



Workshop on City Vendor and Business Registration

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## DISCLAIMERS:

- ❖ This is a presentation of CCSF regulations and policies; it is not legal advice for you or your entity.
- ❖ The intent of these changes is to safeguard San Francisco's rich, provider and community driven quality improvement system, and the depth of experience that resides within that system, as we move into this new regulatory climate.

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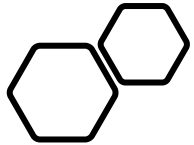
## How First 5 San Francisco will respond to AB5 (initial) and AB2257 (revised)

- ❖ Seek to clearly demonstrate a Business-to-Business Exemption under AB5
- ❖ We will be covering 10 criteria that:
  - Define a solid business-to-business model
  - Provide a best practice for all parties to avoid misclassification, limit risk and reduce liability

### Key Terms

Business Service Provider: All of you in this workshop

Contracting Business: First 5 SF



## Criteria 1-3: Basic for Business Service Provider to Limit Risk



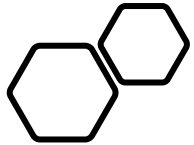
BUSINESS LICENSE IN JURISDICTION WHERE YOU OPERATE, IF REQUIRED



MAINTAIN A BUSINESS LOCATION AND OWN "TOOLS OF THE TRADE" SEPARATE FROM THE LOCATION OF THE CONTRACTING BUSINESS



ENGAGED IN INDEPENDENTLY ESTABLISHED BUSINESS SIMILAR IN NATURE TO WORK PERFORMED FOR CONTRACTING BUSINESS



## Criteria 4-7: Additional for Business Service Provider to Limit Risk



ADVERTISE YOUR BUSINESS AND HOLD YOURSELF OUT TO PUBLIC (BUSINESS CARDS, WEBSITE)



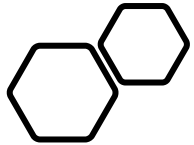
CONTRACT WITH OTHERS; MAINTAIN CLIENTELE SEPARATE FROM CONTRACTING BUSINESS



FREE FROM CONTROL OR DIRECTION OF CONTRACTING BUSINESS (SUPERVISION; REVIEW OF PERFORMANCE)



SET YOUR OWN HOURS AND LOCATION; NOT DETERMINED BY CONTRACTING BUSINESS (TIMECARD)



## Criteria 8-10: Additional for Mutual Protection



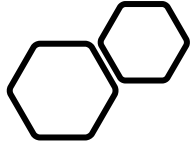
WRITTEN CONTRACT  
BTWN BUSINESS SERVICE  
PROVIDER &  
CONTRACTING BUSINESS  
(NOT CLIENTS OF)



CONTRACT DEMONSTRATES  
RATE AGREEMENT AND  
DIFFERENTIATION VS  
HOURLY WAGE



CITY REGISTERED BIDDER  
AND APPROVED SUPPLIER  
PROCESSES ARE FOLLOWED



## Criteria 1: Basic for Business Service Provider to Limit Risk



BUSINESS LICENSE IN  
JURISDICTION WHERE YOU  
OPERATE, **IF REQUIRED**

Does the City  
of San  
Francisco  
require  
business  
registration?

Yes, if you currently or plan to as part of future work in city:

- Solicit business for all or part of any seven days during one fiscal year?
- Perform work for all or part of any seven days during one fiscal year?
- Drive on SF streets for business purposes for all or part of any seven days during one fiscal year?

*If you answered “yes” to any of these and are not already registered as either a business or a 501 ( c ) 3, you should begin process of registering with the City of San Francisco as a business.*



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## How to Register a Business in SF

- **Business Name**
  - Some recommend to not use own name
  - Cost (\$57) to create name & steps (Find, File, Advertise <https://businessportal.sfgov.org/start/choose-a-name> )
- **Business Start Date**
  - File within 15 days of doing business (i.e. filed and dated before any contract)
- **Legal Structure**
  - First 5 has no advice or requirement
  - Considerations: taxes, liability, other parties (partners, investors, employees)
  - Sole Proprietorship is most basic; does not require state or federal registration
- **Business Tax ID**
  - SSN fine if Sole Proprietor no employees

## helping small business owners succeed

In today's world, incorporation is an essential step for business owners. It helps protect their personal assets and provides additional benefits to the business. Understanding incorporation, however, is as important as undertaking it.

