

SF BUSINESS TAX CHANGE AHEAD



SAN FRANCISCO BUSINESS TAX CHANGES OUTREACH SUMMARY REPORT

JULY 2014

BACKGROUND

In November of 2012, the voters approved Proposition E, a Gross Receipts Tax and Business Registration Fee Ordinance. Passing with 70% of the vote in a high voter turnout election, Proposition E was widely supported by a broad base of local businesses.

Despite the high support for the measure from the business community, the City's past experience with tax compliance indicated that many business owners are often unaware or unclear of how legislative changes will impact their businesses. When it comes to tax compliance, most businesses in San Francisco do not have support and staff assigned to monitor newly enacted tax law changes. Small businesses typically do not engage a tax professional to assist them with their tax preparation. In many cases, an owner, office manager, or a family member will prepare and file taxes for the business—not an accountant, Certified Public Accountant, or other tax professional.

The first of the taxpayer filings for the 2012 voter approved tax changes went into effect in April 2014. It was necessary to launch an awareness campaign to inform business owners about the changes to the City's business tax structure. Under the direction of the Mayor's Office, in the summer of 2013, the process to begin developing a communications strategy was implemented by the Office of Economic and Workforce Development (OEWD), the Office of Small Business (OSB), and the Treasurer Tax Collector's Office (TTX). In fall of 2013, OEWD, OSB and TTX hired communications consultants to help assist in developing a strategic outreach and education plan to inform the over 95,000 registered businesses in the City and County of San Francisco about the tax changes as they rolled out in 2014 and beyond. Barbary Coast Consulting and lowercase productions (herein referred to as "the team") were awarded the contract.

EXECUTIVE SUMMARY

The outreach strategy outlined in this document was executed from January 2014 to June 2014. The goal for the outreach was to educate businesses owners about the upcoming changes and to ensure mechanisms and resources were in place for a smooth transition into the new tax system. The comprehensive outreach approach outlined in this summary report is focused on proactive efforts taken to inform and engage stakeholders and to help the City share information, so that business owners were prepared in advance of the Business License Registration fee renewal due on May 31, 2014. The outreach also included concentrated efforts to engage business owners with Limited English Proficiency.

The plan engaged the following entities:

- Mayor's Office
- Board of Supervisors
- City Departments, Commissions, and Agencies
- Chambers of Commerce
- Trade and Advocacy Associations
- Economic Development Organizations
- Neighborhood Merchant Groups
- Multicultural Community-Based Organization (CBOs)

Outreach messages were distributed through multiple channels, including:

- Audio and video Public Service Announcements
- City sponsored tax change workshops at City Hall
- Community workshops and Public Seminars
- Door-to-Door outreach along commercial corridors
- Flyers and posters
- Individual factsheets translated into multiple languages
- Info-graphics to convey technical tax information in an accessible and visually engaging way
- Mass mailings from TTX
- Print Media outreach and advertising
- San Francisco Municipal Transportation Agency (SFMTA) bus ads
- PowerPoint presentations, including a Granicus Interactive PowerPoint
- Social media
- TTX's departmental website and project specific website—www.sfbiztax.org

OUTREACH

Efforts for the business tax awareness campaign focused on a simple multi-language message to reach a broad audience: “San Francisco’s business taxes are changing, get educated!” The message was specifically tailored around the changes being instituted for the gross receipts and business and payroll taxes. The outreach focused on increasing awareness of the new tax structure, regularly seeking input from leaders within the business community about the outreach process, and creating a sense of ease for business owners during the transition by clearly articulating how they will be affected by these changes.

