



FISCAL POLICY SUBCOMMITTEE AGENDA REPORT

Meeting Date: December 16, 2025
From: Carolina Yuen, Finance Director
Subject: Overview and Progress of Business License Fee Study

Recommendation

Staff recommends acceptance of this Business License Fee Study status update.

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 methodologies for assessing fees upon the various businesses within Brisbane are the best practice and most relevant. