor
- Increased the threshold for repayment to businesses making over \$15 million in gross receipts in any of the three following calendar years

Legislative Intent:

Recognizing that San Francisco is still in economic recovery, extending/expanding the First Year Free program will further support new businesses. To date, over 1,100 applications have benefited from this program and over \$370,000 have been waived. There are still over \$3 million in funds available to support this program.

Background, Issues, and Considerations

- Who benefits from or will be burdened by your proposal (geographically, ethnically, linguistically)? What are your strategies for advancing racial equity or mitigating unintended consequences?
 - This program is in line with a larger goal of fee reductions for small businesses, which helps all new business owners and especially BIPOC business owners who may have less access to capital.
- What was the development process of this proposal? Whose input have you sought out? What feedback did you hear and did you incorporate it into this proposal? If not, why not?
 - Supervisor Ronen and the Mayor's Office initially proposed this program in the midst of COVID-19. The Commission has previously championed this program, and the Office of Small Business has been an ongoing partner throughout implementation.
- Is this proposal punitive or enforcement based? What are the other alternatives for proactive compliance?
 - This program is an automated benefit once the City recognizes that an application is associated with a small business.
- Given the diversity of San Francisco, how would this policy play out in different cultural settings? How does it accommodate cultural norms?
- Are there other ways to support new business activity in San Francisco?
- Are there other fees that can be added to the First Year Free program to spur economic recovery activities?