



City of San Leandro

Meeting Date: November 20, 2017

Staff Report

File Number: 17-652

Agenda Section: CONSENT CALENDAR

Agenda Number: 8.I.

TO: City Council

FROM: Chris Zapata
City Manager

BY: David Baum
Finance Director

FINANCE REVIEW: David Baum
Finance Director

TITLE: Staff Report for an Ordinance Amending Section 2-2-500 of the San Leandro Municipal Code in its entirety Relating to the Business License Tax for 2017-18

SUMMARY AND RECOMMENDATIONS

Staff recommends that the City Council approve the amendments to the Business License tax, in accordance with City of San Leandro Municipal Code section 2-2-500.

BACKGROUND

During the biennial budget process, the City determines the annual change in the Consumer Price Index (CPI) and applies this increase to the business license tax schedule, which is shown in table form in City of San Leandro Municipal Code section 2-2-500. Amendments to the table in section 2-2-500 are presently necessary to reflect updated rates per the CPI, and recent legislation that was passed by San Leandro voters to amend the Business License Tax. If the amendments to section 2-2-500 are approved by the City Council, the City's amended tax rate schedule for business license taxes would be effective December 1, 2017.

DISCUSSION

On November 8, 2016, San Leandro voters approved Measure OO to modify the business license ordinance, effective January 1, 2017, related to the following:

- Reduce the business license tax for approximately 1,800 San Leandro based businesses with three or fewer employees
- Modify the business license tax for parking lots to charge 10 percent of gross receipts
- Modify the business license tax for warehouse, wholesale, and distribution uses, to charge \$100 per 1,000 square feet of space

These modifications are designed to align with City Council priorities to support small businesses

located in San Leandro, and to incentivize the productive use of the City's industrial areas, with an emphasis on job creation.

Since the adoption of these modifications, some small businesses with three or fewer employees mistakenly paid the unit fees for 2017. City staff provided these business owners the option of a refund or a credit towards the 2018 business license in order to comply with Measure OO. This amendment to SLMC 2-2-500 clarifies that San Leandro based businesses with three or fewer employees are not required to pay the "unit fee".

The amended ordinance also corrects the Business License Fee Schedule posted on the City of San Leandro's website for the following:

- Coin-operated Device unit fee
- Unit Fee Basis descriptions for Towing, Warehouse/Storage, Waste Disposal Site, Wholesale/Distribution-General, and Wholesale/Distribution - Large local seller.

RECOMMENDATION

Staff recommends City Council approve the amendments to San Leandro Municipal Code 2-2-500 Business License Fees to correct, clarify and comply with Measure OO for San Leandro based businesses with three or fewer employees to be exempt from paying the unit fee.

Previous Actions

May 1, 2017 City Council approved Ordinance 2017-009

Fiscal Impacts

No fiscal impact

ATTACHMENTS

None

PREPARED BY: David Baum, Finance Director, Finance Department



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Ordinance

File Number: 17-653

Agenda Section: CONSENT CALENDAR

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TO: City Council

FROM: Chris Zapata
City Manager

BY: David Baum
Finance Director

FINANCE REVIEW: David Baum
Finance Director

TITLE: ADOPT: Ordinance No. 2017- , an Ordinance Amending Section 2-2-500 of the City of San Leandro Municipal Code

The City Council of the City of San Leandro does ORDAIN as follows:

Section 1. Chapter 2, Title 2, Section 2-2-500 of the San Leandro Municipal Code is amended and replaced in its entirety as follows:

“2-2-500 FEES BASED ON NATURE OF BUSINESS

Every person commencing or carrying on a business within this City shall pay a license tax in an amount determined by the Finance Director in accordance with the nature of the business as hereinafter set forth:

Business Classification	Annual Base Fee	Unit Fee	Unit Fee Basis
Automobile Wrecking	\$661.60	-	Flat/Annual
Bingo	\$132.00	-	Flat/Annual
Carnival	\$132.00	\$238.00	Flat/Daily
Christmas Trees/Pumpkin Patch	\$661.60	-	Flat/Annual
Coin-Operated Device	\$132.00	\$1.20	Per \$1,000 of gross receipts
Commercial Advertising	\$661.60	-	Flat/Annual
Contractors	\$132.00	\$79.40	Per each owner and each employee
Dance Hall	\$661.60	-	Flat/Annual
Firearms Dealer	\$132.00	\$4.00	Per \$100 of gross receipts attributable to the sales of firearms capable of being concealed upon the person and ammunition for such firearms, excluding sales to public agencies
Fortunetelling	\$661.60	-	Flat/Annual
Itinerant Merchant	\$132.00	\$41.00	Flat/Weekly
Manufacturing	\$132.00	\$39.60	Per each owner and each employee
Miscellaneous	\$132.00	\$39.60	Per each owner and each employee

Mobile Food Vendors	\$132.00	-	Flat/Annual
Nonresidential Property Rental	\$132.00	\$19.80	Per 1,000 square feet
Residential Property Rental	\$132.00	\$11.90	Per unit or space
Parking Lot	\$132.00	\$100.00	Per \$1,000 of gross receipts
Pawnbroker	\$661.60	-	Flat/Annual
Peddler/Solicitor	\$132.00	\$39.60	Per each owner and each employee
Professional	\$132.00	\$99.30	Per each owner and each employee
Public Utilities	\$132.00	\$39.60	Per each owner and each employee
Recreation and Entertainment	\$132.00	\$79.40	Per each owner and each employee
Retail	\$132.00	\$39.60	Per each owner and each employee
Secondhand Dealer	\$661.60	-	Flat/Annual
Services	\$132.00	\$79.40	Per each owner and each employee
Towing	\$132.00	\$1.20	Per \$1,000 of gross receipts
Warehouse/Storage	\$132.00	\$103.00	Per 1,000 square feet
Waste Disposal Site	\$132.00	\$1.78	Per ton
Wholesale/Distribution General	\$132.00	\$103.00	Per 1,000 square feet
Wholesale/Distribution - Large			
Local seller	\$132.00	\$39.60	Per each owner and each employee, if sales tax revenue to the City is $\geq$ \$50,000 based on prior fiscal year

Businesses based in the City of San Leandro with three or fewer employees are exempt from paying the Unit Fee above. The business license fees established by this Section shall continue to be adjusted annually by an amount equal to the percentage increase in the Consumer Price Index for All Urban Consumers (CPI-U) for the San Francisco-Oakland-San Jose metropolitan area, as published by the U.S. Department of Labor, Bureau of Statistics.”

Section 2. Effective Date.

This Ordinance shall take effect thirty days after its second reading. However, the requirements of this ordinance, having been approved and established by the voters, shall be effective as of December 1, 2017. The City Clerk is directed to publish the title once and post a complete copy thereof on the City Council Chamber bulletin board for five (5) days prior to adoption.

Introduced by Councilmember on this 20th day of November, 2017, and passed to print by the following called vote:

Members of the Council:

AYES:

NOES:

ABSENT: