

“San Francisco Gross Receipts” has the same meaning as used in Section 855 of Article 12 of the Business and Tax Regulations Code, as may be amended from time-to-time.

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Section 3. Article 6 of the Business and Tax Regulations Code is hereby amended by revising Sections 6.8-2, 6.9-1, 6.9-4, 6.11-2, 6.15-1, 6.15-2, and 6.17-1.1, and adding Sections 6.2-15.1, 6.2-17.1, and 6.25-1, to read as follows:

**SEC. 6.2-15.1. REGISTRATION YEAR; 2025-2026 REGISTRATION YEAR.**

(a) For registration periods ending on or before June 30, 2025, the term “registration year” means the fiscal year commencing July 1 of each calendar year and ending on June 30 of the subsequent calendar year.

(b) The term “2025-2026 registration year” means the period commencing on July 1, 2025 and ending on March 31, 2026.

(c) For registration periods commencing on or after April 1, 2026, the term “registration year” means the period commencing April 1 of each calendar year and ending on March 31 of the subsequent calendar year.

**SEC. 6.2-17.1. “SAN FRANCISCO GROSS RECEIPTS.”**

The term “San Francisco Gross Receipts” means gross receipts attributable to the City as described in Sections 955 and 956 of Article 12-A-1 of this Business and Tax Regulations Code.

**SEC. 6.8-2. CREDITS AND EXEMPTIONS; TAX DIFFERENCES.**

The credits, ~~and~~ exemptions, ~~and~~ differences in tax treatment set forth in Articles 6, 7, 8, 9, 10, 10B, 11, 12, 12-A-1, 12-C, 21, 28, 29, 29A, 30, 32, and 33 of this Business and Tax Regulations Code, in laws applicable to fees administered pursuant to this Article 6, and in laws applicable to assessments levied pursuant to the Property and Business Improvement District Law of 1994 (California Streets and Highways Code sections 36600 *et seq.*) or Article 15 of this Code, are provided on the assumption that the City has the power to ~~authorize~~ offer such credits, ~~and~~ exemptions, ~~and~~ differences in tax treatment. If a credit, ~~or~~ exemption, ~~or~~ difference in tax treatment is invalidated by a court of competent jurisdiction, the taxpayer must pay any additional amount that the taxpayer would have owed but for such invalid credit, ~~or~~ exemption, ~~or~~ difference in tax treatment. Amounts owed as a result of the invalidation of a credit, ~~or~~ exemption, ~~or~~ difference in tax treatment that are paid within three years after the decision of the court becomes final shall not be subject to interest or penalties.

**SEC. 6.9-1. RETURNS AND PAYMENTS.**

(a) Returns Generally. Except as otherwise provided in this Business and Tax Regulations Code, on or before the due date, or in the event of cessation of business within ~~30~~45 days of such cessation, each taxpayer shall file a return for the subject period on a form provided by the Tax Collector, regardless of whether there is a tax liability owing. A taxpayer who has not received a return form from the Tax Collector is responsible for obtaining such form and filing a return, and the failure of the Tax Collector to furnish the taxpayer with a return shall not relieve the taxpayer of any payment or filing obligation. Returns shall show the amount of tax paid, collected, or otherwise due for the subject period and such other information as the Tax Collector may require. Each taxpayer shall transmit the return, together with the remittance of the tax due, to the Tax Collector at the Tax Collector’s Office on or before the due date specified in this Section 6.9-1. Filing a return that the Tax Collector determines to be incomplete in any material respect may be deemed failure to file a return in violation of this Section 6.9-1(a).

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# Proposition M

Be it ordained by the People of the City and County of San Francisco:

- NOTE: **Unchanged Code text and uncodified text** are in plain font.
- Additions to Codes** are in *single-underline italics Times New Roman font*.
- Deletions to Codes** are in *strikethrough italics Times New Roman font*.
- Asterisks (\* \* \* \*)** indicate the omission of unchanged Code subsections or parts of tables.

Section 1. Title. This initiative is known and may be referred to as the “Local Small Business Tax Cut Ordinance.”