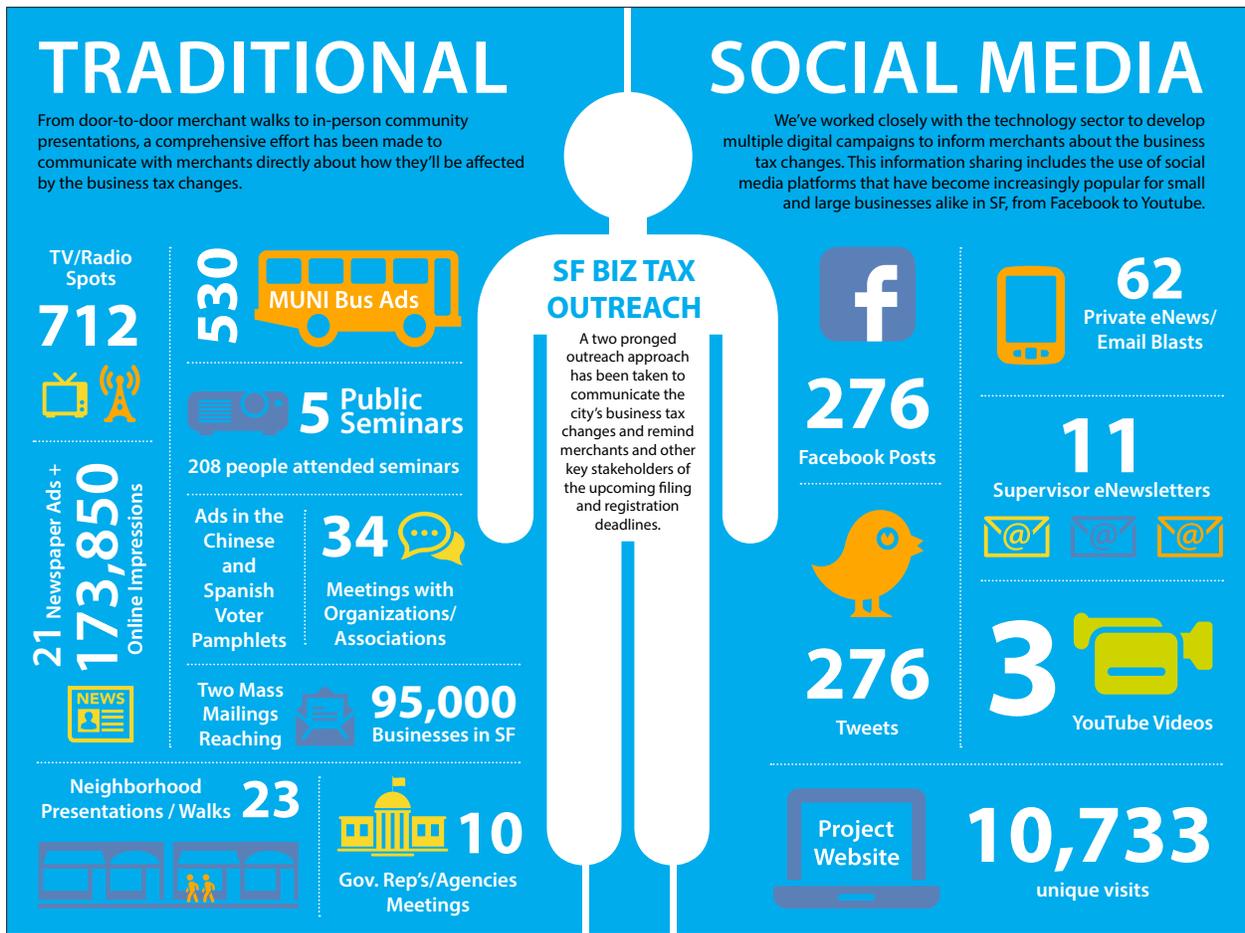
On January 24, 2014, OEWD and TTX officially kicked off the formal gross receipts and business tax outreach to all 95,000 registered San Francisco businesses with the mailing of a multi-language flyer describing the new changes to the City’s tax structure. The outreach plan included a diverse awareness campaign from a designated website (www.sfbiztax.org) to monthly seminars, the creation and distribution of several pieces of informative collateral material to a multilingual media campaign on local radio, television and newspapers.

The primary goal of the first phase of outreach was to educate all business owners about the increase to the voter-approved Business Registration Fee. As described in this report, the outreach plan was front-loaded to prepare all business owners that paid a Business Registration Fee, as well as those who paid the first two installments of the combined gross receipts and payroll tax, would experience changes.

OUR TOOLS

FROM MUNI ADS TO PUBLIC SEMINARS

The following info-graphic captures both the traditional and online outreach that has taken place to educate business owners about the changes to the tax structure, including a detailed list of when presentations and briefings were held, from Supervisors to Small Business Week.



SF BIZ TAX OUTREACH

List Updated: July 4 2014

The Office of the Mayor in partnership with the Office of Economic and Workforce Development, the Office of the Treasurer and Tax Collector, and the Office of Small Business have joined forces to inform the more than 90,000 businesses in San Francisco about the new changes to the business tax structure. Below is a list of the presentations that have been made to educate merchants and other key stakeholders about the changes.

