



Legislation Details (With Text)

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Title: Amendments to Three Ordinances Amending Various San Leandro Municipal Code Sections Providing for Annual Tax Rate Adjustments for 2023-2024:
1. Business License Fee,
2. Emergency Medical Services Tax, and
3. Emergency Communications System Access Tax
Sponsors: T. Michael Yuen
Indexes:
Code sections:
Attachments: 1. A - Ord Bus Lic tax 23-24, 2. B - Ord EMS tax 23-24, 3. C - Ord 911 23-24 Tax, 4. D - Presentation

Date	Ver.	Action By	Action	Result
5/15/2023	1	City Council	Approved	Pass

Amendments to Three Ordinances Amending Various San Leandro Municipal Code Sections Providing for Annual Tax Rate Adjustments for 2023-2024:
1. Business License Fee,
2. Emergency Medical Services Tax, and
3. Emergency Communications System Access Tax

SUMMARY AND RECOMMENDATIONS

Staff recommends the City Council enact amendments to ordinances providing annual rate adjustments to Business License fees, the EMS tax, and the Emergency Communications System Access tax in accordance with the San Leandro Municipal Code.

BACKGROUND

Annual adjustments to the tax rates are based on the percentage increase in the region’s Consumer Price Index (CPI). The City determines the annual change in CPI and applies this increase to Business License fees, the EMS tax, and the Emergency Communications System Access tax schedules as permitted by San Leandro Municipal Code Sections 2-2-500, 2-13-140, and 2-18-210. Under Section 1-1-345(d) of the Municipal Code, changes to the fee and tax rate schedules become effective immediately upon adoption. The new rate schedules will be implemented on July 1, 2023.

DISCUSSION

Business licenses are permits allowing an organization to conduct business in the City. Organizations may be a sole proprietor, a company, or other business entity with a product or service to sell. Depending on the business classification, business license taxes are a flat annual tax or a base tax and a per unit tax.

The Emergency Communications System Access tax requires subscribers to telephone services within the City to pay for improvements and operations of the 911 communication (call processing and call dispatch) system. The 911 communication system provides immediate access to emergency services. The access tax is imposed on a per line basis-made up of single access lines, trunk lines, and super trunk lines.

The Emergency Medical Services tax allows for providing paramedic emergency services. The paramedic engine company program ensures residents receive timely responses from paramedics to all medical emergencies. The tax is calculated based on a set benefit unit. The number of benefit units charged to a property is determined by the use of said property.

To accommodate increasing costs of providing services, each tax is adjusted annually by the amount of the change in the Consumer Price Index (CPI). Municipal Code Section 2-2-500, Section 2-13-140, and Section 2-18-210 control the calculation of the annual CPI adjustments.

The change in CPI calculated by the Bureau of Labor Statistics for the Consolidated Metropolitan Statistical Area (CMSA) covering San Francisco-Oakland-Hayward is applied for 2023-2024 (January through December 2022) and is a 4.9% increase. In accordance with the Municipal Code, the tax schedules for business licenses, EMS, and 911 access are adjusted by 4.9%. The unit fee for retail, wholesale/distribution (large local seller), and manufacturing will increase to \$48.60 (per each owner and each employee) for business licenses, the single access line rate for 911 will increase to \$3.05, and a benefit unit tax under the EMS will increase to \$21.52.

Fiscal Impacts

Staff estimates the proposed CPI tax rate changes for the Business License tax rates increase revenue by \$280,000. EMS and Emergency Communication Access will generate an additional \$203,000 in revenue. Total estimated General Fund fiscal impact amounts to an increase of \$483,000.

Summary General Fund Revenue Increase

Business License Fees (\$280,000)
Emergency Medical Services Tax (\$33,000)
Emergency Communication System Access Tax (\$170,000)

REVIEW BY FINANCE COMMITTEE

The Finance Committee reviewed the ordinances providing annual rate adjustments to the Business License tax, EMS tax, and Emergency Communications System Access tax in accordance with the San Leandro Municipal Code on April 26, 2023. The Finance Committee unanimously recommended the ordinances be moved to the City Council for approval.

ATTACHMENTS

- Attachment A, Proposed Ordinance Business License Fees
- Attachment B, Proposed Ordinance EMS Tax
- Attachment C, Proposed Ordinance 911 Tax
- Attachment D, Presentation

PREPARED BY

T. Michael Yuen, Finance Director