



ECONOMIC DEVELOPMENT SUBCOMMITTEE AGENDA REPORT

Meeting Date: December 4, 2024

From: Carolina Yuen, Finance Director

Subject: Overview of Business License Fee Study

Community Goal/Result

Fiscally Prudent, Economic Development

Purpose

To provide an update on the progress of the review of the Business License Tax program.

Recommendation

No recommendation at this time. This report is just an update on progress.

Background

During the review of the Budget for Fiscal Year 2024-25, Council directed staff to review the existing Business License Tax program to determine if we're optimizing the methods available to assess fees upon the various businesses within Brisbane. With operating expenses currently exceeding our existing revenues, we wanted to review our revenue streams to determine if there are additional opportunities for growth or restructuring.

Discussion

Staff met with our business license program administrator, HdL, in October to discuss our current business license portfolio and a possible business license tax study to include the existing business license fee structure and methodologies, best practices and potential methods given the current and future business types allowed in Brisbane. Depending on the business type, business license fees are calculated either by gross receipts, headcount, square footage, or other specialized methodologies. Businesses pay on one type of calculation method. Because the business license fees are considered a tax, any changes in the business license fee structure must be brought before the public for a vote during a general election. The next general election available to present an initiative for a vote will be in 2026. Therefore, staff will reconvene with HdL in early 2025 to proceed with discussions to conduct the study and review possible changes in the current business license fee structure and calculation methodologies.

In the meantime, staff has requested additional custom reports to be generated on a regular and ad hoc basis to further analyze the business license portfolio. Year over year comparisons have been somewhat challenging between 2023 and 2024 since we switched program administrators from Avenu to HdL. However, since we are entering our second year with HdL, we are preparing the additional reports we can use for staff analysis and to provide additional statistics and trends to our Economic Development Director.

In addition to data obtained through HdL, staff has been reviewing methodologies used by other cities within San Mateo County and in the East Bay. We have to consider surrounding areas as incoming businesses review business license tax options as one criterion of many when choosing their locations. There were a handful of ballot measures in November 2024 in neighboring cities related to business license taxes. We will continue to review their outcomes and reactions from the business community.

Fiscal Impact

Unknown at this time.



Carolina Yuen, Finance Director



Jeremy Dennis, City Manager