

GENERAL QUESTIONS AND ANSWERS ABOUT THE SAN FRANCISCO ENTERPRISE ZONE TAX CREDIT

A. What is the San Francisco Enterprise Zone Tax Credit?

The San Francisco Enterprise Zone Tax Credit is a credit against the San Francisco Payroll Expense Tax for new jobs created on or after January 1, 1992, pursuant to the Payroll Expense Tax Ordinance of the San Francisco Municipal Code, Part III, Article 12-A, Section 906A. Amendments to this ordinance took effect on July 30, 2008, and are not retroactive.

B. Who is eligible for the Enterprise Zone Tax Credit?

Any person who maintains a fixed place of business within the Enterprise Zone (EZ) areas and creates new jobs and hires qualified employees between January 1, 1992 and July 29, 2008, is allowed a credit against the payroll expense tax. For employees hired on or after July 30, 2008, the amended ordinance does not require creation of a new job and changed the qualifications of the employees as summarized below.

C. Where are the Enterprise Zone areas located?

The San Francisco Enterprise Zone areas include the following districts: Bay View Hunters Point/South Bayshore; Chinatown; the Mission; Mission Bay Project Area; Potrero Hill; South of Market; the Tenderloin; and the Western Addition. After the amendment, the EZ areas expanded to include some portions of North Beach and the Financial District. To determine if your business is located within a targeted Enterprise Zone, please visit the Office of Economic and Workforce Development (OEWD) tax credit website at: <http://www.oewd.org/> and click the tab labeled "Workforce Development".

D. Who is a qualified employee?

Part A: If hired between January 1, 1992 and July 29, 2008, a qualified employee, as defined under the Business and Tax Regulations Code, Section 906A(b), is a person who is newly hired, and either (1) is receiving subsidized employment training or services under the terms of the Workforce Investment Act (WIA) (formerly the Federal Job Training Partnership Act) or (2) is registered in the California Work Opportunity Tax Credit (WOTC) (formerly the Greater Avenues for Independence (GAIN) Program) or (3) is certified by the Employment Development Department as eligible for the federal Work Opportunity Credit Program or (4) participates in the County Adult Assistance Program (CAAP) (formerly General Assistance).

Part B: If hired on or after July 30, 2008, a qualified employee, as defined under the Business and Tax Regulations Code, Section 906A(b), is a person who is newly hired and a San Francisco resident. In addition, services performed by such employee must be at least 90% directly related to the taxpayer's trade or business within the EZ area, and at least 50% performed within the EZ area. Further, the employee either (1) is receiving subsidized employment training or services under the terms of the Workforce Investment Act (WIA) (formerly the Federal Job Training Partnership Act); or (2) is registered in the California Work Opportunity Tax Credit (WOTC) (formerly the Greater Avenues for

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Independence (GAIN) Program; or (3) is a recipient of Federal Supplemental Security Income benefits, or Aid to Families with Dependent Children, or food stamps, or General Assistance; or (4) is economically disadvantaged and at least 14 years of age; or (5) is any of the following: dislocated, disabled, veteran, ex-offender, Native American descent, or a member of a targeted group under Internal Revenue Code, §51(d) .

E. How much is the amount of the Enterprise Zone Tax Credit?

The tax credit, for each qualified employee, shall be a varying percentage of the additional tax that would be incurred as a result of additional wages paid for work performed within the Enterprise Zone areas. The dollar amount of such tax credit shall depend both upon the duration of employment (see below) and eligible wages.

Duration of Employment	Tax Credit
First 24 months	100%
Second 24 months	50%
Third 24 months	25%
Fourth 24 months	15%
Fifth 24 months	10%

In no event shall the tax credit reduce a business' tax liability to less than zero. For an example of how the Enterprise Zone Tax Credit is calculated, read the "Instructions For Completing the Enterprise Zone Tax Credit Worksheet."

F. How to apply for the Enterprise Zone Tax Credit

- Step 1. Read the Instructions for completing the Enterprise Zone Tax Credit Worksheet.
- Step 2. Complete Part A and/or Part B of the "WORKSHEET FOR ENTERPRISE ZONE TAX CREDIT".
- Step 3. Complete the "Enterprise Zone Hiring Tax Credit Voucher Application" form and submit with appropriate supporting documentation and processing fee. You must submit this Voucher Application to the Office of Economic and Workforce Development (OEWD), who will determine your eligibility for the California State Enterprise Zone Hiring Tax Credit. If eligible, OEWD will then issue you a voucher certificate. Review the eligibility criteria and business address noted on the voucher to determine if that employee is also eligible for the San Francisco Enterprise Zone Tax Credit. If so, attach this voucher to your "Affidavit to Support the San Francisco Enterprise Zone Tax Credit." For more information about the Voucher Application process, please call OEWD at (415) 554-6130 or visit their tax credit website at: www.oewd.org/Enterprise-Zone.aspx.
- Step 4. If you are filling out your Registration Renewal and Payroll Expense Tax form online, please follow the instructions on the "Notification of Tax Filing and

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Payment Due” letter you received. If you are filling out your forms using a paper statement, please complete the 2009 Payroll Expense Tax Statement Long Form.

Step 5. Submit the completed documents:

1. Enterprise Zone Tax Credit Worksheet, Part A and/or Part B,
2. Affidavit to Support the San Francisco Enterprise Zone Tax Credit,
3. Vouchers, and
4. Payroll Expense Tax Statement

to:

City & County of San Francisco
Office of the Treasurer & Tax Collector
Business Tax Section
P.O. Box 7425
San Francisco, CA 94120-7425

G. For more information about this tax credit

If you have any questions about this tax credit or need help in obtaining and/or completing the required forms, please contact the:

Office of the Treasurer & Tax Collector
Taxpayer Assistance
City Hall, Room 140
1 Dr. Carlton B. Goodlett Place, Room 140
San Francisco, CA 94102
Tel. (415) 554-4400