BizFilings is dedicated to helping educate entrepreneurs and small business owners on the business formation choices available, the incorporation process itself, and the ongoing requirements corporations and LLCs face. While this guide focuses on business formation, BizFilings offers information for all stages of business.

Providing new and growing businesses with access to both comprehensive information and easy-to-use and affordable services has helped BizFilings become the industry's leading online incorporation service provider. It has also helped tens of thousands of small business owners start their businesses on the right foot, and has turned them into satisfied customers.

We wish you success with your business and also hope you will become a satisfied BizFilings' customer, too.



## business entity comparison table

This table provides an at-a-glance reference to how the most common business entity types — sole proprietorship, general partnership, C corporation, S corporation, and LLC — compare in a number of key characteristics.

characteristics	sole proprietorship	general partnership	limited partnership	limited liability partnership	c corporation	s corporation	limited liability company
formation	No state filing required.	Agreement between two or more parties. No state filing required.	State filing required.	State filing required. In California the use of LLP is limited to accountants & lawyers.	State filing required.	State filing required.	State filing required.
duration of existence	Dissolved if entity ceases doing business or upon death of the sole proprietor.	Dissolves upon death or withdrawal of a partner, unless safeguards are specified in a partnership agreement.	Perpetual	Dependent on the requirements imposed by the state of formation.	Perpetual	Perpetual	Dependent on the requirements imposed by the state of formation.
liability	Sole proprietor has unlimited liability.	Partners have unlimited liability.	At least one general partner has unlimited liability	partners are not typically responsible for the debts of the LLP	Shareholders are typically not responsible for the debts of the corporation.	Shareholders are typically not responsible for the debts of the corporation.	Members are not typically responsible for the debts of the LLC.
operational requirements	Relatively few legal requirements.	Relatively few legal requirements.	Some formal requirements, but less formal than corporations.	Delaware, Georgia, Pennsylvania, Texas, and Virginia require an LLP to carry insurance or an escrow	account to cover liabilities.	Board of directors, annual meetings, and annual reporting.	Board of directors, annual meetings, and annual reporting.
management	Sole proprietor has full control of management and operations.	Typically each partner has an equal voice, unless otherwise arranged.	Limited partners are excluded from management unless they serve on the board of directors	All partners have the right to manage the business directly	Managed by directors who are elected by shareholders.	Managed by directors who are elected by s shareholders.	Members have an operating agreement that outlines management.
taxation	Not a taxable entity. Sole proprietor pays all taxes.	Not a taxable entity. Each partner pays tax on his/her share of income and can deduct losses against other sources of income.	Files taxes as a separate entity, must meet certain criteria to avoid being taxed as a corporation	Files taxes as a separate entity, must meet certain criteria to avoid being taxed as a corporation	Taxed at the entity level. If dividends are distributed to shareholders, dividends are also taxed at the individual level.	No tax at the entity level. Income/loss is passed through to shareholders.	If properly structured there is no tax at the entity level. Income/loss is passed through to members.
pass-through income/loss	Yes	Yes	Yes, if requirements are fulfilled	Yes, if requirements are fulfilled	No	Yes	Yes

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## How to Register a Business in SF

- **Ownership Name, Address, Location**
  - For home office address and location will be same
  - For home office cannot have clients or employees coming to home; cannot advertise; cannot use >25%
- **Business Activity Type**
  - Private Education/Health Services; Professional Scientific/Technical Services; Miscellaneous Business Activities
- **Estimated Payroll Expenses and Gross Receipts & Registration Fee**
  - If no employees estimate your annual business revenue from all sources
  - For revenue between 0 - \$250,000 annual registration fee will be \$86-\$172

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## Other Notes about Small Business Registration

<https://businessportal.sfgov.org/>

- Valid 7/1-6/30; annual renewal by 5/31
  - Online system will auto-calculate all fees
- Annual Business Personal Property Tax
  - Exempt if value <\$4,000; minimal if <\$50,000
- After submitting application will receive:
  - An E-Signature application
  - Instructions on how to pay registration fee
  - Confirmation of payment will include your Business Account Number, which you may need to apply for other City permits
- Business Registration Certificate
  - Mailed within 10-15 days of application processing
  - Must be conspicuously displayed

## PROPERTY TAX FOR ALL BUSINESS OWNERS

February 2016

Under the State Constitution, items like furniture and equipment used to run a business are subject to property tax. This kind of property is called Business Personal Property or "BPP".