Meetings with Organizations/Associations

| | |
|---|---|
| Business Tax Advisory Group (BTAG) | 12/12/13, 02/12/14, 03/26/14, 05/21/14 |
| Building Owners and Managers Association (BOMA) | 02/15/13, 05/22/14 |
| Committee on Jobs | 04/24/13, 02/20/14 |
| Chamber of Commerce Meetings | 09/12/13, 01/14/14 |
| San Francisco Realtors Association | 12/19/13, 01/29/14 |
| Chamber of Commerce Tax Committee | 02/27/13 |
| Small Business Commission | 02/28/13 |
| Hotel Council | 03/27/13 |
| SF Citi | 04/09/13 |
| SF Apartments Owners Association | 05/15/13 |
| Golden Gate Restaurant Association | 05/20/13 |
| Chamber of Commerce Board | 06/20/13 |
| Presidio Tenants | 10/22/13 |
| San Francisco Council of District Merchants (SFCDMA) | 01/21/14 |
| Small Business Commission | 01/27/14 |
| Women's Initiative for Self Employment | 02/10/14 |
| Plumbers Association | 02/11/14 |
| Cushman Wakefield | 02/26/14 |
| Tax Executive Institute | 03/06/14 |
| Coalition on Better Housing | 03/14/14 |
| San Francisco Apartment Association | 03/17/14 |
| Local Law Firm's Finance Divisions | 03/25/14 |
| SF Entertainment Summit | 04/07/14 |
| San Francisco Taxi Commission | 04/08/14 |
| Construction Financial Management Association | 04/09/14 |
| Burr Pilger Mayer Gross Receipts Tax Overview for Non-Profits | 06/05/14 |
| San Francisco Produce Mart | 06/19/14 |

Public Seminars

02/06/14, 03/06/14, 04/03/14, 05/01/14, 06/05/14

Small Business Week

05/12/14, 05/14/14

Gov. Rep's/Agencies Meetings

| | |
|--|----------|
| Supervisor Katy Tang | 12/11/13 |
| BOS Budget and Finance | 12/12/13 |
| 311 | 12/16/13 |
| Supervisor Farrell | 01/17/14 |
| Supervisor Yee | 02/03/14 |
| Internal Training City Departments | 02/25/14 |
| Supervisor Cohen | 03/21/14 |
| Supervisor Breed | 04/04/14 |
| Supervisor Wiener | 04/08/14 |
| Supervisor Mar | 04/24/14 |
| Mayors Office of Housing and Community Development | 05/15/14 |
| Supervisor Chu | 05/21/14 |
| Supervisor Campos | 06/27/14 |
| Supervisor Avalos | 06/30/14 |

Neighborhood Presentations / Walks

| | |
|--|----------|
| Fillmore Street Merchants | 01/15/14 |
| Hood and Strong LLP Webinar | 01/15/14 |
| West Portal Merchants | 01/16/14 |
| Mission Creek Merchants Association (MCMA) | 01/21/14 |
| The Clement Street Merchants | 01/23/14 |
| Chestnut Street Merchant Walk | 01/30/14 |
| Polk Street Merchants | 01/31/14 |
| Castro Merchants | 02/06/14 |
| Excelsior Merchant Walk | 02/10/14 |
| Union Square Merchants Association | 02/11/14 |
| Potrero Dogpatch Merchants Association (PDMA) | 02/11/14 |
| Irving Street Merchants Association | 02/12/14 |
| Haight Street Merchants Association | 02/13/14 |
| South Beach Mission Bay Business Association | 02/18/14 |
| Yerba Buena Alliance | 03/06/14 |
| People of Parkside Sunset | 03/06/14 |
| Union Street Merchants | 03/12/14 |
| Mission Street Merchants Association | 03/19/14 |
| Northeast Mission Business Association (NEMBA) | 03/27/14 |
| Clement Street Merchant Walk | 05/01/14 |
| Leland Avenue Merchant Walk | 05/06/14 |
| Divisadero Street Merchant Walk | 05/21/14 |
| Noe Valley Merchant Walk | 05/28/14 |

BUSINESS TAX ADVISORY GROUP (BTAG)

Prior to the launch of the public outreach, Mayor Ed Lee and Treasurer José Cisneros initiated the creation of the Business Tax Advisory Group (BTAG). BTAG's goal was to offer support and guidance to the City surrounding the communications, outreach, and programming for the gross receipts and business tax change awareness campaign. The group was made up of a broad range of business community leaders including members from prominent associations, non-profits, the Small Business Commission, Small Business Network, as well as general business community partners, including representatives from the hospitality, technology, manufacturing, healthcare, real estate, and arts sectors. Since December 2013, the group has participated in four meetings led by OEWD and TTX. Jim Lazarus of the San Francisco Chamber of Commerce and Kate Sofis of SF Made serve as the Chairs of BTAG.

