



The Clean Energy 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 provides a payroll tax exclusion for businesses that engage in clean energy technology and employ a full-time staff of at least ten but not more than one hundred employees.

Definitions from Ordinance # 249-05

“Clean Energy Technology” means development, manufacture or application of scientific advances that produce or contribute to the production of clean energy utilizing 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 technology does not include:

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

A **“Clean Energy Technology Business”** is a business in which at least seventy five percent of all business activities carried on during the tax year are directly related to clean energy technology.

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 Energy 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.

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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.
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 exemption 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.

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

1. Once the Director has certified a business as a qualifying clean energy 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 energy 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 energy technology business as set forth in the Ordinance.

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.

September 2006

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