Section 2. Article 2 of the Business and Tax Regulations Code is hereby amended by revising Section 76.3 to read as follows:

**SEC. 76.3. WAIVER OF FIRST-YEAR PERMIT, LICENSE, AND BUSINESS REGISTRATION FEES.**

(a) **Definitions.** Unless otherwise defined in this Section 76.3, the terms used in this Section shall have the meanings given to them in Article 6 of the Business and Tax Regulations Code, as amended from time to time. For purposes of this Section 76.3, the following definitions shall apply:

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**(c) Gross Receipts Tax, Early Care and Education Commercial Rents Tax, Homelessness Gross Receipts Tax, Cannabis Business Tax, and Overpaid Executive Gross Receipts Tax.**

(1) **Annual Due Date.** Except for any extensions granted under Section 6.9-4 or as otherwise provided in this Business and Tax Regulations Code, returns and payments of the Gross Receipts Tax (Article 12-A-1) (including the tax on administrative office business activities imposed under Section 953.8 of Article 12-A-1), the Early Care and Education Commercial Rents Tax (Article 21), the Homelessness Gross Receipts Tax (Article 28) (including the homelessness administrative office tax imposed under Section 2804(d) *or* Section 2804.9 of Article 28), the Cannabis Business Tax (Article 30), and the Overpaid Executive Gross Receipts Tax (Article 33) (including the overpaid executive administrative office tax imposed under Section 3303(dg) of Article 33) are due and payable, and shall be delinquent if not submitted and paid to the Tax Collector, on or before the last day of February of the succeeding year.

(2) **Small Business Exemption.** A person or combined group that qualifies for the small business exemption in Section 954.1 of Article 12-A-1 shall be exempt from filing a Gross Receipts Tax return, ~~an Early Care and Education Commercial Rents Tax return, a Homelessness Gross Receipts Tax return, and, except for a person or combined group subject to the overpaid executive administrative office tax imposed under Section 3303(d) of Article 33, an Overpaid Executive Gross Receipts Tax return.~~ Notwithstanding the preceding sentence, any person taking the Payroll Expense Tax Exclusion Credit in Section 960 of Article 12-A-1 must file a Gross Receipts Tax return, regardless of whether such person qualifies for the small business exemption from the Gross Receipts Tax. A person or combined group that qualifies for the small business exemption in Section 2106 of Article 21 shall be exempt from filing an Early Care and Education Commercial Rents Tax return, and except that any person taking the credit for child care facilities in Section 2106.1 of Article 21 must file an Early Care and Education Commercial Rents Tax return, regardless of whether such person qualifies for the small business exemption from the Gross Receipts-Early Care and Education Commercial Rents Tax. This subsection (c)(2) shall not apply to persons or combined groups subject to taxes on administrative office business activities in Section 953.8 of Article 12-A-1, Sections 2804(d) or 2804.9 of Article 28, or Section 3303(g) of Article 33.

(3) **Estimated Tax Payments.** Except as provided in Section 6.9-1(c)(3)(D) with respect to estimated tax payments of the Gross Receipts Tax, Homelessness Gross Receipts Tax, and Overpaid Executive Gross Receipts Tax, every person or combined group liable for payment of the Gross Receipts Tax (Article 12-A-1) (including the tax on administrative office business activities imposed under Section 953.8 of Article 12-A-1), the Early Care and Education Commercial Rents Tax (Article 21), the Homelessness Gross Receipts Tax (Article 28) (including the homelessness administrative office tax imposed under Section 2804(d) *or* Section 2804.9 of Article 28), the Cannabis Business Tax (Article 30), or the Overpaid Executive Gross Receipts Tax (Article 33) (including the overpaid executive administrative office tax imposed under Section 3303(dg) of Article 33) shall make three estimated tax payments, in addition to the annual payments in Section 6.9-1(c)(1), as follows:

(A) **Due Dates.** The first, second, and third estimated tax payments for a tax year shall be due and payable, and shall be delinquent if not paid on or before, April 30, July 31, and October 31, respectively, of that tax year. Estimated tax payments shall be a credit against the person or combined

group's total annual liability, as applicable, for the Gross Receipts Tax (including the tax on administrative office business activities imposed under Section 953.8 of Article 12-A-1), Early Care and Education Commercial Rents Tax, Homelessness Gross Receipts Tax (including the homelessness administrative office tax imposed under Section 2804(d) *or* Section 2804.9 of Article 28), Cannabis Business Tax, or Overpaid Executive Gross Receipts Tax (including the overpaid executive administrative office tax imposed under Section 3303(dg) of Article 33), for the tax year in which such estimated tax payments are due.

