



First Year Free Report to the Board of Supervisors

June 9, 2025

In July 2021, the Board of Supervisors and the Mayor passed the First Year Free program to support and revive San Francisco small businesses as the City recovers from the pandemic. The First Year Free program offers relief to small business owners by waiving first-year permit, license, and business registration fees for certain small businesses. In November 2022, the Board of Supervisors extended the program through June 30, 2023, increased the gross receipts threshold to qualify, expanded the type of businesses that qualify, and made businesses retroactively eligible under the extended provisions. The Board of Supervisors further extended, and the Mayor approved the program through June 30, 2024. As part of this extension, home-based businesses and short-term residential rentals were removed from eligibility.

This report provides an overview of the program, describes the implementation process, and then outlines the impact of the program in 2024 and cumulatively for the period between November 1, 2021 and December 31, 2024.

Program Overview:

Supervisor Ronen introduced First Year Free to make it easier for small businesses to open in San Francisco. The legislation was passed unanimously by the Board of Supervisors in the summer of 2021, with the support of Mayor Breed.

Initially, First Year Free waived first-year permit, license, and business registration fees for certain new small businesses and existing small businesses with new locations. To qualify, a new business or a new location of an existing business must commence business between November 1, 2021, and October 31, 2022, and meet the following requirements:

- Estimated or actual San Francisco gross receipts of \$2,000,000 or less
- A location that is ground floor commercial
- A location that is non-formula retail

Effective November 1, 2022, the program was extended to June 30, 2023, and the eligibility rules were retroactively broadened to:

- Increase the maximum gross receipts for a business to qualify for the tax and fee waiver from \$2,000,000 to \$5,000,000; and
- Remove the requirement that the business must be located on the ground floor.

Following the passage of the ordinance, hundreds of businesses became retroactively eligible for First Year Free based on these broader rules. The Office of the Treasurer & Tax Collector reached out to businesses that became eligible under the revised criteria, invited them to participate in First Year Free, and issued refunds when applicable. This work is ongoing, and refunds continue to be issued by various departments.

In July 2023, the program was extended through June 30, 2024, and the eligibility rules remained mostly the same, except:

- Qualifying new business or a new location of an existing business must commence business between July 1, 2023, and June 30, 2024; and

- To remove home-based businesses and short-term residential rentals from eligibility.

In July 2024, the program was extended through June 30, 2025, and the eligibility rules remained the same.

Program Utilization:

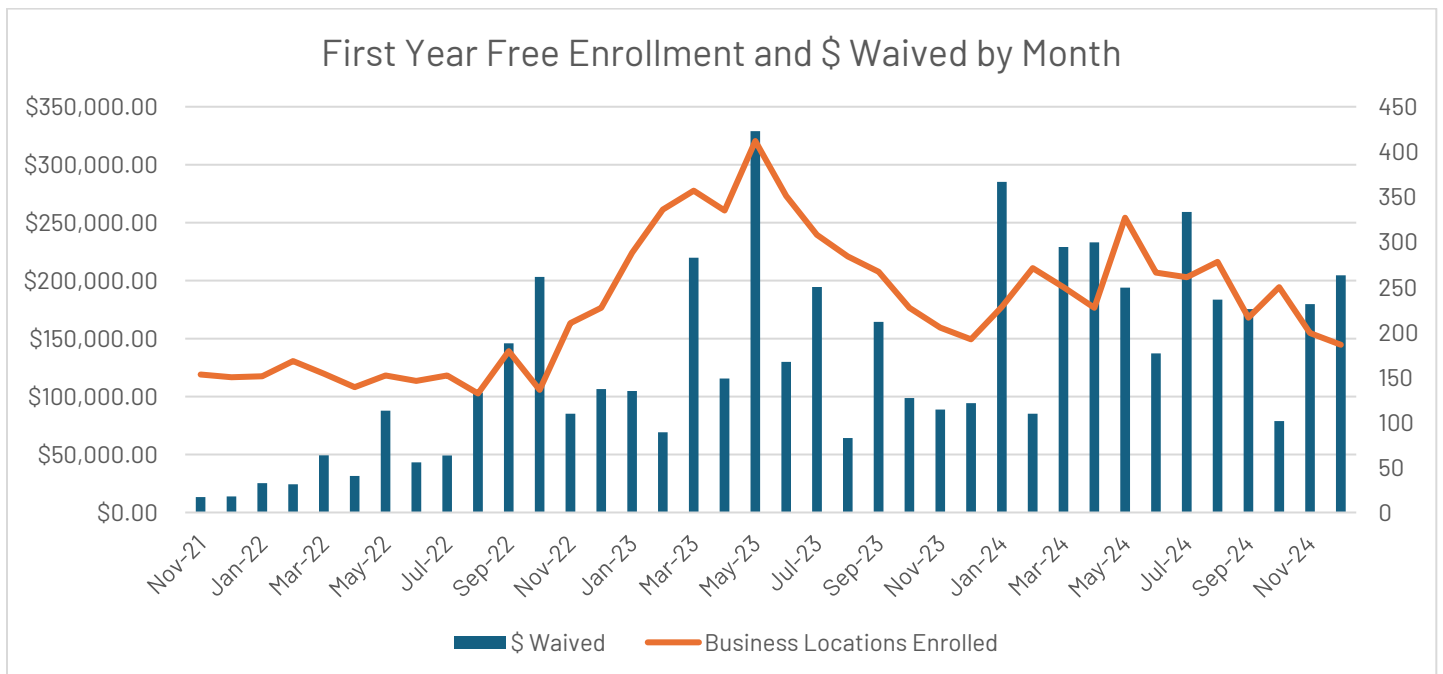
In calendar year 2024, 3,132 small business locations were enrolled in First Year Free, and the City waived \$2,245,070 in business registration, application, permit and license fees. Of the 3,132 enrolled businesses, 2,321 were new businesses, and 1,199 were new locations of existing businesses.

