

1 [Temporary Revision of Payroll Expense Tax to Stimulate Job Retention and Creation.]

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3 **Ordinance amending the San Francisco Business and Tax Regulations Code, Payroll**
4 **Expense Tax Ordinance, by adding Section 905 to permit the Payroll Expense Tax owed**
5 **for the year 2009 to be paid at the lower of the amount owed for 2008 or 2009 and for**
6 **the year 2010 to be paid at the lower of the amount owed for 2008 or 2010, but not**
7 **reducing any taxes attributable to payroll expenses for owners or beneficiaries of pass-**
8 **through entities and others.**

9 NOTE: Additions are *single-underline italics Times New Roman*;
10 deletions are *strike-through italics Times New Roman*.
11 Board amendment additions are double-underlined;
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 905, to read as follows:

15 **SEC. 905. PAYROLL EXPENSE TAXES FOR THE YEARS 2009 AND 2010.**

16 (a) Except as provided below in Subsection (b), for every person required to pay the payroll
17 expense tax under Section 903, the amount of the payroll expense tax owed in year 2009 shall be the
18 lower of the amount owed in years 2008 or 2009, including zero, and the amount of payroll expense tax
19 owed in year 2010 shall be the lower of the amount owed in years 2008 or 2010, including zero.

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

22 (1) the amount of the payroll expense tax owed in year 2009 shall be based on the sum of the
23 payroll expense tax owed in 2009 that is attributable to amounts paid to owners and beneficiaries and
24 the lower of the payroll expense tax owed in 2008 or 2009, including zero, that is attributable to
25 amounts paid to all other; and.

1 (2) the amount of the payroll expense tax owed in year 2010 shall be based on the sum of the
2 payroll expense tax owed in 2010 that is attributable to amounts paid to owners and beneficiaries and
3 the lower of the payroll expense tax owed in 2008 or 2010, including zero, that is attributable to
4 amounts paid to all others.

5 (c) During 2009 and 2010, eligibility for the Small Business Tax Exemption contained in
6 Section 905-A shall be based on a person's tax liability or taxable payroll expenses before any
7 reduction authorized by this Section.

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10 APPROVED AS TO FORM:
11 DENNIS J. HERRERA, City Attorney

12 By: _____
13 Linda M. Ross
14 Deputy City Attorney
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