

Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Julia H. Cooper

SUBJECT: SEE BELOW

DATE: October 13, 2020

Approved



Date

10/14/2020

INFORMATION

**SUBJECT: TEMPORARY EXPANSION OF BUSINESS TAX FINANCIAL
HARDSHIP EXEMPTIONS**

On September 29, 2020, City Council¹ approved the temporary expansion of the business tax financial hardship exemptions. The ordinance temporarily expands eligibility for the existing financial hardship exemptions for low revenue-generating small businesses and small business owners with limited household incomes to include all persons (broadly defined) engaged in business in the City who satisfy certain financial requirements. The expansion eliminates the requirements for the business or business owner to meet the definition of a small business or small business owner. Currently, to be eligible for the financial hardship exemptions, the small business must be owned and operated by a natural person or owned and operated jointly by married spouses or domestic partners, with no employees.

The temporary expansion of the business tax financial hardship exemptions will be in effect between October 1, 2020 and September 30, 2021. During this period, the Finance Department will utilize a variety of communication channels to promote the expansion, including sending emails to businesses, posting on social media platforms, adding information on the customer's renewal notices, and updating our website and phone systems. All written information will be translated to both Spanish and Vietnamese.

As part of the public outreach plan, the Finance Department is requesting assistance from the Mayor and City Councilmembers to include information about the temporary expansion of the business tax financial hardship exemptions in printed or e-newsletters. The following paragraph summarizes the ordinance approved by City Council.

¹ City Council Meeting, September 29, 2020, item 3.3 -

<https://sanjose.legistar.com/View.ashx?M=F&ID=8797470&GUID=90A63D13-8506-4021-9126-A109C3DC1904>

San José Offers Business Relief by Temporarily Expanding Business Tax Financial Hardship Exemptions

The City of San José is offering a temporary expansion of business tax financial hardship exemptions. The expansion increases eligibility for existing financial hardship exemptions to any business, in addition to small business owners, that meet the income requirements. The income requirements are as follows:

- Businesses with gross receipts of \$25,520 or less in the 2020 calendar tax year are eligible for the *financial hardship exemption for low revenue generating businesses*.
- Business owners with adjusted gross income of \$51,040 or less in the 2020 calendar tax year are eligible for the *financial hardship exemption for business owners with limited household incomes*.

Additionally, the Finance Department will allow businesses to apply for a financial hardship exemption based on their anticipated 2020 income, rather than relying on income reported on 2019 tax returns. The expansion is in effect from October 1, 2020 through September 30, 2021. To learn more about the expansion of the business tax financial hardship exemptions, please visit the City's business tax website at: www.sanjoseca.gov/businessstax or call us at (408) 535-7055.

/s/

JULIA H. COOPER
Director of Finance

For questions, please contact Rick Bruneau, Deputy Director of Finance, at (408) 535-8310.