(B) **Gross Receipts Tax Estimated Tax Payments.** A person or combined group's estimated tax payments of Gross Receipts Tax, including the tax on administrative office business activities imposed under Section 953.8 of Article 12-A-1, shall each equal the lesser of:

(i) 25% of the Gross Receipts Tax liability (including any liability for the tax on administrative office business activities imposed under Section 953.8 of Article 12-A-1) shown on the person or combined group's return for the tax year (or, if no return is filed, 25% of the person or combined group's actual Gross Receipts Tax liability for the tax year); or

(ii) 25% of the Gross Receipts Tax liability (including any liability for the tax on administrative office business activities imposed under Section 953.8 of Article 12-A-1) ~~as determined by applying the applicable Gross Receipts Tax rates and small business exemption in Section 954.1 of Article 12-A-1 for the current tax year to the taxable gross receipts~~ shown on the person or combined group's return for the preceding tax year ~~(or, if subject to the tax on administrative office business activities imposed under Section 953.8 of Article 12-A-1 for the preceding tax year, by applying the applicable administrative office tax rate for the current tax year to the total payroll expense attributable to the City shown on the person or combined group's return for the preceding tax year).~~ If the person or combined group did not file a return for the preceding tax year and timely requested an extension under Section 6.9-4 of this Article 6 to file that return, the person or combined group's Gross Receipts Tax liability (including any liability for the tax on administrative office business activities) for the preceding tax year for purposes of this subsection (c)(3)(B)(ii) shall be deemed to be the amount of any payment required under Section 6.9-4 as a condition of such extension. If the person or combined group did not file a return for the preceding tax year and did not request an extension under Section 6.9-4 to file that return, the person or combined group shall owe no estimated tax payments of Gross Receipts Taxes (or estimated tax payments of the tax on administrative office business activities imposed under Section 953.8 of Article 12-A-1) for the current tax year. For purposes of this ~~Section 6.9-1~~ subsection (c)(3)(B)(ii), "taxable gross receipts" means a person or combined group's gross receipts, not excluded under Section 954 of Article 12-A-1, attributable to the City.

(C) **Estimated Tax Payments for Early Care and Education Commercial Rents Tax, Homelessness Gross Receipts Tax, Cannabis Business Tax, and Overpaid Executive Gross Receipts Tax.** A person or combined group's estimated tax payments of the Early Care and Education Commercial Rents Tax, Homelessness Gross Receipts Tax (including the homelessness administrative office tax imposed under Section 2804(d) *or* Section 2804.9 of Article 28), Cannabis Business Tax, and Overpaid Executive Gross Receipts Tax (including the overpaid executive administrative office tax imposed under Section 3303(dg) of Article 33), shall each equal the lesser of:

(i) 25% of the applicable tax liability shown on the person or combined group's return for the tax year (or, if no

return is filed, 25% of the person or combined group's actual tax liability for the tax year); or

(ii) 25% of the applicable tax liability shown on the person or combined group's return for the preceding tax year. If the person or combined group did not file a return for the preceding tax year and timely requested an extension under Section 6.9-4 of this Article 6 to file that return, the person or combined group's applicable tax liability for the preceding tax year for purposes of this subsection (c)(3)(C)(ii) shall be deemed to be the amount of any payment required under Section 6.9-4 as a condition of such extension. If the person or combined group did not file a return for the preceding tax year, and did not request an extension under Section 6.9-4 to file that return, the person or combined group shall be deemed to have filed a return showing no liability for purposes of this ~~Section 6.9-1~~ subsection (c)(3)(C)(ii), and no estimated tax payments of that tax shall be due for the current tax year.

**(D) Lessor of Residential Real Estate Exemption.** Notwithstanding any other provision in this Section 6.9-1(c)(3), a lessor of residential real estate, as defined in Section 954.1 of Article 12-A-1, shall not be required to make estimated tax payments under this Section 6.9-1(c)(3), but shall pay its full Gross Receipts Tax liability, Homelessness Gross Receipts Tax liability, and Overpaid Executive Gross Receipts Tax liability on or before the last day of February of the succeeding year, or the extended deadline in Section 6.9-4, if the lessor's gross receipts within the City shown on the lessor's return for either the current tax year or the preceding tax year did not exceed the threshold in Section 954.1(b) of Article 12-A-1.

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**(g) Business Registration Certificate; Annual Due Date.**

(1) For registration years ending on or before June 30, 2025 and the 2025-2026 registration year, eExcept for any extensions granted under Section 6.9-4 or as otherwise provided in this Business and Tax Regulations Code, returns and payments of the Business Registration Fee (Article 12) shall be filed annually and are due and payable, and shall be delinquent if not submitted and paid to the Tax Collector, on or before the last day of May preceding the registration year commencing July 1 of that year.

(2) For registration years beginning on or after April 1, 2026, except for any extensions granted under Section 6.9-4 or as otherwise provided in this Business and Tax Regulations Code, returns and payments of the Business Registration Fee shall be filed annually and are due and payable, and shall be delinquent if not submitted and paid to the Tax Collector, on or before the last day of February preceding the registration year commencing April 1 of that year.

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**SEC. 6.9-4. EXTENSION OF TIME FOR FILING A RETURN AND PAYING TAX.**

(a) The following shall apply to tax years and tax periods ending on or before December 31, 2024, registration years ending on or before June 30, 2025, and the 20252026 registration year:

(1) For good cause, the Tax Collector, in the Tax Collector's discretion, may extend, for a period not to exceed 60 days, the time for filing any return, other than a Vacancy Tax (Article 29) or Empty Homes Tax (Article 29A) return, pursuant to this Article 6 or regulations prescribed by the Tax Collector. For taxes required to be deposited monthly, or for the Sugary Drinks Distributor Tax (Article 8), the Tax Collector may only extend the time for filing a return for a period not to exceed 30 days. As a condition of such extension, the person seeking the extension shall make a payment of not less than 100% of such person's liability for such period.

(2b) Failure to make the required 100% payment will result in the automatic denial of the person's extension and the person being subject to the standard due dates in this Article 6, including any penalties, interest, fees, and other consequences of failing to file and pay by those due dates.

(b) The following shall apply to tax years and tax periods beginning on or after January 1, 2025, and registration years beginning on or after April 1, 2026:

(1) For good cause, the Tax Collector, in the Tax Collector's discretion, may extend, for a period not to exceed 60 days, the time for filing any return, other than returns for the Business Registration Fee (Article 12), Gross Receipts Tax (Article 12-A-1) (including the tax on administrative office business activities in Section 953.8 of Article 12-A-1), Homelessness Gross Receipts Tax (Article 28) (including the tax on administrative office business activities in Section 2804(d) or Section 2804.9 of Article 28), Early Care and Education Commercial Rents Tax (Article 21), Vacancy Tax (Article 29), Empty Homes Tax (Article 29A), Cannabis Business Tax (Article 30), or Overpaid Executive Gross Receipts Tax (Article 33) (including the tax on administrative office business activities in Section 3303(g)), pursuant to this Article 6 or regulations prescribed by the Tax Collector. For taxes required to be deposited monthly, or for the Sugary Drinks Distributor Tax (Article 8), the Tax Collector may only extend the time for filing a return for a period not to exceed 30 days. As a condition of the extensions under this subsection (b)(1), the person seeking the extension shall make a payment of not less than 100% of such person's liability for such period. Failure to make the required 100% payment will result in the automatic denial of the person's extension and the person being subject to the standard due dates in this Article 6, including any penalties, interest, fees, and other consequences of failing to file and pay by those due dates.

(2) For returns of the Gross Receipts Tax (Article 12-A-1) (including the tax on administrative office business activities in Section 953.8 of Article 12-A-1), Early Care and Education Commercial Rents Tax (Article 21), Homelessness Gross Receipts Tax (Article 28) (including the tax on administrative office business activities in Section 2804(d) or Section 2804.9 of Article 28), Cannabis Business Tax (Article 30), or Overpaid Executive Gross Receipts Tax (Article 33) (including the tax on administrative office business activities in Section 3303(g)), persons may request from the Tax Collector an extension of time to file one or more such returns, which extension would extend the deadline to file such return to November 30 of the calendar year in which the return was originally due under Section 6.9-1 of this Article 6. As a condition of such extension, the person seeking the extension shall, by the original due date under Section 6.9-1 for filing the return, for each tax type, request the extension and make the Required Payment, and, by the November 30 extended deadline, file the return. An extension for the Gross Receipts Tax (including the tax on administrative office business activities in Section 953.8 of Article 12-A-1) return shall also extend to November 30 the deadline to pay any Business Registration Fee liability in excess of the Required Payment necessary for the extension.

(3) For purposes of this subsection (b), the "Required Payment" means:

(A) For an extension of a Gross Receipts Tax return, a payment of not less than the sum of:

(i) 110% of such person's Gross Receipts Tax liability, prior to the application of any payments, as reported on the later of:

a. Such person's original return for the tax year immediately preceding the tax year for which the extension is being requested; or

b. Such person's amended return, filed on or before the due date for the extension request, for the tax year immedi-



ately preceding the tax year for which the extension is being requested; and

(ii) Such person's Business Registration Fee, calculated by applying the current registration year rates to 110% of such person's San Francisco Gross Receipts or San Francisco payroll expense, as applicable, as reported on the later of:

a. Such person's original Gross Receipts Tax return for the tax year immediately preceding the tax year for which the extension is being requested; or

b. Such person's amended Gross Receipts Tax return, filed on or before the due date for the extension request, for the tax year immediately preceding the tax year for which the extension is being requested; and

(B) For an extension of an Early Care and Education Commercial Rents Tax, Homelessness Gross Receipts Tax, Cannabis Business Tax, or Overpaid Executive Gross Receipts Tax return, a payment of not less than 110% of such person's liability, prior to the application of any payments, for each tax type for which an extension is being requested, as reported on the later of:

(i) Such person's original return for the tax year immediately preceding the tax year for which the extension is being requested; or

(ii) Such person's amended return, filed on or before the due date for the extension request, for the tax year immediately preceding the tax year for which the extension is being requested.

(4) For purposes of determining the amount of the Required Payment, if a person did not file a return for a tax type and tax year before the due date for the extension request, the person's liability and San Francisco Gross Receipts for that tax type and tax year shall be deemed to be zero.

(5) For purposes of extensions requested under subsection (b)(2), failure to timely make the Required Payment for a tax type, or failure to file the return by the November 30 extended deadline for a tax type, will result in the automatic denial of the person's extension request for that tax type and the person being subject to the standard due dates in this Article 6, including any penalties, interest, and fees, each calculated from those standard due dates, and other consequences of failing to file and pay by those due dates.

(c) Notwithstanding subsections (a) and (b) of this Section 6.9-4, the Tax Collector may extend any time for filing any return or payment of tax or excuse penalties for any late filing or late payment by a period not to exceed 60 days if billing or other administrative duties of the Tax Collector cannot be performed in a timely manner.

#### **SEC. 6.11-2. DEFICIENCY DETERMINATIONS; REVOCATION DETERMINATIONS; NOTICE AND SERVICE.**

(a) Upon making a determination pursuant to Section 6.11-1 or Section 6.11-1.1, as applicable, or upon making a determination pursuant to Section 6.6-1 that a certificate shall not be issued or to revoke a registration, the Tax Collector shall give to the taxpayer or other person affected written notice of the Tax Collector's determination. Except in the case of fraud, intent to evade the Business and Tax Regulations Code or rules and regulations issued by the Tax Collector, or failure to file a return, in all of which cases there is no statute of limitations, every notice of a deficiency determination shall be served within three years after the date that a return was due for a tax for the reporting period or three years after the return was actually filed for that reporting period, whichever is later. The taxpayer may agree in writing to extend said period for service of a notice of a deficiency determination. For purposes of serving a notice of a deficiency determination under this Section 6.11-2, the date that a return was due shall be:

(1) For tax years and tax periods ending on or before December 31, 2021, and registration years ending on or before June 30, 2023, the due date of the return without regard to any extensions under Section 6.9-4;

(2) For tax years and tax periods beginning on or after January 1, 2022, and registration years beginning on or after July 1, 2023 and ending on or before March 31, 2026, except for the taxes for the years and periods subject to subsection (a)(3) of this Section 6.11-2, the due date of the return including any extensions; or

(3) For the Gross Receipts Tax (Article 12-A-1) (including the tax on administrative office business activities in Section 953.8 of Article 12-A-1), the Early Care and Education Commercial Rents Tax (Article 21), the Homelessness Gross Receipts Tax (Article 28) (including the tax on administrative office business activities in Section 2804(d) or Section 2804.9 of Article 28), the Cannabis Business Tax (Article 30), and the Overpaid Executive Gross Receipts Tax (Article 33) (including the tax on administrative office business activities in Section 3303(g)) for tax years beginning on or after January 1, 2025, and for the Business Registration Fee (Article 12) for registration years beginning on or after April 1, 2026, November 30 of the calendar year in which the return for such respective tax was originally due.

(b) The notice of any determination under this Section 6.11-2 may be served upon the taxpayer or other affected person personally or by mail; if by mail, service shall be:

(1) to the last known address that appears in the Tax Collector's records, provided there is such an address in the Tax Collector's records, or

(2) to an address that the Tax Collector concludes, in the Tax Collector's discretion, is the last known address of the person(s).

(c) In case of service by mail of any notice required by this Article 6 to be served upon the taxpayer or other person, the service is complete at the time of deposit with the United States Postal Service.

#### **SEC. 6.15-1. REFUNDS.**

(a) **Claims for Refund; Limitations.** Except as otherwise provided in subsections (f) and (g) of this Section 6.15-1, the Controller shall refund or cause to be refunded the amount of any tax, interest, or penalty that has been overpaid or paid more than once, or has been erroneously or illegally collected or received by the City, provided the person that paid such amount files a claim in writing with the Controller within the one year of the date specified in subsection (h) of this Section later of one year of: (1) payment of such amount; (2) the date the return accompanying such payment was due, without regard to any extensions under Section 6.9-4; or (3) the date on which such amount requested on a return, amended return, or request for refund timely filed under subsection (g) of this Section 6.15-1 was denied under that subsection (g).

(b) **Claims for Refund; Contents.** Any claim filed under subsections (a)-(f) of this Section 6.15-1 must state: (1) the specific amount claimed to have been overpaid or paid more than once, or erroneously or illegally collected or received by the City; (2) the tax periods at issue; (3) the grounds upon which the claim is founded, with specificity sufficient to enable the responsible City officials to understand and evaluate the claim; and (4) the date on which the amount requested on a return, amended return, or request for refund timely filed under subsection (g) of this Section 6.15-1 was denied under that subsection (g), if the person filing the claim filed such a return, amended return, or request for refund.

(c) **Claims for Refund; Third-Party Taxes.** The customer who pays a third-party tax to an operator is the proper party to seek the refund of a disputed third-party tax. No operator or

other person responsible for collecting or remitting a disputed third-party tax may obtain a tax refund unless that operator or other person proves that the tax has not been passed on to its customers or any other person.

(d) **Claims for Refund; Applicable Law.** Claims for refund shall be made according to California Government Code, Title 1, Division 3.6, Part 3. For purposes of subsections (a)-(f) of this Section 6.15-1, a claim shall be deemed to accrue on the date specified in subsection (h) of this Section later of: (1) the date the return was due, without regard to any extensions under Section 6.9-4; (2) the date the tax was paid; or (3) the date the refund requested on a return, amended return, or request for refund timely filed pursuant to subsection (g) of this Section 6.15-1 was denied under said subsection (g). The Controller shall furnish a form to be used for claims.

(e) **Claims for Refund; Actions by the City.** The Controller shall enter the claim in the claim register, and shall forthwith forward it to the City Attorney. The City Attorney is designated to take such actions on claims as authorized by California Government Code, Title 1, Division 3.6, Part 3, Chapter 2, except that the City Attorney's authority with regard to rejecting or allowing claims shall be as provided in this Section 6.15-1. The City Attorney may reject the claim, and shall notify the claimant of such rejection. Allowance or compromise and settlement of claims under this Section 6.15-1 in excess of \$25,000 shall require the written approval of the City Attorney and approval of the Board of Supervisors by resolution. The City Attorney may allow or compromise and settle such claims if the amount is \$25,000 or less. No claim may be paid until the Controller certifies that monies are available from the proper funds or appropriations to pay the claim as allowed or as compromised and settled. If the City approves the claim, the City may refund the excess amount collected or paid, or may credit such amount toward any amount due and payable to the City from the person from whom it was collected or by whom it was paid, and the balance may be refunded to such person, or the person's administrator or executor.

