

President, Board of Supervisors
District 8



City and County of San Francisco

RAFAEL MANDELMAN

FOR IMMEDIATE RELEASE:

October 27, 2026

Contact: Grace Huang - 650-382-7738 - grace.ly.huang@sfgov.org

*****FOR IMMEDIATE RELEASE*****

Board of Supervisors Passes President Mandelman's Legislation Providing Tax Relief for Neighborhood Hardware Stores

The Neighborhood Hardware Store Relief Act gives small, independent hardware stores a tax credit to offset unintended gross receipts tax increases caused by a 2024 ballot measure.

SAN FRANCISCO, CA — Yesterday, the San Francisco Board of Supervisors unanimously passed the Neighborhood Hardware Store Relief Act, legislation authored by Board President Rafael Mandelman to provide targeted tax relief to small, independent hardware stores. The ordinance creates a tax credit for qualifying retailers whose gross receipts tax burden increased as an unintended consequence of Proposition M, the business tax reform measure approved by voters in 2024.

Neighborhood hardware stores have long been cornerstones of San Francisco's commercial corridors, providing residents with tools, supplies, and expert advice on everything from home repairs to creative projects for generations. During the COVID-19 pandemic, these stores were vital resources for their neighborhoods, sourcing cleaning supplies, masks, and other essential hygiene products. But keeping these businesses open has become increasingly difficult for a variety of reasons, including competition from large retail chains and online sellers, retail theft, tariffs, and rising operating costs. With already thin profit margins, increases in business taxes can place additional strain on these neighborhood businesses and make it harder for them to stay open.

To qualify, a retailer must meet two requirements: more than 50% of its combined gross receipts must come from qualifying hardware products, and it must have less than \$50

million in combined gross receipts from all sources during a tax year. These thresholds target relief toward small, community-serving hardware stores.

“I worked on Proposition M and continue to believe it was an important post-COVID reform of San Francisco’s business tax system,” **said Board President Rafael Mandelman.** “But even before it had passed, local hardware store owners warned that the new tax structure could actually increase their tax burden. This legislation addresses that unintended consequence and provides relief to help our neighborhood hardware stores continue serving their communities.”

“We appreciate the Board of Supervisors recognizing the importance of supporting their neighborhood hardware stores,” said **Terry Asten Bennett, co-owner and general manager of Cliff’s Variety,** “The Gross Receipts Tax overhaul passed by the voters had an unintended consequence of doubling the taxes on many of our neighborhood hardware stores. This small relief is very much appreciated and is one step to making sure we can continue to be there when our communities need us.”

“The Neighborhood Relief Act significantly assists our locally owned, neighborhood hardware stores by reducing the amount of tax they must pay the City,” **said Rick Karp of Cole Hardware.** “Neighborhood hardware stores are a critical resource to the communities they serve. The payroll tax initiated by voters excluded many business sectors but left hardware stores out in the cold. Minimizing the many taxes and fees we pay to the City, will help ensure our presence well into the future.”

“We are so happy to have San Francisco leaders in place who listen to small business alarm bells, take a second look at policy that inadvertently caused harm, and actually proceed with the revision,” **said Jamie Gentner, COO of Center Hardware & Supply Co., Inc.** “This tax relief will put our dollars back where the money is most effective: in our teams, rent, and other necessary expenses.”

The ordinance now goes to the Mayor for signature.

###