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Staff Report for the City of San Leandro City Council to Approve Ordinances Amending the San Leandro Municipal Code for Proposed Adjustments to the Business License Tax, the Emergency Medical Services Taxes, and the Emergency Communication System Access (9-1-1) Tax for Fiscal Year 2020-21

SUMMARY AND RECOMMENDATIONS

Staff recommends the City Council approve the proposed adjustments to the Business License tax, the Emergency Medical Services (EMS) tax, and the Emergency Communication System Access (9-1-1) tax in accordance with the San Leandro Municipal Code. Ordinance amendments for each of the three tax schedules are presented to the City Council for approval as part of the Fiscal Year 2020-21 budget approval process.

BACKGROUND

During the budget process, the City determines the annual change in the Consumer Price Index (CPI) and applies this increase to the business license tax schedule, the EMS tax schedule, and the 9-1-1 access tax schedule as authorized by San Leandro Municipal Code Sections 2-2-500, 2-13-140, and 2-18-210, respectively. If approved by the City Council, the proposed adjustments to the City's tax rate schedules for business license taxes, EMS taxes, and 9-1-1 access taxes would be effective July 1, 2020.

The change in the Consumer Price Index (CPI), distributed by the Bureau of Labor Statistics for the Consolidated Metropolitan Statistical Area (CMSA) covering San Francisco - Oakland - San Jose, is the annual average change for 2019 (January through December) and amounts to an increase of 3.31%. In accordance with the Municipal Code, the tax schedules for business licenses, EMS, and 9-1-1 access will be adjusted by 3.31%. The unit fee for retail, wholesale/distribution (large local

seller), and manufacturing will increase to \$43.90 (per each owner and each employee) for business licenses, the single access line tax rate for 9-1-1 will increase to \$2.72, and a benefit unit tax under the EMS will increase to \$19.34.

Fiscal Impacts

Staff estimates that the proposed tax rate changes for EMS and 911 will generate an additional \$34,000 in General Fund revenue. The Business License tax rate increase will generate approximately \$209,000, however, due to the financial impact of COVID-19 on businesses, it is anticipated that the Business License tax revenue will decrease by approximately \$298,000 in Fiscal Year 2020-21 even though tax rates increase by CPI. Total General Fund financial impact is as follows:

General Fund Taxes with CPI Increases of 3.31%:	<u>Revenues</u>
Business License Tax	\$ 209,000
Emergency Medical Services Tax	10,000
911 Emergency Communication System Access Tax	<u>24,000</u>
Total General Fund Tax Increase	<u>\$ 243,000</u>

ATTACHMENTS

N/A

PREPARED BY:

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