

# San Francisco vote set for Twitter tax break

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(AP) -- City lawmakers are scheduled to vote Tuesday on a tax break to keep Twitter from fleeing San Francisco as part of an incentive package to revive a blighted neighborhood.

The measure going before the Board of Supervisors would exempt the microblogging service from paying the city's payroll tax on new hires.

The tax break would apply to any business in the crime-plagued Mid-Market neighborhood, but city officials backing the plan call [Twitter](#) the "big fish" that could spur an economic revival.

Awash in investor cash, Twitter is fast on its way to outgrowing its current San Francisco headquarters. The company is looking to expand from a few hundred to a few thousand employees.

Mayor Ed Lee, who backs the plan, announced last month that Twitter had committed to signing a six-year lease to set up shop in a vacant office building if the tax break is approved. Critics, including the city's largest employees union, have called the plan an ill-conceived corporate giveaway.

The debate comes at a time when the city's high tech startup scene teems with energy not seen since before the first Internet bubble burst in 2000.

Unlike other California cities, which tax businesses based on how much money they bring in, San Francisco taxes companies with payrolls higher than \$250,000 a flat 1.5 percent rate on compensation employees

receive.

In 2004, regulators added language to the city tax code that clarified the [payroll tax](#) also applied to stock options. For hot tech startups like Twitter eyeing an [initial public offering](#) of stock, a tax on stock options could mean a huge one-time bill that businesses worry could wipe out much of the capital they raise.

The high profile of the Twitter tax deal has led other companies to question why they shouldn't receive similar incentives. Supervisor Ross Mirkarimi, a member of the board's progressive wing, opposes the Twitter deal and has proposed a two-year moratorium on payroll taxes on [stock options](#) for all city companies.

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