

1 [Payroll Expense Tax Revision To Encourage Job Retention And Creation In San Francisco.]

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3 **Ordinance amending the Payroll Expense Tax Ordinance by adding Section 905 to**  
4 **permit the Payroll Expense Tax owed for the year 2010 to be paid at the lower of the**  
5 **amount owed for 2009 or 2010 and for the year 2011 to be paid at the lowest of the**  
6 **amount owed for 2009, 2010, or 2011, and excluding from the calculation any taxes**  
7 **attributable to payroll expenses for owners or beneficiaries of pass-through entities.**

8 NOTE: Additions are *single-underline italics Times New Roman*;  
9 deletions are *strike-through italics Times New Roman*.  
10 Board amendment additions are double-underlined;  
Board amendment deletions are ~~strikethrough normal~~.

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

12 Section 1. The San Francisco Business and Taxation Code is hereby amended by  
13 adding Section 905, to read as follows:

14 **Sec. 905. Payroll Expense Taxes For the Years 2010 and 2011.**

15 (a) For every person required to pay the payroll expense tax under Section 903, the amount of  
16 the payroll expense tax owed in year 2010 shall be the lesser of the amount owed in years 2009 or  
17 2010, including zero, and the amount of payroll expense tax owed in year 2011 shall be the lowest of  
18 the amount owed in years 2009, 2010 or 2011, including zero, with the following exceptions:

19 (b) In the case of any person that is a professional corporation, Limited Liability Company  
20 ("LLC") or a pass-through entity, as described in Sections 902.1 or 902.2:

21 (i) the amount of the payroll expense tax owed in year 2010 shall be based on the sum of the  
22 payroll expense tax owed in 2010 for owners and beneficiaries and the lower of the payroll expense tax  
23 owed in 2009 or 2010, including zero, for all others, and;

1            (ii) the amount of the payroll expense tax owed in year 2011 shall be based on the sum of the  
2 payroll expense tax owed in 2011 for owners and beneficiaries and the lowest of the payroll expense  
3 tax owed in 2009, 2010 or 2011, including zero, for all others.

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5 APPROVED AS TO FORM            :  
6 DENNIS J. HERRERA, City Attorney

7 By: \_\_\_\_\_  
8        LINDA ROSS  
9        Deputy City Attorney