BTAG will continue to act as a vehicle for collecting feedback, providing recommendations and assisting with the campaign's outreach, education and programming as the City continues to roll out the gross receipts and business tax changes until they're full implemented in 2018. The group not only provided feedback on the outreach plan, but they were also drivers of the information out to their respective communities.

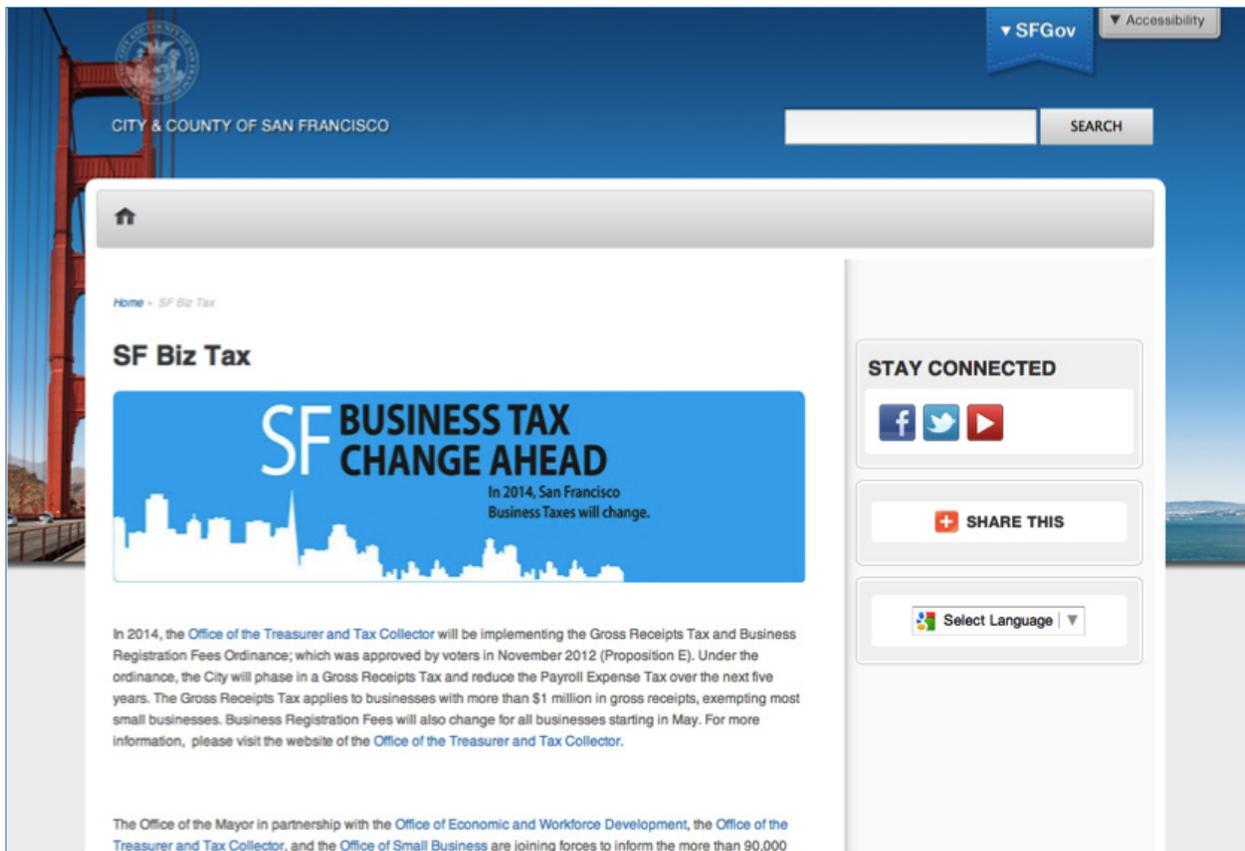
BTAG

Below, is a list of invited members and their respective organizations:

