



SMALL BUSINESS COMMISSION
OFFICE OF SMALL BUSINESS



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

May 11, 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. 110337 [Business and Tax Regulations Code - Excluding Stock-Based Compensation from Payroll Expense, Tax Years 2011 through 2017]

Small Business Commission Recommendation: **Approval**

Dear Ms. Calvillo:

On May 9, 2011, the Small Business Commission voted to recommend approval of Board of Supervisors File No. 110337. The Commission commends Supervisor Mirkarimi for introducing legislation to address this issue. The Commission believes that limiting companies potential exposure to the stock based compensation component of the payroll tax will help attract and retain small entrepreneurial companies that hope to expand and one day become publicly traded. These companies help form a critical component of the San Francisco economy and by supporting them, jobs will be created and broader economic benefits will be realized. Because the legislation also incorporated the Controller's office recommendation to place a cap on stock options, the general fund is also protected.

The Commission making a recommendation of approval for BOS File No. 110337 is not an indication of approving this ordinance rather than BOS File No. 110462, introduced by Supervisor Farrell. The Commission was unable to make a recommendation on Supervisor Farrell's legislation at this time since an Economic Impact Report was not yet available. Supervisor Farrell's legislation has been continued to our June 13, 2011 meeting. Therefore, the Commission cannot give a clear indication at this time on a preference between the two ordinances. Should the Board take action before this time, then the SBC leaves this as a policy decision by the Board of Supervisors.

The Commission thanks Supervisor Mirkarimi and Mr. Ted Egan for their informative presentations.

Sincerely,

Regina Dick-Endrizzi
Director, Office of Small Business



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cc. Supervisor Ross Mirkarimi
Jason Elliott, Mayor's Office