



Thank you for your interest in the Clean Energy Technology Payroll Tax Exclusion. The following materials will guide you through the simple process of applying for and using your exclusion.

This package contains the following:

1. A Payroll Tax Exclusion Fact Sheet
2. An Application Form for Payroll Tax Exclusion
3. A Clean Energy Technology Exclusion Worksheet

How to Apply

1. Review the following *Clean Technology Payroll Tax Exclusion Fact Sheet*. It provides an overview of the exclusion and the application process.
2. Complete the *Application Form for Payroll Tax Exclusion*. It is available for download here as well as attached to this document: http://bit.ly/payroll_tax_application. Be sure to provide all the requested information and to include a “brochure, policy, and a letter clearly stating why the business qualifies for this payroll tax exclusion.” Then sign and submit the form. Incomplete applications or unsigned forms will be returned and may delay your application process.
3. Please note that in order to qualify for the Clean Energy Technology Payroll Tax Exclusion, businesses must be certified (or initiate the certification process) as a *Certified San Francisco Green Business*. Find more information here: <http://bit.ly/sfgreenbiz>.
4. Mail the completed and signed *Application Form for Payroll Tax Exclusion* to:

Sushma Dhulipala
SF Environment
11 Grove Street
San Francisco, CA 94102

Alternatively, you may email a PDF of the signed and completed Application and supporting materials to:

sushma.dhulipala@sfgov.org

The application must be received before the end of the calendar year for which you are seeking the exclusion. For example, applications received and approved anytime prior to 12/31/10 will exempt your company for the entire 2010 tax year. Forms received after 12/31/10 will only qualify your company for the exclusion from 2011 forward.



11 Grove Street
San Francisco, CA 94102
T 415.355.3783
www.sfenvironment.org

Review and Determination Process

Once your application has been submitted and reviewed, SF Environment will issue a Letter of Determination to your company. Your company will need to submit this letter to the Tax Collector's office when filing your payroll tax return for 2010, along with the completed Payroll Tax - Clean Energy Technology Exclusion Worksheet (see below).

Filing Your Payroll Tax Return

Payroll Tax Returns must be filed each year, by the end of February, for the preceding tax year. Your tax return for 2010 is due February 28, 2011. For general information about this requirement, visit the Treasurer & Tax Collector's website below:

<http://www.sftreasurer.org/index.aspx?page=23>

Payroll Tax Refunds

If estimated payroll tax payments have already been made during this calendar year, and you are approved for the payroll tax exclusion during this same year, your company should be eligible for a Payroll Tax Refund.

Additional Information

If you need additional information or have any questions, contact Kelly Pretzer, Director of New Media and Clean Technology Initiatives at the Office of Economic and Workforce Development, kelly.pretzer@sfgov.org, (415) 554-6045.



The Clean Technology Business Exclusion (Ordinance Number 249-05) was signed by the Mayor on Thursday, November 10, 2005, and became effective on January 1, 2006. The Ordinance was updated by the Board of Supervisors on January 1, 2009 (313-08). The Ordinance provides a payroll tax exclusion for businesses that engage in clean technology and employ a full-time staff of not more than one hundred employees.

Definitions from Ordinance # 313-08

"Clean Energy" means energy produced by wind, solar energy, landfill gas, geothermal resources, ocean thermal energy conversion, quantifiable energy conservation measures, tidal energy, wave energy, biomass, biofuels, or hydrogen fuels derived from renewable sources. Clean Energy does not include:

- a) any fossil fuel based energy production, including but not limited to, clean coal, clean diesel, natural gas and hydrogen from natural gas;
- b) any nuclear based energy production;
- c) waste to energy via combustion or incineration;
- or/and d) other technologies that are detrimental to human health.

A **"Clean Technology Business"** means a business in which at least seventy-five percent of all business activities carried on during the tax year are directly related to one or more of the following activities:

- a) research and development and/or associated manufacturing applying scientific advances to the production, distribution or storage of clean energy;
- b) research and development and/or associated manufacturing applying scientific advances to prototype or commercially viable materials and products powered by clean energy, including but not limited to single passenger vehicles and fueling infrastructure;

- c) research and development and/or associated manufacturing applying scientific advances to prototype or commercially viable techniques, materials and products that materially improve energy efficiency, water conservation or air quality; or
- d) research and development, manufacture and/or installation of solar panels.

A **"San Francisco Green Business"** is a business that complies with all applicable environmental regulations in San Francisco and meets a minimum requirement of "beyond compliance" measures as defined by a sector-specific checklist. These measures include actions to conserve the use of natural resources, such as electricity, water and fuel; reduce, reuse, recycle and compost materials; reduce the use and generation of hazardous materials and hazardous waste; and take affirmative steps to prevent pollution. In coordination with and on behalf of the Department of Public Health, San Francisco Public Utilities Commission and the Department of the Environment, the Director of the Department of Environment will determine if the business is eligible to become a green business. Information on the San Francisco Green Business program can be found at www.sfgreenbiz.org.

Procedure for Applying for the Initial Payroll Tax Exclusion for Qualified Clean Technology Businesses

1. An applicant for the exclusion ("Applicant") shall submit a completed application form demonstrating its eligibility to claim the payroll expense tax exclusion for the preceding tax year no later than December 31. [\(See application form\)](#) The Director shall send a list of eligible applicants to the Tax Collector no later than March 1 of each year.
2. Either the Applicant or the Director may request an interview to discuss the details of the application.
3. The Director shall approve or disapprove the application within thirty (30) days based upon the criteria set forth in Section D of this regulation.