| Invited Members | Organization |
|-------------------------|--|
| Steve Adams | Sterling Bank |
| Jon Ballesteros | San Francisco Travel |
| Kevin Carroll | Hotel Council |
| Ken Cleaveland | Building Owners and Managers Association |
| Carlos Solórzano Cuadra | Multi Vision Latina |
| Joe D'Alessandro | San Francisco Travel |
| Kathleen Dooley | Small Business Owner |
| Deborah Elam | San Francisco Dental Society |
| Manny Fisher | Building Owners and Managers Association |
| Rich Gunn | Burr Pilger Mayer |
| Scott Hauge | California Insurance Association |
| Jason Holstein | Golden Gate Business Association |
| Reese Isbell | Bay Bio |
| Mary Jung | San Francisco Association of Realtors |
| Henry Karnilowicz | Council of District Merchants |
| Debra Lardie | Small Business Network |
| Jim Lazarus | San Francisco Chamber of Commerce |
| Mary Lou Licwinko | San Francisco Medical Society |
| Steve Mayer | SD Mayer and Associates |
| Sharon Miller | Renaissance Entrepreneurship Center |
| Donnalyne Murphy | Golden Gate Restaurant Association |
| Janan New | San Francisco Apartment Association |
| Janine Shiota | San Francisco Arts Commission |
| Kate Sofis | SF Made |
| Jane Sullivan | San Francisco Foundation |
| Jeremy Wallenberg | SF Citi |
| Chris Wright | Committee on Jobs |

SFBIZTAX.ORG

A dedicated San Francisco business tax website was created and launched for the outreach campaign with the domain name, sfbiztax.org. All messages and collateral material developed for the project's outreach was housed on the site, as well as a calendar of informational events, and links to key information on the OEWD, OSB, and TTX department websites. To date, the site has had 10,733 page views.



SF BUSINESS TAX CHANGE

COLLATERAL MATERIAL & MAILINGS

The team took complex tax information and distilled it into clear and concise collateral material that helped present changes to the San Francisco business tax in a compelling and effective way. Several informative pieces were developed including a fact sheet outlining the tax changes for businesses that fall within different payroll expense and gross receipts brackets. This multilingual flyer was mailed to all 95,000 registered San Francisco Businesses in January 2014. Additionally, a second mailer was distributed by TTX that informed business owners of the increase to the Business Registration Fee, which also reminded them of the May 31st due date.

SF BUSINESS TAX CHANGE AHEAD

In 2014, San Francisco Business Taxes will change.

To get you started...

| 1. | 2. | 3. | 4. |
|--|--|---|--|
| Are you a business with... | Are you a business with... | Are you a business with... | Are you a business with... |
| <p>less than \$150,000 in SF Payroll Expense</p> <p>less than \$500,000 in SF Gross Receipts</p> | <p>\$260,000 or less in SF Payroll Expense</p> <p>\$1,000,000 or less in SF Gross Receipts</p> | <p>more than \$260,000 in SF Payroll Expense</p> <p>more than \$1,000,000 in SF Gross Receipts</p> | |
| <p>then... you will not have to file a Payroll Expense or Gross Receipts Tax Return</p> <p>but... you will have to pay a new Business Registration Fee</p> | <p>then... you will have to file a Payroll Expense and Gross Receipts Tax Return</p> <p>and... you will have to pay a new Business Registration Fee</p> <p>but... you will have a "Small Business Enterprise" exemption and will not owe additional tax</p> | <p>and... have locations only in SF</p> <p>and... operate in only one business category</p> <p>then... you may qualify to use a simple Payroll Expense and Gross Receipts tax form</p> <p>and... you will have to pay a new Business Registration Fee</p> | <p>and... have locations both inside and outside SF</p> <p>or... operate in multiple business categories</p> <p>or... claim tax credits</p> <p>then... you will need to provide more information in your Payroll Expense and Gross Receipts tax form</p> <p>and... you will have to pay a new Business Registration Fee</p> |

Learn how your business tax will be changing. For more information, go to www.sfbiztax.org, call 311 or (415) 701-2311 or contact a tax professional for additional assistance.

MULTILINGUAL AD CAMPAIGN

A multilingual ad campaign was executed for the awareness effort on Muni buses and local media outlets. With the support of SFGtv, an interactive public service announcement video was produced and broadcast on local television and audio was produced for radio and made publicly available on the sfbiztax.org website through YouTube, as well as on SFGtv.

