

This Week's Friday Report



San Francisco Hispanic Chamber of Commerce

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FRIDAY REPORT: June 04, 2009

Upcoming Events

- [2009 Latino Business Leadership Awards Call for Nominations](#)
- [Jun 25 - Business Mixer with Latino Winemakers](#)

Check the [Mark Your Calendars](#) Section for more information about these events.

Call For Nominations

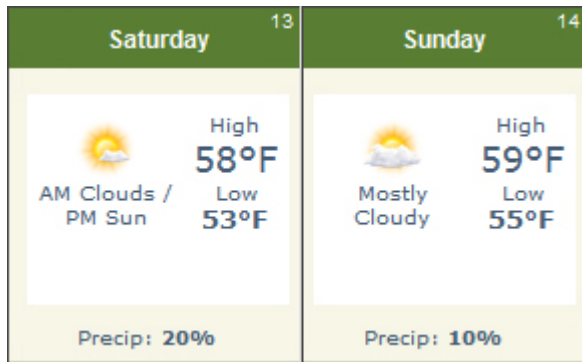
Latino Business Leadership Awards

The SFHCC, Wells Fargo Bank, and the San Francisco Business Times announce the call for nominations for the 2009 Most Influential Latinos in the San Francisco Bay Area.

The Latino Business Leadership Awards recognizes outstanding executives and business owners from the region's most vibrant firms. We are soliciting nominations for individuals who are leaders in their companies and communities, and who have impacted education, public policy and the business climate.

WEATHER

San Francisco Weekend Weather



NEWS

Mayor Newsom Proposes Balanced Budget That Preserves Firefighters, Police And Teachers

San Francisco - Mayor Gavin Newsom proposed a balanced budget for the 2009-10 fiscal year that focuses on solving the budget challenge by attracting new jobs and making smart infrastructure investments in order to put San Franciscans back to work. The budget preserves basic services, maintains police officers and firefighters, and taps the rainy day fund to prevent teacher layoffs and balance the city's budget. Healthy San Francisco, the city's first-of-its kind universal health care program, will continue to grow.

"As we crafted a new balanced budget for the City and County of San Francisco - against the backdrop of our state's troubled economy - we focused our scarce resources on core priorities - health, safety, economic recovery, transportation and improving and increasing educational opportunities from pre-Kindergarten through college," said Mayor Newsom. "Despite the indecision in Sacramento about how to cut budgets because of the shrinking economy, San Francisco is improving the economy with the most aggressive local economic stimulus package in the nation and creating over 20,000 jobs from projects that are currently underway or that will start in the next year."

The current economic crisis has severely impacted San Francisco, mostly through major reductions in hotel tax and sales tax revenue. As California struggles with its own budget crisis, Gov. Arnold Schwarzenegger has also proposed cutting state money sent to cities and counties, including \$175.2 million to San Francisco.

This year, Mayor Newsom crafted a balanced budget on time, without any new general tax increases, without reducing public safety services, without scaling back core priorities like Healthy San Francisco, while continuing to offer the kind of support that has protected the city's public schools and teachers.

The proposed budget cuts an estimated 1,600 positions. The City is working to assist these employees and their families through job transition programs in partnership with City College, which provides professional assistance, guidance, counseling, and training to employees who are affected by the layoffs.

In the proposed budget, the City is using a new strategy to take existing federal funds that used to fund a handful of jobs, and turning them into micro loans that will help thousands of unemployed San Franciscans start new businesses and create exponentially more jobs when these new small businesses grow.

One of the new programs also created in this year's budget, San Francisco Jobs Now, will use \$23.2 million in federal stimulus money to provide temporary jobs for as many as 1,000 people who currently

receive public assistance money and make less than twice the federal poverty level.

The proposed budget also makes smarter use of existing resources, such as auctioning taxi medallions which could generate millions of dollars, and through new fees such as the proposed cigarette butt fee which could raise an estimated \$5 million next year.

To view the Mayor's proposed budget go to: <http://tr.im/n58F>.

