

1 [Payroll Expense Tax Exclusion for Biotechnology Business.]

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3 **Ordinance amending the Payroll Expense Tax Ordinance to establish a tax exclusion**
4 **for biotechnology businesses, as specified.**

5 Note: Additions are *single-underline italics Times New Roman*;
6 deletions are *strikethrough italics Times New Roman*.
7 Board amendment additions are double underlined.
8 Board amendment deletions are ~~strikethrough normal~~.

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

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10 Section 1. The San Francisco Business and Tax Regulations Code is hereby amended
11 by adding Sections 906.1 of Article 12-A (Payroll Expense Tax Ordinance), as follows:

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13 SEC. 906.1. BIOTECHNOLOGY EXCLUSION. (a) Any person engaging in business within the
14 City may exclude from the person’s payroll expense all compensation paid to, on behalf of or for the
15 benefit of all individuals, and all distributions by an Association by way of salary to those having an
16 ownership interest in such Association, who or that perform work or render services in direct support
17 of such person’s biotechnology business, subject to the conditions and limitations set forth in this
18 Section. For purposes of this Section, “biotechnology business” means conducting biotechnology
19 research and experimental development, operating laboratories for biotechnology research and
20 experimental development, or rendering biotechnology services. Work performed and services
21 rendered for research and experimental development in the physical, engineering and life sciences and
22 allied subjects in direct support of such person’s biotechnology business by an individual shall be
23 deemed to be performing work or rendering services in direct support of such person’s biotechnology
24 business.

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1 **(b)** *The biotechnology exclusion authorized under this Section shall be available to and may*
2 *be taken by each person engaging in the biotechnology business in the City for a period of three years*
3 *from the effective date of this Section or the commencement of the person's biotechnology business in*
4 *the City, whichever is later. The date the Tax Collector received the person's application for a*
5 *business registration certificate for the person's biotechnology business shall be presumed to be the*
6 *date of commencement of such business unless the person establishes a different commencement date to*
7 *the satisfaction of the Tax Collector.*

8 **(c)** *The biotechnology exclusion authorized under this Section shall expire on the tenth*
9 *anniversary date of the effective date of this Section. A person may not use or claim any unused*
10 *portion of the three-year biotechnology exclusion after the expiration date of this Section. Unless*
11 *exempted under Sections 906 of this Article, every person engaging in the biotechnology business in the*
12 *City shall pay the tax imposed under this Article on the full amount of the person's payroll expense*
13 *attributable to the City from and after the expiration of this Section.*

14 **(d)** *If a person's calculated liability for the Payroll Expense Tax does not exceed \$2,500 for*
15 *the tax year after applying the biotechnology exclusion under this Section, the person shall be exempt*
16 *from payment of the Payroll Expense Tax for that tax year as provided in Section 905-A.*

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

21
22 By: _____
23 Dorji Roberts
24 Deputy City Attorney