

1 [Amends Enterprise Zone Tax Credit to delete requirement a new job be created; applies
2 credit to qualified new employees; revises the ~~makes~~ definition of "Qualified Employee"
~~consistent with state law~~ and conforms the boundaries of the Enterprise Zone with state.]

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4 **Draft Ordinance amending Section 906A of the Business and Tax Regulations Code to**
5 **delete the requirement that a new job be created to obtain the Enterprise Zone Tax**
6 **Credit after the effective date; to apply the credit to all newly hired Qualified**
7 **Employees; to make revise the definition of "Qualified Employee" ~~consistent with the~~**
8 **~~state law~~; to conform the geographical boundaries of the San Francisco Enterprise**
9 **Zone with the area approved by the State Department of Housing and Community**
10 **Development; ~~and to delete an outdated reference to the Private Industry Council~~ and**
11 **to establish a sunset date.**

12 Note: Additions are *single-underline italics Times New Roman*;
13 deletions are *strikethrough italics Times New Roman*.
14 Board amendment additions are double underlined.
 Board amendment deletions are ~~strikethrough normal~~.

15 Be it ordained by the People of the City and County of San Francisco:

16 Section 1. The San Francisco Business and Tax Regulations Code is hereby amended
17 by amending Section 906A to read as follows:

18 Sec. 906A. ENTERPRISE ZONE TAX CREDIT.

19 (a) A credit against this tax shall be allowed for each person who maintains a fixed place of
20 business within the San Francisco Enterprise Zone and who, ~~on or after~~ between January 1,
21 1992 and the effective date of this legislation, creates one or more new jobs and hires employees
22 who qualify under Subsection (b) of this Section; provided, however, that in no event shall the
23 tax credit reduce a person's tax liability to less than zero. Moreover, the tax credits shall only
24 serve as an offset against the additional tax that would be paid as a result of additional hiring
25 by a business within the zone. Each person claiming this credit shall file with the Tax

1 Collector, on a form prescribed by the Tax Collector, an affidavit attesting to facts establishing
2 his or her entitlement to the tax credit; said affidavit shall be supported by state tax credit
3 forms (EDD, DSS, and PIC).

4 (b) An employee is a "qualified employee" for purposes of computing this tax credit if he or
5 she is newly hired by the taxpayer on or after January 1, 1992 and either (1) is receiving
6 subsidized employment training or services under the terms of the Federal Job Training
7 Partnership Act (JTPA); or (2) is registered in the Greater Avenues for Independence (GAIN)
8 Program; or (3) is certified by the Employment Development Department as eligible for the
9 Federal Work Opportunity Credit Program; or (4) is receiving General Assistance.

10 (c) The tax credit, for each qualified employee, shall be a varying percentage of the
11 additional tax that would be incurred as a result of additional wages paid for work performed
12 within the Enterprise Zone, and the dollar amount of such tax credit shall depend both upon
13 the duration of employment as of the date payroll taxes are due, and the eligible wages paid,
14 as follows:

15 (1) The eligible wages to which the percentage is applied shall be limited to wages paid for
16 work performed by the qualified employee while physically present within San Francisco.

17 (2) The percentage to be applied to eligible wages shall depend upon the employee's
18 duration of employment as follows:

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1 TABLE INSET:

Duration of Employment	Credit Allowed on Payroll Tax Liability
First 24 months.....	100%
Second 24 months.....	50%
Third 24 months.....	25%
Fourth 24 months.....	15%
Fifth 24 months.....	10%

10 (d) On or after the effective date of this legislation a credit against this tax shall be allowed for each
 11 person who maintains a fixed place of business within the San Francisco Enterprise Zone and who
 12 hires new employees who qualify under Subsection (f) of this Section; provided, however, that in no
 13 event shall the tax credit reduce a person's tax liability to less than zero. Moreover, the tax credits shall
 14 only serve as an offset against the tax that would be paid as a result of hiring by a business within the
 15 zone. Each person claiming this credit shall file with the Tax Collector, on a form prescribed by the
 16 Tax Collector, an affidavit attesting to facts establishing his or her entitlement to the tax credit; said
 17 affidavit shall be supported by applicable State tax credit forms (EDD, DSS) and an approved state
 18 enterprise zone voucher.

19 (e) "Enterprise zone" means the area within the City and County of San Francisco designated as an
 20 enterprise zone by the State Department of Housing and Community Development pursuant to Chapter
 21 12.8 (commencing with Section 7070) of Division 7 of Title 1 of the Government Code.

