

1 [New Jobs Tax Credit Expansion]
2 AMENDING MUNICIPAL CODE PART III, ARTICLE 12-A, SECTION 906B AND PART III,
3 ARTICLE 12-B, SECTION 1005.6 TO ADD TWO ADDITIONAL YEARS OF TAX CREDITS
4 FOR NEW JOBS CREATED ON OR AFTER JANUARY 1, 1998.

5 Note: Additions are underlined; deletions are in ((double parentheses)).
6 OR This entire section is new.

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

8 Section 1. Municipal Code, Part III, Article 12-A, Section 906B is Amended to read as
9 follows:

10 **SEC. 906B. NEW JOBS TAX CREDIT.** (a) **Purpose.** The purpose of this provision is
11 to increase the number of permanent job (which in no case shall be a job lasting less than two
12 years) within the City and County of San Francisco by providing an incentive for businesses
13 to create or relocate jobs in San Francisco that otherwise would be situated elsewhere. The
14 Board of Supervisors encourages business to consider the placement of San Francisco
15 residents in jobs which are created or relocated and which result in tax credits as provided in
16 this Section.

17 (b) **General Rule.**

18 (1) Any business, as defined in Section 902.2 of Part III of the Municipal Code, shall
19 be allowed a credit against the Payroll Expense Tax for each new job created on or after July
20 1, 1993; however, in no event shall the tax credit reduce a taxpayer's liability for such tax to
21 less than zero. Each taxpayer claiming the tax credit shall file with the Tax Collector, on a
22 form prescribed by the Tax Collector, an affidavit under penalty of perjury attesting to the
23 facts required by the Tax Collector to establish the taxpayer's entitlement to the tax credit
24 consistent with this Section and regulations adopted by the Tax Collector.

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1 (2) No business shall be allowed a credit under this Section for any job which
2 previously had been performed in San Francisco for a predecessor employer.

3 (c) **Amount of Credit.**

4 (1) For purposes of this Section, the amount of the new jobs tax credit for any given
5 year, subject to the conditions below, shall be a percentage of the additional Payroll Expense
6 Tax that otherwise would be due (assuming for this purpose that the Business Tax does not
7 apply) for a individual hired after July 1, 1993 and prior to January 1, 1998 for a job qualifying
8 for the credit based on the employee's duration of employment as follow:

| Duration of Employment | Tax Credit |
|-------------------------------|-------------------|
| First 12 months | 100% |
| Second 12 months | 50% |

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11 For an individual hired on or after January 1, 1998 for a job qualifying for the credit the
12 credit shall be as follows:

| <u>Duration of Employment</u> | <u>Tax Credit</u> |
|--------------------------------------|--------------------------|
| <u>First 24 months</u> | <u>100%</u> |
| <u>Next 24 months</u> | <u>50%</u> |

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16 (2) For purposes of this Section, "base year liability" for any given tax year shall be
17 the employer's highest Payroll Tax liability (exclusive of any credits granted under this
18 provision) for any prior year from 1992 on.

19 (3) No credit shall be allowed for any first year of employment to the extent that
20 such credit would reduce the employer's Payroll Tax Expense liability below that employer's
21 base year liability.

22 (4) No credit shall be allowed for any second year of employment to the extent that
23 such credit for second year employment and any credits for first year of employment would
24 reduce the employer's Payroll Tax Expense liability below the employer's previous base year
25 liability.

1 (5) No credit shall be allowed for any third or fourth year of employment to the
2 extent that such credit for third or fourth year employment and any credits for first and second
3 year of employment would reduce the employer's Payroll Tax Expense liability below the
4 employer's previous base year liability.

5 ((5)) (6) For purposes of this limitation, it shall be presumed that the employer is
6 liable for the Payroll Expense Tax, regardless of the Business Tax.

7 (d) **Small Business Tax Exemption.** If after the new jobs tax credit the net tax
8 does not exceed \$2,500, and the taxpayer is a "small business enterprise" as defined in
9 Section 905-A of this Part, the taxpayer shall be exempt from taxation under this ordinance.

