

City of Brisbane

Agenda Report

TO: Honorable Mayor and City Council

FROM: Caroline Cheng via Clay Holstine, City Manager

DATE: Meeting of July 6, 2009

SUBJECT: Argument in Favor of an increase of Brisbane's Transient Occupancy Tax

PURPOSE:

To bring before the Council a proposed argument in favor of increasing Brisbane's Transient Occupancy Tax from 10% to 12% to bring the City's tax up to a rate comparable with most of the cities around the airport.

RECOMMENDATION:

Discuss and approve the argument in favor of increasing the Transient Occupancy Tax (TOT).

BACKGROUND:

At the City Council meeting of June 15, 2009, the Council adopted a Resolution calling an election to put a measure on the ballot regarding increasing the TOT from 10% to 12%. The attached argument is for the Council's consideration and possible amendment and to decide if all five Councilmembers will sign the argument. It will then be published in the ballot pamphlet mailed to the voters in September for the November 3, 2009 election.

FISCAL IMPACT/FINANCING ISSUES:

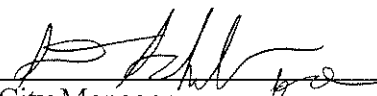
The proposed change in the TOT would increase revenues to the City by approximately \$200,000 to go into the City's General Fund.

MEASURE OF SUCCESS

That the increase would be passed by the voters.



Administrative Management Analyst



City Manager

ATTACHMENT:

Argument in Favor of Measure "X"

Argument In Favor of Measure “X”

Brisbane’s business license fees are currently among the lowest in San Mateo County, having not changed since 1977. The result is a growing inequity between fees paid and the cost of services provided.

Measure X is a fair and needed change. The Measure will establish a special tax that can only be used for capital projects. Proposition 218 requires a 2/3 vote to pass any special tax.

- There will be **no impact** to nearly **95% of businesses**.
- The business license tax rate was **last changed over 30 years ago**.
- The change in business license fees will be phased in over three years to give these large businesses time to budget for the change. When Measure X is fully implemented by 2011, it will generate estimated revenues of \$450,000 which can only be used for capital projects, such as storm drain improvements or a new library building.
- Approval of Measure X will adjust the business license fee of only a small group of the largest businesses in the City. Only businesses which generate over \$10,000,000 in annual gross receipts will be subject to the special tax. All other businesses are exempt.
- The new rate would be 7.5¢ per \$100.00 of total sales. Sales tax revenue received by the City from the business would be subtracted from the businesses license tax.
- Businesses impacted by this special tax currently contribute less than 1% to the cost of City services through the Business License. At the same time, the top 20 sales tax contributors pay for over 25% of our services.

All business license revenues stay in Brisbane and will be used to preserve and improve the quality of life enjoyed by the residents and businesses of our City. Join us in voting **YES** on **MEASURE X**.