22 (f) "Qualified employee" means ~~an individual~~ a San Francisco resident who meets all of the
 23 following requirements:

24 (1) At least 90 percent of whose services for the taxpayer during the taxable year are directly related
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- 1 to the conduct of the taxpayer's trade or business located in an enterprise zone.
- 2 (2) Performs at least 50 percent of his or her services for the taxpayer during the taxable year in an
3 enterprise zone.
- 4 (3) Is hired by the taxpayer after the date of original designation of the area in which services were
5 performed as an enterprise zone.
- 6 (4) Is any of the following:
- 7 (i) Immediately preceding the qualified employee's commencement of employment with the taxpayer,
8 was a person eligible for services under the Federal Job Training Partnership Act (29 U.S.C. Sec. 1501
9 et seq.), or its successor, who is receiving, ~~or is eligible to receive,~~ subsidized employment, training,
10 or services funded by the Federal Job Training Partnership Act, or its successor.
- 11 (ii) Immediately preceding the qualified employee's commencement of employment with the taxpayer,
12 was a person eligible to be a voluntary or mandatory registrant under the Greater Avenues for
13 Independence Act of 1985 (GAIN) provided for pursuant to Article 3.2 (commencing with Section
14 11320) of Chapter 2 of Part 3 of Division 9 of the Welfare and Institutions Code, or its successor.
- 15 (iii) Immediately preceding the qualified employee's commencement of employment with the taxpayer,
16 was an economically disadvantaged individual 14 years of age or older.
- 17 (iv) Immediately preceding the qualified employee's commencement of employment with the taxpayer,
18 was a dislocated worker who meets any of the following:
- 19 (aa) Has been terminated or laid off or who has received a notice of termination or layoff from
20 employment, is eligible for or has exhausted entitlement to unemployment insurance benefits, and is
21 unlikely to return to his or her previous industry or occupation.
- 22 (bb) Has been terminated or has received a notice of termination of employment as a result of any
23 permanent closure or any substantial layoff at a plant, facility, or enterprise, including an individual
24 who has not received written notification but whose employer has made a public announcement of the
25 closure or layoff.

- 1 (cc) Is long-term unemployed and has limited opportunities for employment or reemployment in the
2 same or a similar occupation in the area in which the individual resides, including an individual 55
3 years of age or older who may have substantial barriers to employment by reason of age.
- 4 (dd) Was self-employed (including farmers and ranchers) and is unemployed as a result of general
5 economic conditions in the community in which he or she resides or because of natural disasters.
- 6 (ee) Was a civilian employee of the Department of Defense employed at a military installation being
7 closed or realigned under the Defense Base Closure and Realignment Act of 1990.
- 8 (ff) Was an active member of the armed forces or National Guard as of September 30, 1990, and was
9 either involuntarily separated or separated pursuant to a special benefits program.
- 10 (gg) Is a seasonal or migrant worker who experiences chronic seasonal unemployment and
11 underemployment in the agriculture industry, aggravated by continual advancements in technology and
12 mechanization.
- 13 (hh) Has been terminated or laid off or has received a notice of termination or layoff, as a
14 consequence of compliance with the Clean Air Act.
- 15 (v) Immediately preceding the qualified employee's commencement of employment with the taxpayer,
16 was a disabled individual who is eligible for or enrolled in, or has completed a state rehabilitation plan
17 or is a service-connected disabled veteran, veteran of the Vietnam era, or veteran who is recently
18 separated from military service.
- 19 (vi) Immediately preceding the qualified employee's commencement of employment with the taxpayer,
20 was an ex-offender. An individual shall be treated as convicted if he or she was placed on probation by
21 a state court without a finding of guilt.
- 22 (vii) Immediately preceding the qualified employee's commencement of employment with the taxpayer,
23 was a person eligible for or a recipient of any of the following:
- 24 (aa) Federal Supplemental Security Income benefits.
- 25 (bb) Aid to Families with Dependent Children.

1 (cc) Food stamps.

2 (dd) State and local general assistance.

3 (viii) Immediately preceding the qualified employee's commencement of employment with the
4 taxpayer, was a member of a federally recognized Indian tribe, band, or other group of Native
5 American descent.

6 (ix) Immediately preceding the qualified employee's commencement of employment with the taxpayer,
7 was a member of a targeted group, as defined in Section 51(d) of the Internal Revenue Code, or its
8 successor.

9 (g) The tax credit, for each qualified employee, shall be a varying percentage of the tax that would be
10 incurred as a result of wages paid for work performed within the Enterprise Zone, and the dollar
11 amount of such tax credit shall depend both upon the duration of employment as of the date payroll
12 taxes are due, and the eligible wages paid, as follows:

13 (1) The eligible wages to which the percentage is applied shall be limited to wages paid for work
14 performed by the qualified employee while physically present within San Francisco.

15 (2) The percentage to be applied to eligible wages shall depend upon the employee's duration of
16 employment as follows:

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1 TABLE INSET:

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<u>Duration of Employment</u>	<u>Credit Allowed on Payroll Tax Liability</u>
<u>First 24 months.....</u>	<u>100%</u>
<u>Second 24 months.....</u>	<u>50%</u>
<u>Third 24 months.....</u>	<u>25%</u>
<u>Fourth 24 months.....</u>	<u>15%</u>
<u>Fifth 24 months.....</u>	<u>10%</u>

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12 (h) This Section 906A shall expire by operation of law on December 31, 2021, unless
13 extended by the Board of Supervisors or the voters, and the City Attorney shall cause it to be
14 removed from future editions of the Business and Tax Regulations Code.

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16 APPROVED AS TO FORM:
17 DENNIS J. HERRERA, City Attorney

18 By: _____
19 JEAN H. ALEXANDER
20 Deputy City Attorney