(f) **Claims for Refund; Waiver of Written Filing Requirement.** The City Attorney, in ~~his or her~~ the City Attorney's discretion and upon good cause shown, prior to the expiration of the one-year limitations period, may waive the requirement set forth in subsection (a) of this Section 6.15-1 that a taxpayer file a written claim for a refund in any case in which the Tax Collector and City Attorney determine on the basis of other evidence that:

(1) an amount of tax, interest, or penalty has been overpaid or paid more than once, or has been erroneously or illegally collected or received by the City; and

(2) all other conditions precedent to the payment of a refund to the taxpayer have been satisfied.

(g) **Requests for Refund; Refunds Permissible Without a Claim.**

(1) The Tax Collector may authorize the Controller to refund tax, interest, or penalty payments, without a refund claim having been filed and without review by the City Attorney, if the Tax Collector determines that the amount paid exceeds the tax, penalties, and interest due.

(2) The person that made the overpayment may request such a refund from the Tax Collector on a return, amended return, or request for refund form that is issued by the Tax Collector and that is filed with the Tax Collector within the later of one year of:

(A) For tax years and tax periods ending on or before December 31, 2021, and registration years ending on or before June 30, 2023:

(i) the payment of such amount; or

(ii) the date the return accompanying such payment was due, without regard to any extensions under Section 6.9-4.

(B) For tax years and tax periods beginning on or after January 1, 2022, and registration years beginning on or after July 1, 2023 and ending on or before March 31, 2026, except for requests for refund subject to subsection (g)(2)(C):

(i) the payment of such amount; or

(ii) the date the return accompanying such payment was due, including any extensions.

(C) For requests for refund of the Gross Receipts Tax (Article 12-A-1) (including the tax on administrative office business activities in Section 953.8 of Article 12-A-1), the Early Care and Education Commercial Rents Tax (Article 21), the Homelessness Gross Receipts Tax (Article 28) (including the tax on administrative office business activities in Section 2804(d) or Section 2804.9 of Article 28), the Cannabis Business Tax (Article 30), and the Overpaid Executive Gross Receipts Tax (Article 33) (including the tax on administrative office business activities in Section 3303(g)) for tax years beginning on or after January 1, 2025, and for requests for refund of the Business Registration Fee (Article 12) for registration years beginning on or after April 1, 2026:

(i) the payment of such amount; or

(ii) November 30 of the calendar year in which the return for such respective tax was originally due.

(3) The Tax Collector may also authorize the Controller to refund the overpaid tax, interest, or penalty payments on its own initiative within ~~this the~~ one-year period in subsection (g)(2).

(4) A refund requested on a return, amended return, or request for refund form under this subsection (g) shall automatically be deemed denied for purposes of subsections (a), (b), and (d) of this Section 6.15-1 if the Tax Collector does not grant or deny the refund request within one year of the date it was filed. The Tax Collector may not grant a request for refund after this one-year period, and any action by the Tax Collector after a refund request under this subsection (g) has been deemed denied shall not constitute a denial and shall have no effect on the statute of limitations for filing a claim for refund under subsections (a)-(f) and (h) of this Section 6.15-1.

(5) In lieu of requesting a refund on a return, amended return, or request for refund form, a taxpayer may elect to apply an overpayment of the business registration fee in Article 12, the Gross Receipts Tax in Article 12-A-1 (including the tax on administrative office business activities under Section 953.8 of Article 12-A-1), the Sugary Drinks Distributor Tax in Article 8, the Early Care and Education Commercial Rents Tax in Article 21, the Homelessness Gross Receipts Tax in Article 28 (including the homelessness administrative office tax under Section 2804(d) of Article 28), the Cannabis Business Tax in Article 30, or the Overpaid Executive Gross Receipts Tax in Article 33 (including the tax on administrative office business activities under Section 3303(g)) as a credit against the taxpayer's immediately succeeding payment or payments due for tax years or periods ending on or before December 31, 2024, of the respective tax type, for up to one year. Any election to apply an overpayment to the taxpayer's future liability shall be binding and may not later be changed by the taxpayer.