10 (e) **Regulations.** The Tax Collector is directed to adopt and promulgate and to
11 enforce rules and regulations relating to the application of this Section including provisions
12 which provide penalties due to fraud, any underpayment of tax, or an intent to evade this
13 ordinance or authorized rules and regulations. The Board of Review shall approve, modify or
14 disapprove the rules and regulations prescribed by the Tax Collector pursuant to this
15 ordinance. Any rules and regulations adopted by the Tax Collector shall also be approved by
16 the City Attorney, and further provided that any modifications determined by the Board of
17 Review shall be approved as to legal form by the City Attorney. The rules and regulations
18 shall become effective 30 days after receipt by the Clerk of the Board, unless the Board of
19 Supervisors disapproves or modifies the regulations. The Board of Supervisors'
20 determination to modify or disapprove a rule or regulation submitted by the Tax collector
21 pursuant to this ordinance shall not impair the ability of the Tax Collector to submit the same
22 or a similar rule or regulation to the Board of Supervisors if the Tax Collector determines it is
23 necessary to effectuate the purpose of this ordinance.

24 (f) **Report on Effect of Tax Credit.** The Tax collector shall submit a report to the
25 Board of Supervisors on May 31, 1994, and every year thereafter for which the tax credit is

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1 available, which evaluates the effect of the tax credit on employment and local tax revenues.
2 The Tax Collector shall also make available to the Board of Supervisors the aggregate
3 information of the dollar value of the new jobs tax credits claimed each year by businesses.

4 (g) **Expiration.** The New Job Tax Credit provided in this Section shall expire on
5 December 31, 2002, unless the Board of Supervisors extends the credit.

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7 Section 2. Municipal Code, Part III, Article 12-B, Section 1005.6 is Amended to read as
8 follows:

9 **SEC. 1005.6 NEW JOBS TAX CREDIT.** (a) **Purpose.** The purpose of this provision
10 is to increase the number of permanent jobs (which in no case shall be a job lasting less than
11 two years) within the City and County of San Francisco by providing an incentive for
12 businesses to create or relocate jobs in San Francisco that otherwise would be situated
13 elsewhere.

14 (b) **General Rule.**

15 (1) Any business, as defined in Section 1002.1 of Part III of the Municipal Code,
16 shall be allowed a credit against the Payroll Expense Tax for each new job created on or after
17 July 1, 1993; however, in no event shall the tax credit reduce a taxpayer's liability for such tax
18 to less than zero. Each taxpayer claiming the tax credit shall file with the Tax Collector, on a
19 form prescribed by the Tax Collector, an affidavit under penalty of perjury attesting to the
20 facts required by the Tax Collector to establish the taxpayer's entitlement to the tax credit
21 consistent with this Section and regulations adopted by the Tax Collector.

22 (2) No business shall be allowed a credit under this Section for any job which
23 previously had been performed in San Francisco for a predecessor employer.

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1 (c) **Amount of Credit.**

2 (1) For purposes of this Section, the amount of the new jobs tax credit for any given
3 year, subject to the conditions below, shall be a percentage of the additional Payroll Expense
4 Tax that otherwise would be due (assuming for this purpose that the Business Tax does not
5 apply) for an individual hired after July 1, 1993 and prior January 1, 1998 for a job qualifying
6 for the credit based on the employee's duration of employment as follows:

| Duration of Employment | Tax Credit |
|-------------------------------|-------------------|
| First 12 months | 100% |
| Second 12 months | 50% |

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10 For an individual hired on or after January 1, 1998 for a job qualifying for the credit, the
11 credit shall be as follows:

| <u>Duration of Employment</u> | <u>Tax Credit</u> |
|--------------------------------------|--------------------------|
| <u>First 24 months</u> | <u>100%</u> |
| <u>Next 24 months</u> | <u>50%</u> |

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14 (2) For purposes of this Section, "base year liability" for any given tax year shall be
15 the employer's highest Payroll Tax liability (exclusive of any credits granted under this
16 provision) for any prior year from 1992 on.

17 (3) No credit shall be allowed for any first year of employment to the extent that
18 such credit would reduce the employer's Payroll Tax Expense liability below that employer's
19 base year liability.

20 (4) No credit shall be allowed for any second year of employment to the extent that
21 such credit for second year employment and any credits for first year of employment would
22 reduce the employer's Payroll Tax Expense liability below the employer's previous base year
23 liability.

