



CITY COUNCIL AGENDA REPORT

Meeting Date: 9/3/2020

From: Stuart Schillinger, Deputy City Manager

Subject: Resolution 2020-52 Establishing the Business License Tax on Recycling Establishments for Fiscal Years 2019/20, 2020/21 and 2021/22

Community Goal/Result

Fiscal Sustainability

Purpose

Provide for the long-term fiscal stability of the City of Brisbane

Recommendation

Adopt Resolution No. 2020-52.

Background

In 2011, the voters of the City passed an Ordinance which imposed a business license tax on companies which carry out recycling operations within the City limits. For recycling establishments that recycled 100,000 tons or more, the maximum amount of the tax allowed by that Ordinance was \$3,000,000 a year. In 2017, voters increased the maximum amount of the tax allowed by the Ordinance to \$4,000,000, with inflationary increases after the business license tax was set at \$4,000,000. The tax increase to \$4,000,000 would be phased in over a period of time, with the tax at \$2,100,000 in FY 2016/17, \$2,778,000 FY 2017/18, \$2,979,000 FY 2018/19, and \$3,206,000 FY 2019/20, \$3,700,000 in FY 2020/21 and then to \$4,000,000 in FY 2021/22. This phased in approach was discussed with San Francisco and Recology and agreed to in principle.

Discussion

The City Council is to set the rate by resolution each year but inadvertently, Council did not adopt a resolution for FY 19/20. Nevertheless, the amount of tax (\$3,206,000) was billed to the companies and paid. The attached resolution ratifies the amount of the tax for 2019/20 and sets the rate for 2020/21 (\$3,700,000). Since the rate for 2021/22 is known, the resolution also sets the rate for that fiscal year (\$4 million). Starting in FY 22/23 and thereafter, the City Council will need to set the rate annually since under the voter-approved ordinance, the 4 million dollar rate will be increased by an inflation factor, which will change each year.

Fiscal Impact

The rates set in the resolution are included in the budget for each of the next two years.

Measure of Success

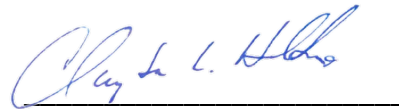
The City is able to continue to provide all of the services, which the City has budgeted for.

Attachments

Resolution No. 2020-52

Stuart Schillinger

Stuart Schillinger, Deputy City Manager

A handwritten signature in blue ink, reading "Clay L. Holstine", positioned above a horizontal line.

Clay Holstine, City Manager

RESOLUTION NO. 2020-52

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
BRISBANE RATIFYING THE BUSINESS LICENSE TAX FOR
RECYCLING ESTABLISHMENTS FOR FISCAL YEAR 2019/20 AND
ESTABLISHING THE BUSINESS LICENSE TAX FOR RECYCLING
ESTABLISHMENTS FOR FISCAL YEARS 2020/21 AND 2021/22**

WHEREAS, Section 5.20.100 of the Brisbane Municipal Code imposes a business license fee on "recycling establishments," which are defined as establishments engaged in the business of collecting, sorting, cleansing, treating, processing, or reconstituting waste or other discarded materials for the purpose of reuse in altered form; and

WHEREAS, the business license tax for recycling establishments in the City that recycle 100,000 tons or more of material during any single calendar year, as set forth in Section 5.20.100, is up to \$4000,000 per year, in such manner as established by resolution of the City Council; and

WHEREAS, the City Council desires to ratify and establish graduated annual business license tax for recycling establishments for fiscal years 2019/20, 2020/21 and 2021/22, based upon the volume of business conducted by the establishment in the City during any single calendar year,

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Brisbane as follows:

1. The annual business tax for recycling establishments recycling more than 100,000 tons of material in the City during any single calendar year is ratified in the sum of Three Million Two Hundred Six Thousand Dollars (\$3,206,000) for fiscal year 2019/20; and established at Three Million Seven Hundred Thousand Dollars (\$3,700,000) for fiscal year 2020/21 and Four Million Dollars (\$4,000,000) for fiscal year 2021/22. Such amount shall be payable as follows:

- (a) A payment of \$1,603,000 has been made on December 31, 2019 and a payment of \$1,603,000 has been made on June 30, 2020.
- (b) A payment of \$1,850,000 shall be made on or by December 31, 2020 and a payment of \$1,850,000 shall be made on or by June 30, 2021.
- (c) A payment of \$2,000,000 shall be made on or by December 31, 2021 and a payment of \$2,000,000 shall be made on or by June 30, 2022.

2. This Resolution shall become effective immediately upon its adoption.

Terry O'Connell, Mayor

I hereby certify that the foregoing Resolution No. 2020-52 was duly and regularly adopted at the regular meeting of the Brisbane City Council on September 3, 2020, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Ingrid Padilla, City Clerk