On the interior and exterior, a total of 530 Muni bus ads were placed in English, Chinese and Spanish. The multilingual radio and television PSA aired for 720 spots, in English, Chinese, and Spanish, and included KTSF, KCBS, KGO, Sing Tao Radio, California 1010AM KIQI, and Comcast television network. Newspaper Ads were placed in each of San Francisco's neighborhood papers, San Francisco Chronicle, San Francisco Examiner, Sing Tao, El Mensajero, San Francisco Business Times, and in San Francisco Medical Society's publication. An informational ad was also placed in both the Chinese and Spanish June Primary Election Voter Guides.

PRÓXIMO CAMBIO EN LOS IMPUESTOS A LOS NEGOCIOS DE SF

Aprenda cómo cambiarán los impuestos a su negocio.

Para obtener más información, conéctese a www.sfbiztax.org, llame al 311 o al (415) 701-2311 o comuníquese con su profesional de impuestos para obtener más ayuda.

СО НАЛОГ НА БИЗНЕС ГРЯДУТ ПЕРЕМЕНА

Ознакомьтесь с изменениями налогов на бизнес.

Для получения дополнительной информации зайдите на www.sfbiztax.org, звоните по 311 или (415) 701-2311 или обратитесь к профессиональному специалисту по налогам за помощью.

三藩市 企業稅 即將改變

了解您的企業稅將如何改變。

欲了解更多信息，請訪問 www.sfbiztax.org，或請撥打311或(415) 701-2311，或諮詢稅務專業人士獲得額外協助。

Logos: City of San Francisco, SBC, 311, SAN FRANCISCO Office of Economic and Workforce Development

MONTHLY SEMINARS

Five monthly seminars were hosted at the Main Public Library to educate business owners on the new tax structure. In order to broaden our target audience for these meetings, the City partnered with different organizations to help attract a variety of business owners to each seminar, including San Francisco Chamber of Commerce, Small Business Network, Golden Gate Restaurant Association, Renaissance Center and San Francisco Hotel Council. These meetings attracted over 208 attendees.



Para ayudarle a prepararse...

ÚNASE A NOSOTROS a un seminario gratis para aprender más acerca de cómo cambiar los impuestos de los negocios.

En 2014, la ciudad introducirá gradualmente los impuestos sobre los ingresos brutos y reducirá el impuesto por pago de nómina en los próximos cinco años. El impuesto sobre los ingresos brutos aplicará a empresas con más de \$1 millón de Ingresos brutos anuales, exceptuando a la mayoría de empresas. Las cuotas para la registración de empresas también cambiarán para todas las empresas.

Jueves, 1° de mayo de 2014
2:00 - 3:30 p.m.

Biblioteca Pública de San Francisco
 100 Larkin St, San Francisco, CA
 Salon Latino (Latino Room)

El seminario incluirá un resumen de los nuevos cambios y un calendario de presentación de la declaración de impuestos. El seminario está organizado por la Ciudad y Condado de San Francisco, en colaboración con el Renaissance Entrepreneurship Center.

Regístrese ahora
 El cupo es limitado. Por favor RSVP (confirme su asistencia) con Marianne Thompson al 415.554.6297 o marianne.thompson@sfgov.org

Accesibilidad
 El lugar de la reunión es accesible para personas que usan sillas de ruedas y otras con discapacidades. Materiales alternativos, intérpretes de Dactilología americana (Intérprete de lenguaje de señas) y otras acomodaciones pueden ser disponibles bajo petición llamando al 415.554.6297 con al menos 72 horas de anticipación.

Transporte y estacionamiento
 La estación de BART accesible más cercana es el Civic Center. La línea de MUNI accesible sirviendo este lugar es la línea M. Obtener más información sobre el servicio accesible del Muni, por favor llame al 311. Estacionamiento accesible disponible en el garage de Civic Center Plaza. Llame al 415.863.1537.



Para obtener más información, visite www.sfbiztax.org, llame al 311 o al (415) 701-2311 o contacte a un profesional de impuestos para obtener más ayuda.



To help you get ready...

JOIN US for a free seminar to learn more about how business tax will be changing.

In 2014, the City will phase in a Gross Receipts Tax and reduce the Payroll Expense Tax over the next five years. The Gross Receipts Tax will only apply to businesses with more than \$1 million in annual gross receipts, exempting most small businesses. Business Registration Fees will also change for all businesses.

