
SEC. 906.3. CENTRAL MARKET STREET AND TENDERLOIN AREA PAYROLL EXPENSE TAX EXCLUSION.

(a) An exclusion from the payroll expense tax shall be allowed for each person who maintains a fixed place of business within the Central Market Street and Tenderloin Area for payroll expense attributable to that fixed location; provided, however, that in no event shall the tax exclusion reduce a person's tax liability to less than the person's Base Year payroll expense tax liability.

(b) For purposes of this Section, the following terms shall have the meanings set forth below:

(1) "Central Market Street and Tenderloin Area" means the area located in downtown San Francisco, generally including: parcels fronting the south side of Market Street from Eleventh Street to Sixth Street; a portion of the parcels fronting the south side of Market Street from Sixth Street to Fifth Street (odd numbered addresses from 999 to 933 Market Street); parcels fronting the north side of Market Street from Van Ness Avenue to Eighth Street; 875 Stevenson Street; and parcels in the area bordered by: Ellis Street from Polk Street to Mason Street (south side only); Mason Street, from Ellis Street to Market Street (west side only); Market Street, from Mason Street to Charles J. Brenham Place (north side only); Charles J. Brenham Place, from Market Street to McAllister Street (east side only); McAllister Street, from Charles J. Brenham Place to Larkin Street (north side only); Larkin Street, from McAllister Street to Eddy Street (east side only); Eddy Street, from Larkin Street to Polk Street (north side only); and Polk Street, from Eddy Street to Ellis Street (east side only). The exclusion applies exclusively to the following Assessor's Lots: the entirety of Blocks 0331, 0332, 0333, 0334, 0335, 0336, 0337, 0338, 0339, 0340, 0342, 0343, 0344, 0345, 0346, 0347, 0348, 0349, 0350, and 0740; Block 0813, Lots, 7, 8, 9 and 10; Block 0835, Lots 1, 2 and 3; Block 3701, Lots 50 and 59; Block 3702, Lots 1, 45, 46, 47, 48, 48A, and 53; Block 3703, Lots 1, 56, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 70, 74, 75, 76, 78 and 88; Block 3704, Lots 70, 69, 68, 67 and 78; Block 3507, Lots 39 and 41; Block 3508, Lots 1 and 39; Block 0355, Lots 3, 4, 5, 6, 7, 8, 9, 10 and 15; and Block 0351, Lots 1, 22, 39, 41, 46, 47, 49 and 51.

(2) "Base Year" means the 2010 tax year for a person who maintains a fixed place of business in the Central Market Street and Tenderloin Area on the effective date of this ordinance, provided that the person maintained a fixed place of business in the Area for the entirety of such tax year. If the person did not maintain a fixed place of business in the Area for the entirety of 2010, then the first full tax year that person maintains a fixed place of business in the Area shall be the Base Year. For a person who moves a business to the Central Market Street and Tenderloin Area from another part of San Francisco, Base Year means that person's full tax year for the year prior to entering into a lease agreement or buying real property in the Area, provided that person was doing business in San Francisco for the entirety of such tax year. For a person who commences to maintain a fixed place of business in San Francisco after the effective date of this ordinance, Base Year means that person's first full tax year in the Area.

(c) In order to be eligible for the payroll expense tax exclusion authorized under this Section, persons wishing to claim the exclusion must:

(1) Complete and submit an initial application to the Office of Economic and Workforce Development for review and evaluation. The Office of Economic and Workforce Development will use this application to verify that applicants claiming the payroll expense tax exclusion under this Section

meet the eligibility requirements outlined in subsection (b) of this Section. The Office of Economic and Workforce Development and the Office of the Treasurer and Tax Collector shall prescribe the form of the application and, consistent with this ordinance, the rules and regulations regarding eligibility for the Central Market Street and Tenderloin Area payroll expense tax exclusion, which shall include participation in the City's First Source Hiring Program as defined in Section 83.4 of the Administrative Code.

(2) File an annual affidavit with the Office of Economic and Workforce Development affirming that they continue to meet the eligibility criteria as determined by the Office of Economic and Workforce Development. The annual affidavit should detail the total number of individuals hired during the year, the number of individuals who were referred by the San Francisco Workforce Development System during the year, and the duration of employment for each individual hired during the year. The affidavit must be filed with the Office of Economic and Workforce Development on or before January 31 of each year subsequent to the Office of Economic and Workforce Development's initial approval of the application.

(3) Maintain records and documents in a manner acceptable to the Tax Collector. Such records and documents must objectively substantiate any exclusion claimed under this Section and be provided to the Tax Collector upon request.

