

Incentive Fact Sheet Federal Renewal Community

San Francisco businesses are eligible to receive federal wage credits, federal income tax deductions, capital gains exclusions, and accelerated depreciation through Commercial Revitalization Deductions to stimulate economic development and job growth in the San Francisco Federal Renewal Community.

PROGRAM BENEFIT

Businesses located in the San Francisco Renewal Community are eligible for the following:

Tax Credits

- Wage Credits are especially attractive to businesses looking to grow. Businesses are able to hire and retain RC residents and apply the credits against their federal tax liability. Businesses operating in the new Renewal Community will enjoy up to a \$1,500 credit for every newly hired or existing employee who lives and works in the RC.
 - Work Opportunity Tax Credits provide businesses in Renewal Communities with up to \$2,400 against their Federal tax liability for each employee hired from groups with traditionally high unemployment rates or other special employment needs, including youth who live in the RC.
- Welfare to Work Credits offer businesses a credit of up to \$3,500 (in the first year of employment) and \$5,000 (in the second year) for each newly hired long-term welfare recipient.

Tax Deductions

- Commercial Revitalization Deductions (CRD) allows a business to deduct up to \$5 million in the year the building is placed in service or deduct the full amount of eligible expenditures pro rata over 10 years. San Francisco has an annual \$12 million allocation, up to \$10 million per project for commercial or industrial buildings developed or rehabilitated in the RC.
 - Section 179 Deductions under the tax code allow a qualified Renewal Community business to expense up to \$35,000 of additional qualified property such as equipment and machinery acquired each year during the period of the RC designation, 2002 through 2009.
- Environmental Cleanup Cost Deductions allow businesses to deduct qualified cleanup costs in Brownfields.

Capital Gains Exclusions

- Zero Percent Capital Gains Rate applies to an interest in, or property of, certain businesses operating in a Renewal Community, if the asset is acquired during the period of the RC designation and held for at least 5 years.

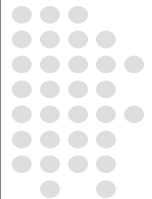
Bond Financing

- Qualified Zone Academy Bonds allow state and local governments to match no-interest loans with private funding sources to finance public school renovations and programs.

Other Incentives

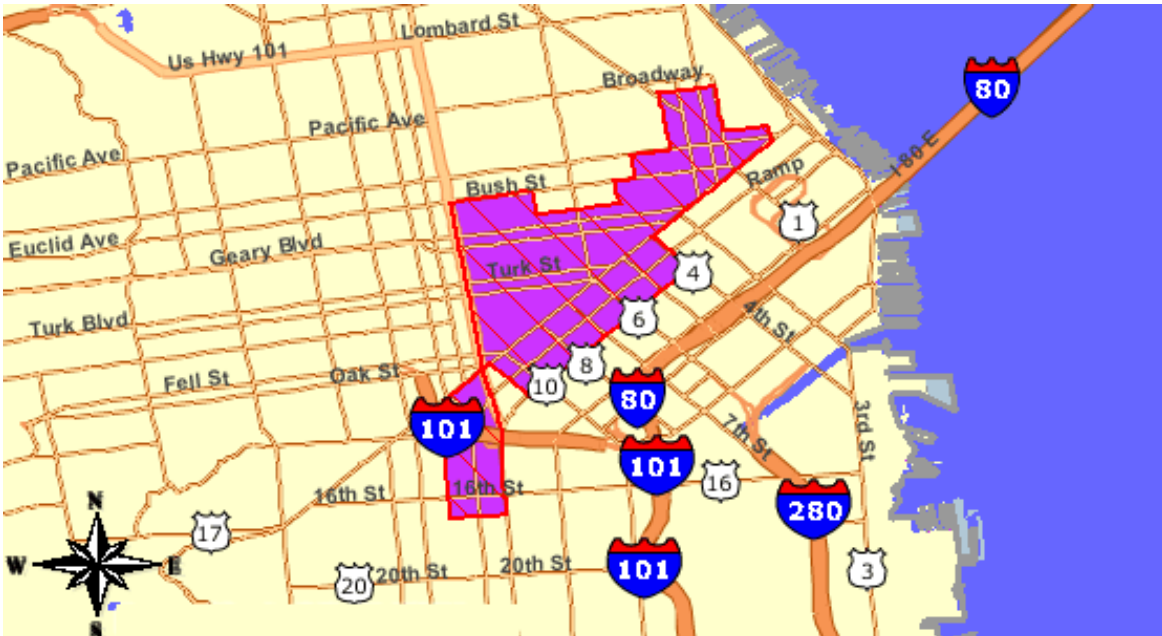
- Like all distressed communities, Renewal Communities will also be able to take advantage of the New Markets Tax Credits that provide investors with a credit against their federal taxes of 5 %-6% of the amount invested in a distressed area. Also available to Renewal Communities is the Low-Income Housing Tax Credit providing credit against Federal taxes for owners of newly constructed or renovated rental housing.

(See back for map, eligibility, and contact info)



ELIGIBILITY

Businesses must be located in designated Renewal Community zone, which includes certain parts of the Financial District, South of Market, Chinatown, Civic Center, Tenderloin, or Mission neighborhoods.



CONTACT US

For additional information contact OEWD by email at owd@sfgov.org or call (415) 554-6969

Or visit our website: <http://www.owd.org/Enterprise-Zone.aspx>