



**Member, Board of Supervisors  
District 6**

**City and County of San Francisco**

**JANE KIM**

**Press Release**

**SUPERVISOR KIM STRENGTHENS MID-MARKET TAX LEGISLATION**

**3/16/11** - On Wednesday, Supervisor Jane Kim introduced amendments to her existing Payroll Expense Tax Exclusion in Central Market Street and Tenderloin Area legislation that further strengthened its goal of incentivizing tech and arts organizations to partner in a targeted revitalization effort in the Central Market corridor.

“Job creation is one of my top priorities,” stated Supervisor Kim. “This is a temporary and targeted incentive for a central city corridor which has sat mostly vacant for decades. We have an opportunity to attract unique partners who are growing jobs and excited to invest in a neighborhood plan that prioritizes residents and small businesses, while increasing public safety and supporting robust transit improvements.”

**AMENDMENTS**

Although the legislation had its genesis in Mayor Newsom’s office, Supervisor Kim made initial changes to the draft, shrinking the temporary window for the payroll tax exclusion from 8 years to 6 years, and ensuring that it was only applicable to net new jobs to the City. Companies that currently pay taxes on their payroll will continue to pay at their current rate.

“After extensive research and discussion with community stakeholders, colleagues and city staff, I am further amending the legislation to mitigate concerns around General Fund and neighborhood impacts,” stated Supervisor Kim. “This is not the first time the City has supported a tax exclusion, but it will be the first time a tax exclusion for a \$1 million payroll is contingent on a Community Benefits Agreement.”

The following amendments made it out of Budget and Finance Committee this morning :

Six block lot properties with historically low vacancy rates were excluded from the legislation, further narrowing the definition of blight. Currently, government-owned buildings such as the SFPUC building are already exempt from the payroll tax.

Any organization whose payroll expense exceeds \$1 million will be required to enter into a Community Benefits Agreements through the Office of Economic and Workforce Development (OEWD). Supervisor Kim asked potential Mid-Market tenant, Twitter, to engage in a Community Benefits Agreement early on.

Any company accepting a payroll tax exclusion shall file an annual affidavit with the OEWD that will detail the total number of individuals hires, the number of individuals who were referred by the San Francisco Workforce Development System, and the duration of employment for each individual hired.

“While I am philosophically against tax breaks, I have thought long and hard about a new approach to repeated efforts to revitalize Mid-Market,” stated Supervisor Kim. “This is not corporate welfare, this is a targeted proposal

for incentivizing unique businesses. We need anchor tenants who are growing and committed to improving our pedestrian boulevard, driving public safety efforts, and developing the local workforce.”

In concert with the legislation, the Supervisor’s office is working with arts organizations like Burning Man, Bindlestiff Studios, ACT and the Luggage Store Gallery to develop the arts in Mid-Market. In addition, the office is working with Tenderloin Economic Development Project and MEDA to create a small business incubator in the Tenderloin that would primarily serve low-income and immigrant entrepreneurs.

Copies of the legislation can be obtained from Supervisor Kim’s office upon request.

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