

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

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 10 **outdated reference to the Private Industry Council.**

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

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

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

17 Sec. 906A. ENTERPRISE ZONE TAX CREDIT.

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

1 his or her entitlement to the tax credit; said affidavit shall be supported by state tax credit
2 forms (EDD, DSS, and PIC).

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

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

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

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

18 TABLE INSET:

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

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1 Fourth 24 months.....	15%
2 Fifth 24 months.....	10%

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

11 (e) "Enterprise zone" means the area within the City and County of San Francisco designated as an
12 enterprise zone by the State Department of Housing and Community Development pursuant to Chapter
13 12.8 (commencing with Section 7070) of Division 7 of Title 1 of the Government Code.

14 (f) "Qualified employee" means an individual who meets all of the following requirements:

15 (1) At least 90 percent of whose services for the taxpayer during the taxable year are directly related
16 to the conduct of the taxpayer's trade or business located in an enterprise zone.

17 (2) Performs at least 50 percent of his or her services for the taxpayer during the taxable year in an
18 enterprise zone.

19 (3) Is hired by the taxpayer after the date of original designation of the area in which services were
20 performed as an enterprise zone.

21 (4) Is any of the following:

22 (i) Immediately preceding the qualified employee's commencement of employment with the taxpayer,
23 was a person eligible for services under the Federal Job Training Partnership Act (29 U.S.C. Sec. 1501
24 et seq.), or its successor, who is receiving, or is eligible to receive, subsidized employment, training, or
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- 1 services funded by the Federal Job Training Partnership Act, or its successor.
- 2 (ii) Immediately preceding the qualified employee's commencement of employment with the taxpayer,
3 was a person eligible to be a voluntary or mandatory registrant under the Greater Avenues for
4 Independence Act of 1985 (GAIN) provided for pursuant to Article 3.2 (commencing with Section
5 11320) of Chapter 2 of Part 3 of Division 9 of the Welfare and Institutions Code, or its successor.
- 6 (iii) Immediately preceding the qualified employee's commencement of employment with the taxpayer,
7 was an economically disadvantaged individual 14 years of age or older.
- 8 (iv) Immediately preceding the qualified employee's commencement of employment with the taxpayer,
9 was a dislocated worker who meets any of the following:
- 10 (aa) Has been terminated or laid off or who has received a notice of termination or layoff from
11 employment, is eligible for or has exhausted entitlement to unemployment insurance benefits, and is
12 unlikely to return to his or her previous industry or occupation.
- 13 (bb) Has been terminated or has received a notice of termination of employment as a result of any
14 permanent closure or any substantial layoff at a plant, facility, or enterprise, including an individual
15 who has not received written notification but whose employer has made a public announcement of the
16 closure or layoff.
- 17 (cc) Is long-term unemployed and has limited opportunities for employment or reemployment in the
18 same or a similar occupation in the area in which the individual resides, including an individual 55
19 years of age or older who may have substantial barriers to employment by reason of age.
- 20 (dd) Was self-employed (including farmers and ranchers) and is unemployed as a result of general
21 economic conditions in the community in which he or she resides or because of natural disasters.
- 22 (ee) Was a civilian employee of the Department of Defense employed at a military installation being
23 closed or realigned under the Defense Base Closure and Realignment Act of 1990.
- 24 (ff) Was an active member of the armed forces or National Guard as of September 30, 1990, and was
25 either involuntarily separated or separated pursuant to a special benefits program.

1 (gg) Is a seasonal or migrant worker who experiences chronic seasonal unemployment and
2 underemployment in the agriculture industry, aggravated by continual advancements in technology and
3 mechanization.
4 (hh) Has been terminated or laid off or has received a notice of termination or layoff, as a
5 consequence of compliance with the Clean Air Act.
6 (v) Immediately preceding the qualified employee's commencement of employment with the taxpayer,
7 was a disabled individual who is eligible for or enrolled in, or has completed a state rehabilitation plan
8 or is a service-connected disabled veteran, veteran of the Vietnam era, or veteran who is recently
9 separated from military service.
10 (vi) Immediately preceding the qualified employee's commencement of employment with the taxpayer,
11 was an ex-offender. An individual shall be treated as convicted if he or she was placed on probation by
12 a state court without a finding of guilt.
13 (vii) Immediately preceding the qualified employee's commencement of employment with the taxpayer,
14 was a person eligible for or a recipient of any of the following:
15 (aa) Federal Supplemental Security Income benefits.
16 (bb) Aid to Families with Dependent Children.
17 (cc) Food stamps.
18 (dd) State and local general assistance.
19 (viii) Immediately preceding the qualified employee's commencement of employment with the
20 taxpayer, was a member of a federally recognized Indian tribe, band, or other group of Native
21 American descent.
22 (ix) Immediately preceding the qualified employee's commencement of employment with the taxpayer,
23 was a member of a targeted group, as defined in Section 51(d) of the Internal Revenue Code, or its
24 successor.
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1 (g) The tax credit, for each qualified employee, shall be a varying percentage of the tax that would be
2 incurred as a result of wages paid for work performed within the Enterprise Zone, and the dollar
3 amount of such tax credit shall depend both upon the duration of employment as of the date payroll
4 taxes are due, and the eligible wages paid, as follows:

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

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

9 TABLE INSET:

<u>Duration of</u> <u>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>

20 APPROVED AS TO FORM:
21 DENNIS J. HERRERA, City Attorney

22 By: _____
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