Thursday, June 14, 2014
2:00 - 3:30 p.m.

San Francisco Public Library
 100 Larkin St, San Francisco, CA
 Latino Room

The seminar will include an overview of the new changes and a schedule of tax filings. The seminar is hosted by the City and County of San Francisco in partnership with the Hotel Council of San Francisco.

Register Today
 Seating is limited. Please RSVP to Marianne Thompson at 415.554.6297 or marianne.thompson@sfgov.org.

Accessibility
 The meeting location is accessible to persons using wheelchairs and others with disabilities. Materials in alternative formats, American Sign Language interpreters and other accommodations can be made available upon request by calling 415.554.6297 at least 72 hours in advance.

Transit and Parking
 The closest accessible BART station is Civic Center. The accessible MUNI line serving this location is the #19 Polk. For information about Muni's accessible service, please call 311. Accessible parking is available at 355 McAllister, Civic Center Plaza Garage. Call 415.863.1537.



For more information, go to www.sfbiztax.org, call 311 or (415) 701-2311 or contact a tax professional for additional assistance.

DIRECT OUTREACH

Over 60 presentations were scheduled and given to merchant groups and local business groups throughout San Francisco. A copy of the presentation was made publicly available on the sfbiztax.org website. Additionally, eight merchant walks took place on multiple merchant corridors across San Francisco, where the team directly communicated with small business owners about the changes to the tax structure.

Pictured below are images of the SF Biz Tax outreach in action. To the right is an image taken at one of the seminars held at the San Francisco Main Public Library branch. To the left is an image taken of the SF Biz Tax's table at the Small Business Week's Flavors of San Francisco event. Staff from the OSB and OEWD handed out promotional SF Biz Tax material and spoke to business owners about the changes to the business tax structure.



The image below showcases part of the Treasurer and Tax Collector's San Francisco Pride contingent, which included a banner, t-shirts and signs informing the public that SF's business taxes are changing.



SF BUSINESS TAX CHANGE

IN-REACH

OWED and TTX held trainings for City Agency staff and briefings with members and the Board of Supervisors and their aides. The internal trainings included representatives from the following departments, offices, and commissions: Department of Public Works, San Francisco International Airport, San Francisco, Arts Commission, the Assessor Recorder's Office, Office of Civic Engagement and Immigrant Affairs, Supervisor Jane Kim's Office, Supervisor Katy Tang's Office, the Office of Public Finance, the Controller's Office, the Office of Economic Workforce Development, the Entertainment Commission, the Film Commission, San Francisco Department of Building Inspection, and the Public Utilities Commission.

Additionally, a series of posts were created for use on social media sites Facebook and Twitter, and neighborhood and Agency newsletters, and were provided to other internal stakeholders, as well as BTAG members to include and distribute as part of their communications to constituents. In total, 31 organizations and offices sent out at least one email blast containing information about the changes to the City's tax structure. A sample of the Twitter and Facebook postings are included below.



"The clock is ticking towards the deadline to renew your business registration. Need help getting it in on time? For filing and payment information, go to www.sfbiztax.org, call 311 or (415) 701-2311, or contact your tax professional. #sfbiztax"



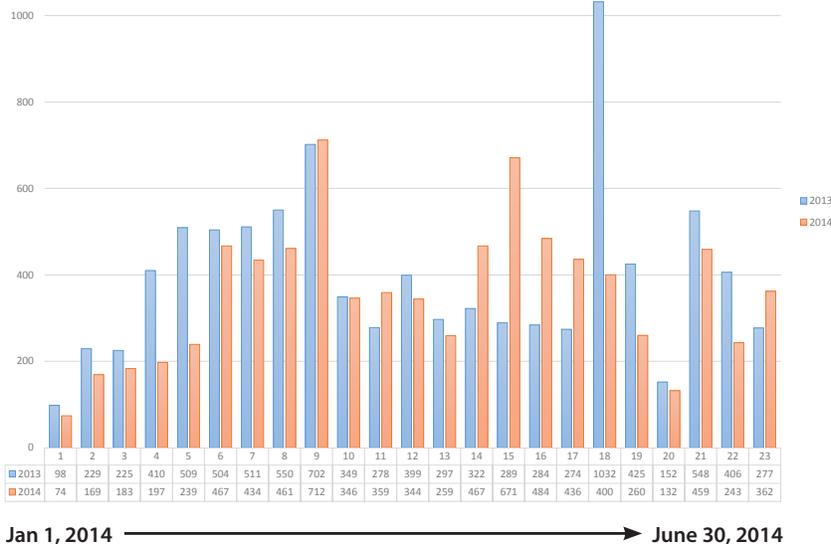
"Get those taxes out of your hair - file your new #sf biz reg fee online today! Learn more @ sfbiztax.org"



Each social media post included a graphic with the due date pictured below.