(4) File an annual Payroll Expense Tax Return with the Tax Collector regardless of the amount of tax liability, if any, shown on the return after claiming the exclusion provided for in this Section.

(5) Any person whose annual payroll expense exceeds one million dollars (\$1,000,000) shall enter into a binding Community Benefit Agreement with the City Administrator in order to be eligible for the payroll expense tax exclusion under this Section. Such Community Benefit Agreement may include commitments to engage in community activities in the Central Market Street and Tenderloin Area as well as participation in workforce development opportunities.

(d) The Office of Economic and Workforce Development shall:

(1) Together with the Office of the Treasurer and Tax Collector, adopt rules, regulations and forms regarding eligibility and the application process for the Central Market Street and Tenderloin Area payroll expense tax exclusion. The rules, regulations and forms may be amended from time to time as necessary.

(2) Review all applications for completeness and upon approval, issue a certificate of eligibility to the applicant. The decision of the Office of Economic and Workforce Development regarding eligibility for the exclusion may not be appealed by an applicant.

(3) Provide the Tax Collector with a list of persons eligible to claim the tax exclusion authorized under this Section for the preceding tax year by March 1 of each year.

(e) The Tax Collector shall verify that any exclusion claimed pursuant to this Section is appropriate.

(f) The Central Market Street and Tenderloin Area exclusion authorized under this Section shall be available to and may be taken by each person for each tax year that person holds a valid certificate of eligibility for a period not to exceed six years from the effective date of this ordinance or the commencement of the person's business in the Central Market Street and Tenderloin Area, whichever is

later. The date the Tax Collector first received the person's application for a business registration certificate for the person's Central Market Street and Tenderloin Area business shall be presumed to be the date of commencement of such business unless the person establishes a different commencement date to the satisfaction of the Tax Collector.

(g) The Central Market Street and Tenderloin Area exclusion authorized under this Section shall expire on the eighth anniversary date of the effective date of this Section. A person may not use or claim any unused portion of the Central Market Street and Tenderloin Area exclusion after the expiration date of this Section. Unless exempted under Sections 906 of this Article, every person engaging in a business in the Central Market Street and Tenderloin Area in the City shall pay the tax imposed under this Article on the full amount of the person's payroll expense attributable to the City from and after the expiration of this Section.

(h) If a person's calculated liability for the payroll expense tax does not exceed the ceiling specified in Section 905-A for the tax year after applying the Central Market Street and Tenderloin Area exclusion under this Section, the person shall be exempt from payment of the payroll expense tax for that tax year as provided in Section 905-A.

(i) The Tax Collector shall submit an annual report to the Board of Supervisors for each year for which the Central Market Street and Tenderloin Area exclusion authorized under this Section is available that sets forth aggregate information on the dollar value of the Central Market Street and Tenderloin Area exclusions taken each year, the number of businesses taking the exclusion and the change in the number of businesses located in the Central Market Street and Tenderloin Area of the City.

(j) The Office of the City Administrator shall submit an annual report to the Board of Supervisors for each year for which the Central Market Street and Tenderloin Area exclusion authorized under this Section is available that sets forth any and all Community Benefit Agreements that have been entered into with the Office of the City Administrator during that year.

(k) The Assessor-Recorder shall submit an annual report to the Board of Supervisors for each year for which the Central Market Street and Tenderloin Area exclusion authorized under this Section is available that sets forth any identifiable increases in property value resulting from businesses' location, relocation or expansion to or within the Central Market Street and Tenderloin Area.

(l) The Controller, not later than three years after the effective date of this ordinance, shall perform an assessment and review of the effect of the Central Market Street and Tenderloin Area payroll expense tax exclusion on the Central Market Street and Tenderloin Area. Based on such assessment and review the Controller shall prepare and submit an analysis to the Board of Supervisors. The analysis shall be based on factors that the Controller deems relevant, and may include, but shall not be limited to, data contained in the annual reports to the Board of Supervisors as required by subsections (i), (j) and (k) of this Section.

(m) The Central Market Street and Tenderloin Area payroll expense tax exclusion set forth in this Section may not be claimed concurrently with any other payroll expense tax exclusion.

(n) A misrepresentation or misstatement by any person regarding eligibility for the Central Market Street and Tenderloin Area payroll expense tax exclusion authorized by this Section that results in the underpayment or underreporting of the payroll expense tax shall be subject to penalties.

(Added by Ord. [68-11](#), File No. 110155, App. 4/20/2011, Eff. 5/20/2011)