

1 [Earned Income Credit Forms]

2 AMENDING THE SAN FRANCISCO ADMINISTRATIVE CODE BY ADDING CHAPTER 120,  
3 SECTIONS 120.1 THROUGH 120.4, TO PROVIDE THAT CITY CONTRACTORS AND  
4 SUBCONTRACTORS FURNISH TO ELIGIBLE EMPLOYEES CERTAIN FEDERAL FORMS  
5 NECESSARY TO CLAIM THE EARNED INCOME CREDIT.

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7 Note: This entire section is new.

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

9 Section 1. Findings. Many employees of contractors who do business with the City  
10 and County of San Francisco (the "City"), and employees of such contractor's subcontractors,  
11 are unaware of their eligibility for the federal Earned Income Credit (the "EIC"). As a result  
12 many of these employees fail to take advantage of the EIC. This failure has significant  
13 negative consequences for both the employees and the City: hardworking employees fail to  
14 receive their fair share of federal tax dollars; each affected employee has less money for rent,  
15 groceries, childcare and other necessities; demand increases for services provided to the  
16 public at the City's expense; and the local economy suffers.

17 The City can help to alleviate this situation by requiring that contractors who do  
18 business with the City, and their subcontractors, provide to eligible employees the federal  
19 forms necessary to claim the EIC.

20 Section 2. Chapter 120. The San Francisco Administrative Code is hereby amended  
21 by adding Chapter 120, to read as follows:

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## CHAPTER 120

### EARNED INCOME CREDIT INFORMATION

Sec. 120.1	Definitions
Sec. 120.2	Required Contract Provisions
Sec. 120.3	Preemption
Sec. 120.4	Severability

**SEC. 120.1. DEFINITIONS.** As used in this Chapter the following capitalized words and phrases shall have the following meanings:

"City" shall mean the City and County of San Francisco.

"Contract" shall mean a Prime Contract or a Subcontract.

"Contract Amendment" shall mean an agreement pursuant to which a Contract entered into prior to the Effective Date is modified or supplemented in order to: (i) extend the term; (ii) increase the total amount of payments due to a Contractor; or (iii) increase the scope of work or services to be performed by a Contractor.

"Contractor" shall mean either (i) a Prime Contractor; or (ii) the person or entity that enters into a Subcontract with a Prime Contractor.

"Contracting Department" shall mean the department, office, commission or other City entity that enters into the applicable Contract on behalf of the City.

"Effective Date" shall mean January 1, 2000.

"EIC Forms" shall mean, at the time in question, any forms published by the federal Internal Revenue Service for use in claiming all or any portion of the federal Earned Income Credit. For example, as of the Effective Date, such forms consist of IRS Form W-5 and IRS Schedule EIC.

"EIC Limit" shall mean, at the time in question, the highest income limit under which a person (assuming the highest number of qualifying children) could be eligible for the federal

1 Earned Income Credit under federal laws, rules and regulations. For example, as of the  
2 Effective Date, such highest income limit is \$30,580 per year.

3 "Eligible Employee" shall mean any employee of Contractor who is paid at a rate that,  
4 on an annualized basis, is not greater than the EIC Limit.

5 "Prime Contract" shall mean (a) either an agreement pursuant to which the City obtains  
6 public works or improvements or goods or services, at the City's expense or from trust funds  
7 under the control of the City; or (b) an agreement pursuant to which the City grants funds to a  
8 third party, at the City's expense or from trust funds under the control of the City.

9 Notwithstanding the foregoing, the term "Prime Contract" shall exclude (i) agreements entered  
10 into prior to the Effective Date (unless and until a Contract Amendment is entered into);  
11 (ii) agreements entered into after the Effective Date (unless and until a Contract Amendment  
12 is entered into) pursuant to bid packages or requests for proposals advertised and made  
13 available to the public prior to the Effective Date, which bid packages or requests for  
14 proposals were not amended on or after the Effective Date; and (iii) agreements with a  
15 Contractor that is a public entity.

16 "Prime Contractor" shall mean the person or entity that enters into a Prime Contract  
17 with the City.

18 "Subcontract" shall mean an agreement pursuant to which a Prime Contractor obtains  
19 from a third party goods, services or labor to be used in the fulfillment of the Prime  
20 Contractor's duties under the applicable Prime Contract.

