

1 [Payroll Expense Tax; Exclusion for Certain Employers Under the Health Care Security Ordinance.]

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3 **Ordinance amending the San Francisco Business and Tax Regulations Code, Payroll**  
4 **Expense Tax Ordinance, by adding Section 906.3 to defray the cost of compliance with**  
5 **the Health Care Security Ordinance for certain employers by making them eligible for**  
6 **the exclusion of up to \$13 3,333 per year in taxable payroll from the calculation of the**  
7 **payroll expense tax.**

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;  
11 Board amendment deletions are ~~strike through normal~~.

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

13 Section 1. The San Francisco Business and Tax Regulations Code is hereby amended  
14 by adding Section 906.3, to read as follows:

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16 **SEC. 906.3. EXCLUSION FROM TAXABLE PAYROLL FOR CERTAIN EMPLOYERS**  
17 **UNDER THE HEALTH CARE SECURITY ORDINANCE.**

18 (a) Any person required to pay the payroll expense tax under Section 903 shall be eligible for  
19 the exclusion of up to \$133,333 per year in taxable payroll from the calculation of the payroll expense  
20 tax if the person:

21 (1) Is a "covered employer" within the meaning of Administrative Code Section 14.1(b)(3)  
22 and (4), and a "medium-sized business" within the meaning of Administrative Code  
23 Section 14.1(b)(13);

24 (2) Employs an average of between twenty (20) and forty-nine (49) persons per week to  
25 perform work for compensation during a quarter; and

1 (3) Complies with the San Francisco Health Care Security Ordinance, Administrative Code  
2 Sections 14.1 and 14.3, by making the required "health care expenditure" at the required  
3 "health care expenditure rate" for "covered employees."

4 (b) To be eligible for this reduction in taxable payroll expense for any tax year, an employer  
5 shall file with its payroll expense tax return for that year a form required by the Treasurer Tax  
6 Collector. The Treasurer Tax Collector shall consult with the Office of Labor Standards in  
7 determining the content of the form and any information required. At a minimum, the form shall  
8 require the employer to state the number of "covered employees," the type or types of "health care  
9 expenditure" made on behalf of those employees, as those terms are defined in Administrative Code  
10 Sections 14.1(b)(2) and (7) respectively, the reduction in taxable payroll being claimed, and under  
11 penalty of perjury that the employer has made the health care expenditures required by the Health  
12 Care Security Ordinance.

13 (c) The exclusion provided in this Section shall expire on December 31, 2010, unless the Board  
14 of Supervisors extends the exclusion.

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

19 By: \_\_\_\_\_  
20 Michael K. Slattery  
21 Deputy City Attorney  
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