



CITY AND COUNTY OF SAN FRANCISCO  
LONDON BREED, MAYOR

OFFICE OF SMALL BUSINESS  
REGINA DICK-ENDRIZZI, DIRECTOR

April 9, 2019

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

RE: BOS File No. 190164 – Acceptance of Cash by Brick-and-Mortar Businesses

Small Business Commission Recommendation to the Board of Supervisors: **Conditional Approval upon adoption of two proposed amendments.**

This motion passed unanimously (7 to 0).

Dear Ms. Calvillo,

On April 8, 2019 the Small Business Commission (SBC) heard BOS File No. 190164 – Acceptance of Cash by Brick-and-Mortar Businesses. Mr. Derrick Remski, aide to Supervisor Brown, provided the SBC with an overview of the legislation and amendments that are planned to be adopted in Committee on April 11, 2019 which were written in response to community and industry feedback. The SBC is supportive of the intent of the legislation and agrees that it is critically important that all San Francisco residents participate in the City's economy. The SBC concurs that this legislation would provide another pathway for ensuring that.

The SBC is also appreciative of the change made to the first version of the legislation which struck the requirement that a representative of the business who is responsible for accepting or processing payment of the transaction also be physically present, thereby including stores using check-out free technology. Further, the SBC is especially supportive of two planned amendments which would: 1) include a 90 day period of enactment which will afford businesses an opportunity to make any necessary adjustments to their point of sale systems; and 2) include a requirement that the City of San Francisco's Tax and Treasurer's Office, five years from the ordinance's passing, report to the Board of Supervisors on how many residents remain unbanked. There were, however, two points of concern that the SBC deliberated on which resulted in two recommended amendments.

The Commission concluded that, in order to ensure the safety and security of businesses and their employees, the legislation should include a cap on the total amount of the cash transaction that the business must accept. Where there are some non-professional service businesses that do have transactions that amount in the thousands of dollars, it seems reasonable that a business would not be required to accept cash for a transaction that would be in a dollar amount that high.

The SBC expressed an additional concern that the legislation does not account for unforeseen and unintended consequences in requiring that most brick and mortar businesses accept cash tender. In particular, the Commission discussed hypothetical situations where the safety and security of an employee may be at risk if they were to accept cash tender. Where there may be myriad exceptional situations that

would merit an exemption to this law, the Commission recommends that an amendment be adopted to direct the San Francisco County Sealer to develop administrative guidelines in which a business may be situationally exempt from the cash acceptance requirement.

The Commission also discussed whether City and County of San Francisco administrative offices and Departments are required to accept cash. While some Departments do indicate that they will accept cash tender, there are some that do not. For example, the Legacy Business Program which is overseen by the Office of Small Business, requires that application fees be paid for by check. The Commission would like to suggest that, upon passage of this ordinance, the City and County of San Francisco conduct an inquiry into how many Departments and program do not accept cash. And, after the inquiry is conducted, thusly apply the same principals of equity in instructing any City County of San Francisco entity to accept cash as tender with requirements tantamount to this legislation.

**The SBC recommends the conditional approval of the proposed ordinance upon adoption of two (2) amendments:**

- 1) Responsive to transactions that may total in the thousands of dollars, include an exception that would establish a reasonable cap on the total amount of the cash transaction that the business must accept;
- 2) Responsive to possible unintended and situational negative consequences that may occur due to requiring the acceptance of cash, under enforcement, include specific direction for the San Francisco County Sealer to develop administrative guidelines in which a business may be situationally exempt from the cash acceptance requirement.

Thank you for considering the Commission's recommendations. Please feel free to contact me should you have any questions.

Sincerely,



Regina Dick-Endrizzi  
Director, Office of Small Business

cc: Vallie Brown, Member, Board of Supervisors,  
Sophia Kittler, Mayor's Liaison to the Board of Supervisors  
Lisa Pagan, Office of Economic and Workforce Development  
John Carroll, Clerk, Public Safety and Neighborhood Services Committee