

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY OF SAN LEANDRO AMENDING TITLE 2, CHAPTER 2 OF THE SAN LEANDRO MUNICIPAL CODE TO AMEND THE CURRENT BUSINESS LICENSE ORDINANCE

WHEREAS, since at least 1987, the City Council of the City of San Leandro approved the imposition of a business license tax, which was codified as Title 2, Chapter 2 of the San Leandro Municipal Code (the “Business License Tax”), which provided for the imposition and collection of a general tax on the privilege of transacting and carrying on business in the City; and

WHEREAS, the City is facing long-term budgetary challenges that could directly impact essential services upon which local residents rely; and

WHEREAS, to protect essential services, including 9-1-1 emergency response, street and pothole repair, crime and violence prevention, and fire protection and paramedic services, the City is seeking to enhance locally controlled funding that cannot be taken away by the State; and

WHEREAS, the City requires all businesses operating in San Leandro to obtain a business license and to pay an associated annual tax to help support the roads, infrastructure, and services used by local businesses; and

WHEREAS, the local economy, industries, and workforce have changed significantly since the last time the tax structure was updated; and

WHEREAS, to ensure that large businesses contribute to the services, roads and infrastructure in the City and to protect some small businesses from increased costs, the City is proposing to modernize and simplify the current Business License Tax; and

WHEREAS, the proposed changes to the Business License Tax are designed to attract, retain, and encourage business growth and job creation in San Leandro, simplify oversight and compliance, and generate new annually recurring funding for local services and infrastructure; and

WHEREAS, the proposed changes to the Business License Tax would not directly impact San Leandro residents who do not own or operate a business in San Leandro; and

WHEREAS, locally controlled funding from the Business License Tax could be used to maintain a range of citywide General Fund services, including: rapid 911 emergency response times, repairs of potholes and street maintenance, crime and gun violence protection, paramedic and fire protection services, maintenance of neighborhood police patrols, and reductions in blight and efforts to keep neighborhoods clean; and

WHEREAS, the proposed measure includes fiscal accountability protections to

ensure funds are spent properly, including required public disclosure of all spending and mandatory annual audits; and

WHEREAS, all funds from the measure must stay in San Leandro for local services and infrastructure and no funds may be taken away by the State.

NOW, THEREFORE, the People of the City of San Leandro do **ORDAIN** as follows:

SECTION 1. Recitals.

The above recitals are true and correct and made a part of this Ordinance.

SECTION 2. Municipal Code Amendment.

The City of San Leandro Municipal Code Title 2, Chapter 2 is repealed in its entirety and replaced with the text in Exhibit A, attached hereto and incorporated herein by reference (the “Amended Business License Tax”), beginning April 1, 2027, the date upon which the Amended Business License Tax shall first be implemented.

SECTION 3. Adjustment of Appropriations Limit.

Pursuant to Article XIIIB of the Constitution of the State of California and applicable laws, the appropriations limit for the City is hereby increased by the aggregate sum authorized to be levied by this tax for fiscal year 2026-2027 and each year thereafter.

SECTION 4. Compliance with the California Environmental Quality Act.

The approval of this ordinance is exempt from the California Environmental Quality Act (Public Resources Code §§ 21000 et seq., “CEQA,” and 14 Cal. Code Reg. §§ 15000 et seq., “CEQA Guidelines”). This ordinance imposes a general tax that can be used for any legitimate governmental purpose; it is not a commitment to any particular action. As such, under CEQA Guidelines section 15378(b)(4), the ordinance is not a project within the meaning of CEQA because it creates a government funding mechanism that does not involve any commitment to any specific project that may result in a potentially significant physical impact on the environment. If revenue from the tax were used for a purpose that would have either such effect, the city would undertake the required CEQA review for that particular project at the earliest feasible time prior to the approval of the project. Therefore, pursuant to CEQA Guidelines section 15060, CEQA analysis is not required.

SECTION 5. Severability.

If any provision of this Ordinance or the application thereof to any person or circumstance is held invalid, the remainder of the Ordinance, including the application of such part or provision to other persons or circumstances shall not be affected thereby and shall continue in full force and effect. To this end, provisions of this Ordinance are severable. The People of the City of San Leandro hereby declare that they would have passed each section, subsection, subdivision, paragraph, sentence, clause, or phrase

hereof irrespective of the fact that any one or more sections, subsections, subdivisions, paragraphs, sentences, clauses, or phrases be held unconstitutional, invalid, or unenforceable.

SECTION 6. Amendment or Repeal.

The Amended Business License Tax may be repealed or amended by the City Council without a vote of the People. However, as required by Article XIIC of the California Constitution, voter approval is required for any amendment of any provision that would increase the rate of any tax levied pursuant to this Ordinance. The People of the City of San Leandro affirm that the following actions shall not constitute an increase of the rate of a tax:

- A. The restoration of the rate of the tax to a rate that is no higher than that set by this Ordinance if the City Council has acted to reduce the rate of the tax;
- B. An action that interprets or clarifies the methodology of the tax or any definition applicable to the tax so long as interpretation or clarification (even if contrary to some prior interpretation or clarification) is not inconsistent with the language of this Ordinance;
- C. The establishment of a class of person that is exempt or excepted from the tax or the discontinuation of any such exemption or exception other than the discontinuation of an exemption or exception specifically set forth in this Ordinance; and,
- D. The collection of the tax imposed by this Ordinance, even if the City had for some period of time failed to collect the tax.

SECTION 7. Codification.

Upon adoption of this Ordinance pursuant to the voter approval referenced above, the City Clerk, in consultation with the City Attorney, is hereby authorized and directed to codify this Ordinance in the San Leandro Municipal Code.

SECTION 8. Publication and Effective Date.

Within fifteen (15) days from and after adoption, this Ordinance shall be published once in a newspaper of general circulation printed and published in Alameda County and circulated in the City of San Leandro, in accordance with California Government Code Section 36933. If this Ordinance is approved by a majority of the voters voting on the issue at the November 3, 2026, election, pursuant to Elections Code Section 9217, this Ordinance shall become effective ten (10) days after the Council declares the results of the election.