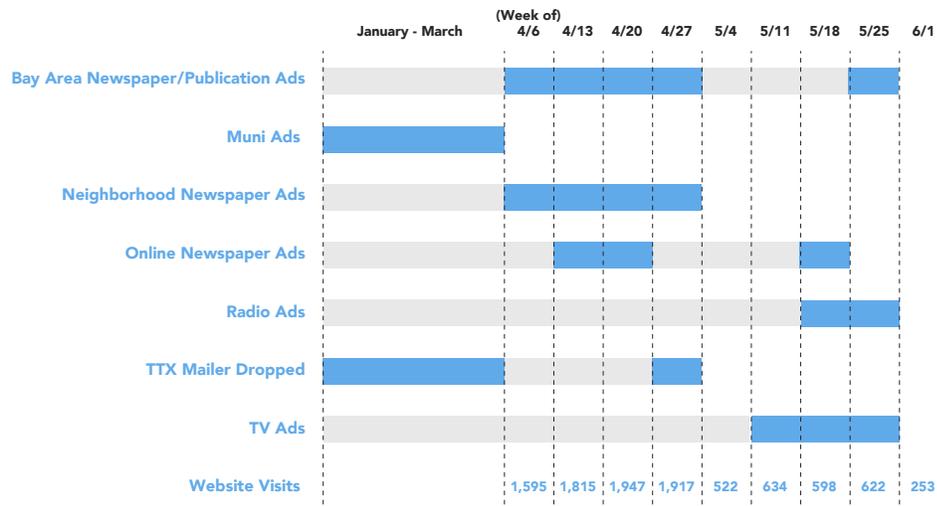
TTX 311 BUSINESS WEEKLY REFERRAL VOLUME YOY

As indicated in the following graph, this year there was a decrease in calls for service from business owners. We believe this was due to a more robust 311 knowledge base.



MULTI-LINGUAL MEDIA CAMPAIGN OUTREACH

Over the course of the campaign, from January to June 2014, sfbiztax.org had 10,733 web hits. Below is a chart that highlights the timeline for the multi-lingual media and mailer outreach in relation to the visits we saw to the sfbiztax.org website.



CONCLUSION

Following the filing deadline for the Business Registration Fee in May 2014, the Team outreached to members of the Board of Supervisor, City Departments as well as various local organizations to gather feedback on the Registration Fee process. Feedback was given from two members of the Board of Supervisors who each received one complaint from constituents regarding San Francisco's business tax changes.

To further evaluate the success of the outreach campaign, OEWD, OSB, and TTX are conducting a survey to solicit feedback from business owners that will be administered at the end of July 2014. Based on this feedback, the team will adjust outreach campaign messaging to reflect San Francisco's tax changes are now in effect and that businesses will need to prepare for the February 2015 deadline for compliance.

Below is a list of the City staff who worked closely on this project.

Todd Rufo, Director

Office of Economic Workforce Development, City and County of San Francisco

Gloria Chan, Director of Communications

Office of Economic Workforce Development, City and County of San Francisco

Marianne Thompson, Project Manager

Office of Economic Workforce Development, City and County of San Francisco

Susan Ma, Community Development Specialist

Office of Economic Workforce Development, City and County of San Francisco

Greg Kato, Policy and Legislative Manager

Office of Treasurer and Tax Collector, City and County of San Francisco

Grace O'Connor, Manager, Taxpayer Assistance & Passport Services

Office of Treasurer and Tax Collector, City and County of San Francisco

Regina Dick-Endrizzi, Executive Director

Office of Small Business, City and County of San Francisco

Project Consultants:

Barbary Coast Consulting

Lowercase Productions

The Fall 2013 – Summer 2014 outreach for the San Francisco business tax was a collaborative effort of the Office of Economic and Workforce Development, Office of Treasurer and Tax Collector, Office of Small Business, and 311 Customer Service Center. For questions about this effort, please contact Project Manager, Marianne Thompson at 415-554-6297, or marianne.thompson@sfgov.org.