(h) The date from which the deadline for filing a claim under subsection (a) of this Section 6.15-1 is determined and the date on which a claim shall be deemed to accrue under subsection (d) of this Section shall be the later of:

(1) For tax years and tax periods ending on or before December 31, 2021, and registration years ending on or before June 30, 2023:

*(A) the payment of such amount;*

*(B) the date the return accompanying such payment was due, without regard to any extensions under Section 6.9-4; or*

*(C) the date on which such amount requested on a return, amended return, or request for refund timely filed under subsection (g) of this Section 6.15-1 was denied under that subsection (g).*

*(2) For tax years and tax periods beginning on or after January 1, 2022, and registration years beginning on or after July 1, 2023 and ending on or before March 31, 2026, except for claims for refund subject to subsection (h)(3):*

*(A) the payment of such amount;*

*(B) the date the return accompanying such payment was due, including any extensions; or*

*(C) the date on which such amount requested on a return, amended return, or request for refund timely filed under subsection (g) of this Section 6.15-1 was denied under that subsection (g).*

*(3) For claims for refund of the Gross Receipts Tax (Article 12-A-1) (including the tax on administrative office business activities in Section 953.8 of Article 12-A-1), the Early Care and Education Commercial Rents Tax (Article 21), the Homelessness Gross Receipts Tax (Article 28) (including the tax on administrative office business activities in Section 2804(d) or Section 2804.9 of Article 28), the Cannabis Business Tax (Article 30), and the Overpaid Executive Gross Receipts Tax (Article 33) (including the tax on administrative office business activities in Section 3303(g)) for tax years beginning on or after January 1, 2025, and for claims for refund of the Business Registration Fee (Article 12) for registration years beginning on or after April 1, 2026:*

*(A) the payment of such amount;*

*(B) November 30 of the calendar year in which the return for such respective tax was originally due; or*

*(C) the date on which such amount requested on a return, amended return, or request for refund timely filed under subsection (g) of this Section 6.15-1 was denied under that subsection (g).*

#### **SEC. 6.15-2. REFUNDS; INTEREST.**

(a) Any amounts refunded prior to entry of a final judgment in a judicial proceeding shall bear interest at the rate for pre-judgment interest on refunds of local taxes or fees provided by Section 3287(c) of the California Civil Code, as amended from time to time, and shall be computed from the date of payment to the date of refund.

(b) If the Controller offsets overpayments for a period or periods against another liability or liabilities currently owed to the City, or against penalties or interest on the other liability or liabilities currently owed to the City, the taxpayer will be credited with interest on the amount so applied at the rate of interest set forth above, computed from the date of payment.

(c) If a taxpayer elects to apply all or part of an overpayment of the business registration fee in Article 12, the Gross Receipts Tax in Article 12-A-1 (including the tax on administrative office business activities under Section 953.8 of Article 12-A-1), the Sugary Drinks Distributor Tax in Article 8, the Early Care and Education Commercial Rents Tax in Article 21, the Homelessness Gross Receipts Tax in Article 28 (including the homelessness administrative office tax under Section 2804(d) of Article 28), the Cannabis Business Tax in Article 30, or the Overpaid Executive Gross Receipts Tax in Article 33 (*including the tax on administrative office business activities in Section 3303(g)*) as a credit against the taxpayer's immediately succeeding payment or payments due *for tax years or periods ending on or before December 31, 2024*, of the respective tax type, the taxpayer will not be credited with interest on the amount so applied.

#### **SEC. 6.17-1.1. PENALTIES AND INTEREST FOR FAILURE TO PAY.**

(a) Any person who fails to pay, collect, or remit to the City any tax shown on a return or required to be shown on a return shall pay a penalty of 5% of the unpaid tax, if the failure is for not more than one month after the tax was due and unpaid, plus an additional 5% for each following month or fraction of a month during which such failure continues, up to 25% in the aggregate, until the date of payment.

**The text above contains the first 20 pages of Measure M but does not include the remaining pages of the measure. The pages that have been excluded may include important information that could be useful to voters, and the Department of Elections encourages voters to review those pages as well. The full text of this measure is available online at [sfelections.gov](http://sfelections.gov) and in every public library. If you desire a copy of the full text of the measure to be mailed to you, please contact the Department of Elections at (415) 554-4375 and [sfvote@sfgov.org](mailto:sfvote@sfgov.org) and a copy will be mailed at no cost to you.**

## **Proposition N**