In the period covering November 1, 2021, to December 31, 2024, 8,988 small business locations were enrolled in First Year Free, and the City waived \$4,914,805 in business registration, application, permit and license fees. Of the 8,988 enrolled businesses, 5,655 were new businesses, and 3,333 were new locations of existing businesses.

First Year Free Enrollment

	Number	Total \$ Waived
1/1/2024 – 12/31/2024		
Business Locations	3,132	\$2,245,070
11/1/2021 – 12/31/2024		
Business Locations	8,988	\$4,914,805

The data below shows that a significant portion of increased program participation occurred after extension and broadening of the program eligibility in November 2022.

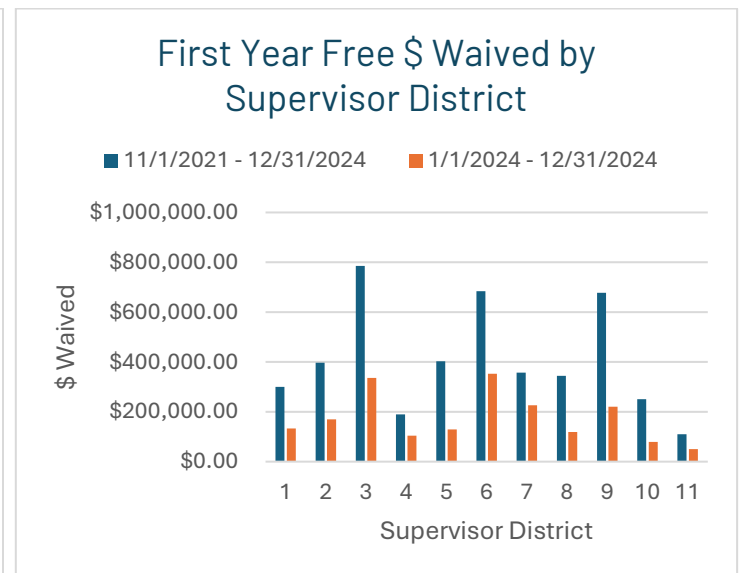
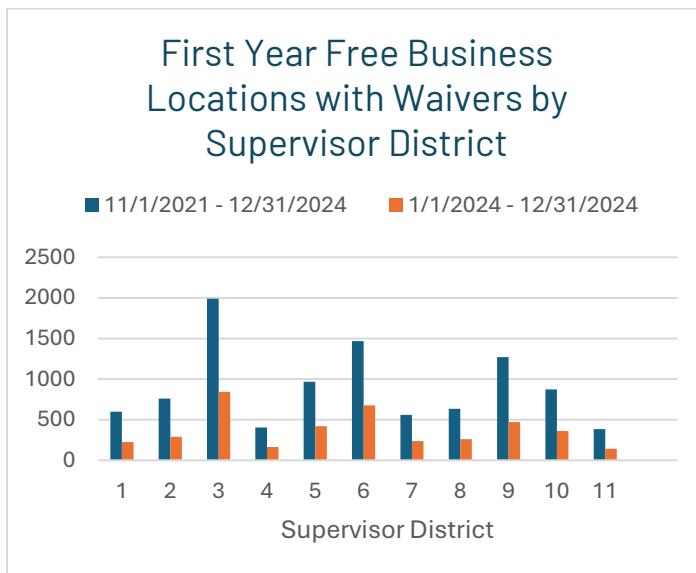


Businesses enrolled in First Year Free have fees waived for several different types of permits and licenses issued by various departments. The following table outlines the top four dollar amounts waived by each issuing department cumulatively and for the calendar year 2024.

First Year Free Fee Waivers by Type / Department

	Total Number of Fees Waived	Total Dollar Amount Waived
1/1/2024 – 12/31/2024		
DBI ¹	1,132	\$1,128,883
TTX – Unified License	867	\$370,234
TTX – Business Registration	3,320	\$169,564
DPH	592	\$269,811
11/1/2021 – 12/31/2024		
DBI	2,892	\$2,382,837
TTX – Unified License	1,749	\$838,499
TTX – Business Registration	7,374	\$596,339
DPH	1,530	\$651,584

Cumulatively, the largest number of new business locations enrolled and received waivers continue to be in District 3, while Districts 3 and 6 had the highest dollar amount waived in the amount of \$785,373 and \$6,84,2405, respectively. While District 3 remained the largest number of enrollments with waivers in 2024, District 6 and District 3 had the highest dollar amount waived in the amount of \$353,004 and \$336,209, respectively.



Food services businesses continue to benefit the most from First Year Free. The DPH Food Permit is the most common fee waived aside from the business registration fee. Since the Program initiated, nearly 50% of all application, permit and license fees waived were for food services businesses, totaling to \$2,394,490. By comparison, Retail Trade businesses accounted for 9% of total waivers, Private Education and Health for 6% and all other categories combined for 36%.

¹ Department of Building Inspection issue permits and bills on behalf of other departments.

First Year Free Waivers by NAICS

11/1/2021 – 12/31/2024

NAICS Category	% of total
Food Services	49
Retail Trade	9
Private Education and Health Services	6
All Other	36