### What is Business Personal Property (BPP)?

Business Personal Property includes any tangible items like machinery, equipment, fixtures, and leasehold improvement held or used in connection with a trade or business. Please see the following examples.

#### Common BPP

- ✓ **Machinery** e.g.: washer & dryer, stove, refrigerator
- ✓ **Office furniture** e.g.: couch, desk, table, filing cabinet
- ✓ **Office equipment** e.g.: telephone, fax machine, computer
- ✓ **Supplies** e.g.: stationary, cleaning supplies, medical & dental supplies
- ✓ **Fixtures** e.g.: plumbing, wiring



#### Not Considered as BPP

- ✗ **Business Inventory**  
e.g.: clothing or food you intend to sell
- ✗ **Intangible assets**  
e.g.: application software, patents, liquor license
- ✗ **DMV licensed vehicles**  
e.g.: limousine, work truck, delivery truck, company car
- ✗ **Home furnishing** if you use your home as your work place, the portion of your home that is not used in connection with a trade or business is not considered BPP



### Requirement to File Form 571-L

Unlike real property, Business Personal Property must be reported to our office and valued annually for property tax purposes. Generally, this begins every February when our office mails you a notice to inform you of your requirement to file a business property statement called Form 571-L.

Form 571-L instructs business owners to detail the acquisition cost of all Business Personal Property for each business location in our county. This information assists us to arrive at an accurate assessed value for calculating your property tax. Please see below for more details.

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# How do Business Registration, Registered Bidder, and Approved Supplier (aka Vendor) go together?



CITY REGISTERED BIDDER  
AND APPROVED SUPPLIER  
PROCESSES ARE FOLLOWED

## What about Registered Bidder and Approved Supplier?

- ❖ This official City bidder and supplier process when combined with First 5 specific RFQ/RFP offers the final check and balance
- ❖ Once you have registered as a business only 3 additional documents needed:
  - W-9 Form (needed for Registered Bidder)
  - Zero Employee Verification (needed for Approved Supplier)
  - 12B Equal Benefits Declaration (needed for Approved Supplier)

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## Pro Tip for Using these City Systems

Arts Commission **excellent** guide:  
<https://www.sfartscommission.org/resources/how-to-become-city-supplier>

### ❖ A note about Legal Names and Doing Business As (DBA)

The name and address you use on your W-9, whether it be as an individual (Line 1 of W-9) or whether you select a different business name (Doing Business As – Line 2 of W-9), is the name you should use consistently in the Business Registration, Bidder Registration, and Supplier Approval (exact matches are important).

***Discrepancies will delay processing.***

For this reason naming may be the first thing you will want to decide on.





All are important and inter-related components of demonstrating AB5 Business-to-Business Exemption and operating in a way that limits risk, reduces liability, and safeguards systems of care.

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## Questions?

- ❖ We will do our best to respond to the content presented here
- ❖ City also has a good and competent Help Desk supports (next slide)
- ❖ For complex questions, scenarios and/or if you are looking to build something beyond Sole Proprietorship you may want to consider legal advice

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## Live Help for Vendor Process

### Call:

Monday to Friday 8:30 AM-5:00 PM  
(415) 944-2442

### Email:

[sfcitypartnersupport@sfgov.org](mailto:sfcitypartnersupport@sfgov.org)

### One-on-One Labs:

Mondays (Except Holidays)  
8:30 AM — 5:00 PM

Please make a reservation by emailing [sfcitypartnersupport@sfgov.org](mailto:sfcitypartnersupport@sfgov.org)  
Video conferencing is available by appointment.

## Speak with a Business Counselor

The Office of Small Business (OSB) and its Small Business Assistance Center (SBAC) are good central point of information.

### Office Hours

#### Call:

Monday-Friday 9 AM - 5PM  
(415) 554-6134

#### Email:

[sfgov.org/osb](http://sfgov.org/osb)