



SMALL BUSINESS COMMISSION  
OFFICE OF SMALL BUSINESS



CITY AND COUNTY OF SAN FRANCISCO  
EDWIN M. LEE, MAYOR

March 15, 2011

Ms. Angela Calvillo, Clerk of the Board  
Board of Supervisors  
City Hall room 244  
1 Carlton B. Goodlett Place  
San Francisco, CA 94102-4694

**Re: File No. 110155 [Business and Tax regulations Code- Payroll Expense Tax Exclusion in Central Market Street and Tenderloin Area.]**

Small Business Commission Recommendation: **Approval**

Dear Ms. Calvillo:

On March 14, 2011, the Small Business Commission unanimously voted to recommend approval of Board of Supervisors File No. 110155.

The Commission recognizes that this proposed tax exclusion will provide benefits to businesses of all sizes both within the exclusion area as well throughout the City of San Francisco.

Much of the attention on this tax exclusion has been placed on the attracting of Twitter to the Central Market area. The economic benefit of having upwards of 2,500 new Twitter employees in this area, along with potentially thousands of additional employees from other companies that follow, will have significant benefit to local small businesses. These employees will both shop and eat in the immediate area surrounding their workplace, which will benefit existing businesses and attract new ones to Central Market and the Tenderloin area. In addition, many of these employees will reside in residential areas throughout the City and will shop and eat local in their own neighborhoods. These multiplier affects will additionally benefit the retail, services, entertainment, and hospitality sectors inside and outside the vicinity of Central Market and the Tenderloin. Also, reduced storefront vacancies within the program area will have additional benefits, including reduced blight and safety improvements which will benefit residents and businesses across all social economic spectrums.

Small businesses will also qualify for the tax exemption and will have an incentive to either locate to this exclusion area or add additional employees. Small Businesses of 5 employees or more often qualify for the payroll tax and they will be incentivized to either locate to the program area or add additional employees. One sector that is poised for growth and utilization of the significant amount of office space are businesses to business companies, including technology and related firms. These businesses will bring an entrepreneurial spirit to the area and will hope to grow using this tax credit and expanded business to business opportunities as catalyst to locate to Central Market and the City.

Comments include recommending that the Board of Supervisors support this type of tax exclusion in additional areas in the city that are in need of economic stimulation and ask the Office of Economic and Workforce Development to explore this topic. This may become especially important should the



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successful enterprise zone program, which has benefited a significant number of small businesses, is reduced or eliminated through upcoming or future state budget cuts.

The Commission thanks Supervisor Kim for his informative presentation at our March Small Business Commission meeting.

Sincerely,

Regina Dick-Endrizzi  
Director, Office of Small Business

cc. Supervisors Kim, Chiu, Farrell  
Jason Elliott, Mayor's Office  
Jennifer Matz, Director, Office of Economic and Workforce Development