



CITY COUNCIL AGENDA REPORT

Meeting Date: September 19, 2024

From: Carolina Yuen

Subject: Resolution Establishing the Business License Tax on Recycling Establishments for Fiscal Year 2024/25

Community Goal/Result

Fiscally Prudent – Brisbane’s fiscal vitality will reflect sound decisions which also speak to the values of the community

Purpose

To provide for the long-term fiscal stability of the City of Brisbane

Recommendation

Adopt a Resolution to establish the Business License Tax on Recycling Establishments for Fiscal Year 2024/25.

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 recycle 100,000 tons or more, the tax authorized by that ordinance established a maximum tax of \$3,000,000 per year. In 2017, voters increased the maximum amount of the tax allowed by the ordinance to \$4,000,000, phased in over a period of time, with inflationary increases after the business license tax reached \$4,000,000.

Council sets the tax each year by resolution and the tax for recycling operations that recycled 100,000 or more tons was set as follows:

Fiscal Year	Amount of Tax
2016/17	\$2,100,000
2017/18	\$2,778,000
2018/19	\$2,979,000
2019/20	\$3,206,000
2020/21	\$3,700,000
2021/22	\$4,000,000
2022/23	\$4,272,000
2023/24	\$4,400,160

This phased in approach was discussed with San Francisco Recology and agreed to in principle.

Discussion

Since the maximum tax for FY2021/22 was \$4 million, starting in FY2022/23 and thereafter, the City Council is to set the tax annually as provided by the voter-approved ordinance that permits an increase to the \$4 million dollar tax by an inflation factor each year.

Per the ordinance, the business license tax payable shall be the greater of (1) the tax charged the previous year plus three percent (3%) of such tax , or (2) four million dollars plus an amount determined by a fraction, represented by the numerator of which shall be the Consumer Price Index published by the US Department of Labor Statistics, for Urban Wage Earners and Clerical Workers, All Items, for the San Francisco-Oakland-Hayward Statistical Area (CPI) published nearest to the adjustment date, and the denominator of which shall be the CPI published nearest to the date the business license tax was set at four million dollars per year.

Option 1 would be \$4,532,165 (i.e., \$4,400,160 + 3% = \$4,400,160 + 132,005 = \$4,532,165)

Option 2 would be:

$$\begin{array}{rclclcl} \text{numerator} & = & \text{CPI from 6/24 (nearest to adj date of 7/1/24)} & = & \frac{351.064}{309.497} & = \\ \text{denominator} & = & \text{CPI from 6/21 (nearest to adj date when set at \$4M)} & & & 1.134 \end{array}$$

$$\$4,000,000 + (\$4,000,000 \times .134) = \$4,536,000$$

The greater is \$4,536,000.

Fiscal Impact

The City will invoice and collect from Recology the amount of \$4,536,000.

Measure of Success

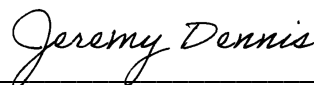
The City is able to continue to provide all of the services which have been budgeted for by the City.

Attachments

1. Resolution No. 2024-____



Carolina Yuen, Finance Director



Jeremy Dennis, City Manager