24 (5) No credit shall be allowed for any third or fourth year of employment to the
25 extent that such credit for third or fourth year employment and any credits for first and second

1 year of employment would reduce the employer's Payroll Tax Expense liability below the
2 employer's previous base year liability.

3 ((5)) (6) For purposes of this limitation, it shall be presumed that the employer is
4 liable for the Payroll Expense Tax regardless of the Business Tax.

5 (d) **Small Business Tax Exemption.** If after the new jobs tax credit the net tax
6 does not exceed \$2,500, and the taxpayer is a "small business enterprise" as defined in
7 Section 1005.3 of this Part, the taxpayer shall be exempt from taxation under this ordinance.

8 (e) **Special Regulations.** The Tax Collector is directed to adopt and promulgate
9 and to enforce rules and regulations relating to the application of this Section including
10 provisions which provide penalties due to fraud, any underpayment of tax, or an intent to
11 evade this ordinance or authorized rules and regulations. The Board of Review, as provided
12 for in Section 614-3 of this Code, shall approve, modify or disapprove the rules and
13 regulations prescribed by the Tax Collector pursuant to this ordinance. Any rules and
14 regulations adopted by the Tax Collector shall also be approved by the City Attorney, and
15 further provided that any modifications determined by the Board of Review shall be approved
16 as to legal form by the City Attorney. The rules and regulations shall become effective 30
17 days after receipt by the Clerk of the Board, unless the Board of Supervisors disapproves or
18 modifies the regulations. The Board of Supervisors' determination to modify or disapprove a
19 rule or regulation submitted by the Tax collector pursuant to this ordinance shall not impair
20 the ability of the Tax Collector to submit the same or a similar rule or regulation to the Board
21 of Supervisors if the Tax Collector determines it is necessary to effectuate the purpose of this
22 ordinance.

23 (f) **Report on Effect of Tax Credit.** The Tax Collector shall submit a report to the
24 Board of Supervisors on May 31, 1994, and every year thereafter for which the tax credit is
25 available, which evaluates the effect of the tax credit on employment and local tax revenues.

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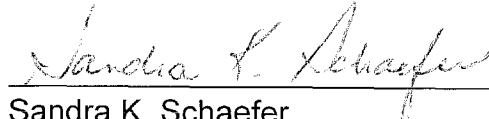
1 The Tax Collector shall also make available to the Board of Supervisors the aggregate
2 information of the dollar value of the new jobs tax credits claimed each year by businesses.

3 (g) **Expiration.** The New Job Tax Credit provided in this Section shall expire on
4 December 31, 2002, unless the Board of Supervisors extends the credit.

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6 APPROVED AS TO FORM:

7 LOUISE H. RENNE, City Attorney
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10 By:


11 Sandra K. Schaefer
12 Deputy City Attorney
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BOARD OF SUPERVISORS



City and County of San Francisco

Veterans Building
401 Van Ness Avenue, Room 308
San Francisco, CA 94102-4532

Tails Ordinance

File Number: 981810

Date Passed:

Ordinance amending Municipal Code Part III, Sections 906B and 1005.6 to add two additional years of tax credits for new jobs created on or after January 1, 1998.

December 7, 1998 Board of Supervisors — PASSED ON FIRST READING

Ayes: 7 - Brown, Katz, Kaufman, Leno, Teng, Yaki, Yee

Noes: 2 - Ammiano, Bierman

Absent: 2 - Medina, Newsom

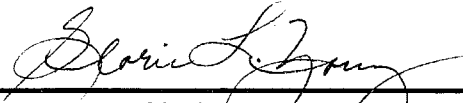
December 14, 1998 Board of Supervisors — FINALLY PASSED

Ayes: 9 - Brown, Katz, Kaufman, Leno, Medina, Newsom, Teng, Yaki, Yee

Noes: 2 - Ammiano, Bierman

File No. 981810

I hereby certify that the foregoing Ordinance
was FINALLY PASSED on December 14,
1998 by the Board of Supervisors of the City
and County of San Francisco.



Gloria L. Young
Clerk of the Board

DEC 24 1998

Date Approved



Mayor Willie L. Brown Jr.