4. If the Director approves the application, the Director shall issue a certificate of eligibility to the Applicant. If the Director disapproves the application, the Director shall provide the Applicant with a notice of disapproval, which shall state the reason or reasons therefore. Such disapproval shall act as a rejection of the Applicant's application.
5. If the initial application is rejected, the Applicant may submit an amended application within five (5) calendar days of receipt of the rejection. The Applicant may provide new or supplemental information for consideration along with the amended application.
6. If an amended application is submitted within the specified timeframe, the Director shall consider the amended application along with any supplemental information provided and approve or disapprove the application based upon the criteria set forth in Section D. Within ten (10) days of receiving an amended application the Director shall make a determination on the application and notify the Applicant of the decision. The decision of the Director on the amended application shall be final.
7. The Director shall review applications in the order they are received.
8. An approved applicant shall be allowed to claim the payroll tax exclusion as provided in the Ordinance.

Procedure for Claiming the Initial Payroll Tax Exclusion for Qualified Clean Technology Businesses

1. Once the Director has certified a business as a qualifying clean technology business, on or before January 31 of every year thereafter that business may file an annual [renewal affidavit](#), on the form provided, with the Director affirming that it continues to meet the eligibility criteria set forth in the Ordinance and this regulation. The Director will provide a list of persons who submitted an affidavit of continuing eligibility to the Tax Collector no later than March 1 of each year.
2. Either the Applicant or the Director may request an interview to discuss the annual renewal affidavit.

Criteria to be used in Evaluating Applications

The Director shall use the following criteria to evaluate applications for the payroll tax exclusion for clean technology businesses:

1. Completeness of the application. The application must be substantially complete. All questions on the application must be fully addressed and any additional substantiating documents requested by the Director must be provided in a manner sufficient to allow the Director to properly evaluate the application.
2. The applicant must meet the definition of qualified clean technology business as set forth in the Ordinance.
3. The applicant must be in possession of a current registration certificate pursuant to Article 12 Section 853 of the Business and Tax Regulations Code and have all necessary permits and approvals to operate in San Francisco.
4. If the applicant is eligible to become a green business, it must obtain Green Business recognition from the City and County of San Francisco. The business must meet the green business standards during the tax year for which the payroll tax exclusion is requested. In coordination with and on behalf of the Department of Public Health, San Francisco Public Utilities Commission and the Department of the Environment, the Director of the Department will determine if the business is eligible to become a green business. Information on the San Francisco Green Business program can be found at www.sfgreenbiz.org.

Enforcement

The Director may investigate any application form or annual renewal affidavit for compliance with the terms of the Ordinance and these regulations. If the Director finds that any application or any annual renewal affidavit or any attachment thereto contains false or misleading information, the Director shall immediately notify the Tax Collector and refer the matter to the Tax Collector and City Attorney's Office for investigation and enforcement.



CITY AND COUNTY OF SAN FRANCISCO
Office of the Treasurer & Tax Collector
Business Tax Section

Cert # _____

Clean Energy Technology Exclusion Worksheet
for Payroll Tax Year 20__

Qualifying for the Clean Energy Technology Exclusion

The clean energy technology exclusion applies to all San Francisco businesses that employ a full-time staff of no more than 100, and is engaged in a clean energy technology business. If your business qualifies as a clean energy technology business, then all compensation paid in direct support of the business' clean energy technology efforts may be excluded from the payroll expense tax base, subject to the conditions and limitations set forth in the San Francisco Business and Tax Regulations Code, Section 906.2. (Note: Independent contractors shall not be considered employees of the clean energy technology business and do **not** qualify for this tax exclusion.)

Please print neatly or type using black ink. Form must be signed to be valid.

Section 1: Business Information

1.	Enter Federal Employer Identification number:			
2.	Enter Business Tax Certificate number:			
3.	Enter name of business:			
4.	Enter principal San Francisco business location: (Street address)			
5.	Does your company engage in clean energy technology business in more than one location in San Francisco? Check Yes or No. If yes, list each location address below:		Yes	No
	(a)			
	(b)			

Section 2: Payroll Tax Exemption Information

6.	Enter total number of employees:	
7.	Enter total number of employees working outside of San Francisco:	
8.	Enter total Payroll Expense paid to employees for work performed outside of San Francisco:	

Section 3: Clean Energy Technology Exclusion Information

9.	Enter total number of San Francisco employees:	
10.	Enter total number of San Francisco clean energy-exempt employees:	
11.	Enter total number of San Francisco clean energy-exempt employees:	
12.	Enter total number of San Francisco employees for which the clean energy exclusion is claimed:	
13.	Enter total Payroll Expense paid to employees for clean energy technology work performed in San Francisco:	\$ _____

Section 4: Calculation of Total Exclusion

14.	Enter the sum of Lines 8 and 13 above. Enter this amount also on your Payroll Tax Statement (Long Form), Line 2. Attach this worksheet to your Payroll Tax statement and file both by the Payroll Tax deadline.	\$ _____
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I understand that the facts supporting my application for the Clean Energy Technology Exclusion, as set forth on this worksheet, are subject to audit by the San Francisco Tax Collector. Under the laws of the State of California, I declare under penalty of perjury that I have read the foregoing and that it is true, correct, and complete to the best of my knowledge and belief.

Sign: _____
 Print Name: _____
 Title: _____

Date: ____/____/____
 Contact Number: (____) _____
 Fax Number: (____) _____

For questions, please contact Taxpayer Assistance at (415) 554-4400.