Small Businesses Gain Increased Opportunity to Compete for Transportation Projects



In an effort to increase contracting opportunities for California's small businesses, the California Department of Transportation (Caltrans) has partnered with the U.S. Small Business Administration (SBA) to help California small businesses bid on construction projects. The first such partnership in the nation and one of the top 10 recommendations from participants at the Governor's Conference on Small Business and Entrepreneurship, the joint Bonding Assistance Initiative helps qualified small businesses gain access to bond guarantees - which are required on Caltrans construction contracts and are currently difficult for small businesses to attain.

Under the joint Bonding Assistance Initiative, qualified small businesses can more easily obtain the necessary bond guarantees required on Caltrans construction contracts. Before this partnership, California-based small businesses faced a limited number of companies issuing SBA surety bond guarantees. California's new partnership with the SBA will increase the number of surety bond companies statewide so small businesses will have easier access to bond guarantees and applications, which are required on Caltrans construction contracts.

With better access to bond guarantees, this initiative will help increase small business bid participation as Caltrans advertises its projects, including those funded by the American Recovery and Reinvestment Act (Recovery Act). California has received nearly \$2.6 billion in Recovery Act funding for highway and local streets, and Caltrans is advertising projects for contractors, including small businesses.

The SBA helps eligible small businesses obtain the surety and performance bonds needed to work on state highway projects through its Surety Bond Guarantee Program, a public-private partnership between the federal government and the bond-issuing surety industry. Caltrans, through its Office of Business and Economic Opportunity, will work in conjunction with the SBA to provide free education and technical assistance statewide through Caltrans and SBA district offices.

How to Apply

There are two SBA Surety Bond Guarantee Programs, the Prior Approval or SBG Program, and the Preferred or PSB Program. SBA does not issue bonds directly to a contractor. The contractor must first choose a surety company or bonding agent who represents a participating surety company and establish a business relationship. The contractor then completes the surety application and submits the required SBG forms, providing the agent with necessary credit, capacity, and character information. The

agent underwrites the application and decides whether to execute the bond with or without an SBA guarantee. The SBA website provides a list of participating Prior Approval Surety Companies and agents empowered to represent the individual companies and a list of participating Preferred Surety Companies.

Applying for a Bond

The new electronic bond application process is part of Prior Approval Program. For each Program, Prior Approval or Preferred, the contractor must first establish a business relationship with the surety company or agent representing a surety company. This means that the company or agent is willing to issue the contractor a bond, provided SBA will issue a bond guarantee. Once the contractor has established the business relationship with the surety company or agent, the contractor can apply for a bond under the Prior Approval Program electronically or with a paper application. The application process for the Preferred Program is paper only, and can be discussed directly with the Preferred Surety Company representative.

Prior Approval Program

Businesses can submit applications electronically through the E-Application (E-App) system, which is available 24 hours a day, seven days a week from the [SBA website](#). All required information can be entered electronically and sent to a surety company.

California to Tax Pensions

The state levies a personal income tax (PIT) on the California income of individuals who reside in the state. Tax rates range from 1 percent to 9.3 percent, depending upon the taxpayer's income level. An extra 1 percent tax is levied on the portion of taxpayers' income that exceeds \$1 million. In general, the state taxes individuals based on income earned while they reside in California. The state currently taxes most pension distributions as ordinary income. California also levies excise taxes on specific goods. The state, for example, currently imposes excise taxes on the sale of tobacco products and alcohol.

The measure would establish new taxes on pension income beginning in 2010. Specifically, the measure would create:

- A PIT surcharge on resident taxpayers who receive more than \$40,000 of taxable pension income.
- An excise tax on nonresidents or people who move out of the state whose vested pension benefits from a California employer exceed \$50,000 per year.

Surcharge on Resident Pension Income – Under the proposal, a surcharge would be added to the existing tax liability for pension income in excess of \$40,000. The surcharge would increase as the amount of pension income increases, so that pension income above \$150,000 would receive a tax surcharge of 60 percent. For example, a couple receiving pension income of \$160,000 with no other income and only the standard deduction would pay \$9,637 in regular taxes (at the 9.3 percent top rate) and a surcharge of \$56,750. Figure 1 displays the proposed surcharge schedule.

Proposed Pension Income Surcharge

Under \$40000	None
\$40,000 to \$50,000	\$5,000 Plus 20 percent of pension income over \$40,000
\$50,000 to \$75,000	\$7,000 plus 35% of pension income over \$50,000