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22 **SEC. 120.2. REQUIRED CONTRACT PROVISIONS.** Every Contract or Contract  
23 Amendment entered into on or after the Effective Date shall provide as follows:

24 (a) Contractor shall provide the EIC Forms to each Eligible Employee at each of the  
25 following times: (i) within thirty (30) days following the date on which the applicable Contract

1 or Contract Amendment becomes effective (unless Contractor has already provided such EIC  
2 Forms at least once during the calendar year in question); (ii) promptly after any Eligible  
3 Employee is hired by Contractor; and (iii) annually between January 1 and January 31 of each  
4 calendar year during the term of the Contract.

5 (b) Failure to comply with the foregoing requirement shall constitute a material  
6 breach by Contractor of the terms of the Contract.

7 (c) If within thirty (30) days after the Contractor receives written notice of such a  
8 breach, Contractor fails to cure such breach or, if such breach cannot reasonably be cured  
9 within such period of thirty (30) days, Contractor fails to commence efforts to cure within such  
10 period, or thereafter fails to diligently pursue such cure to completion, the City may pursue any  
11 rights or remedies available under the terms of the Contract or under applicable law.

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13 **SEC 120.3. PREEMPTION.** Nothing in this Chapter shall be interpreted or applied so  
14 as to create any power or duty in conflict with any federal or state law.

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16 **SEC 120.4. SEVERABILITY.** If any part or provision of this Chapter, or the  
17 application of this Chapter to any person or circumstance, is held invalid, the remainder of this  
18 Chapter, including the application of such part or provisions to other persons or  
19 circumstances, shall not be affected by such a holding and shall continue in full force and  
20 effect. To this end, the provisions of this Chapter are severable.

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APPROVED AS TO FORM:

LOUISE H. RENNE, City Attorney

By:   
Bart Duncan  
Deputy City Attorney



# City and County of San Francisco

City Hall  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102-4689

## Tails Ordinance

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**File Number:** 991107

**Date Passed:**

Ordinance amending Administrative Code by adding Chapter 120, Sections 120.1 through 120.4, to provide that City contractors and subcontractors furnish to eligible employees certain federal forms necessary to claim the earned income credit.

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September 13, 1999 Board of Supervisors — AMENDED, AN AMENDMENT OF THE WHOLE BEARING SAME TITLE

Ayes: 9 - Becerril, Bierman, Brown, Katz, Kaufman, Leno, Newsom, Teng, Ammiano

Absent: 2 - Yaki, Yee

September 13, 1999 Board of Supervisors — PASSED ON FIRST READING AS AMENDED

Ayes: 10 - Ammiano, Becerril, Bierman, Brown, Katz, Kaufman, Leno, Newsom, Teng, Yee

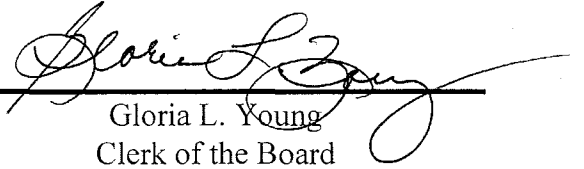
Absent: 1 - Yaki

September 21, 1999 Board of Supervisors — FINALLY PASSED

Ayes: 11 - Ammiano, Becerril, Bierman, Brown, Katz, Kaufman, Leno, Newsom, Teng, Yaki, Yee

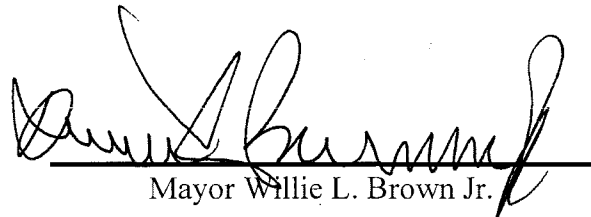
File No. 991107

I hereby certify that the foregoing Ordinance  
was **FINALLY PASSED** on September 21,  
1999 by the Board of Supervisors of the City  
and County of San Francisco.

  
Gloria L. Young  
Clerk of the Board

**SEP 30 1999**

**Date Approved**

  
Mayor Willie L. Brown Jr.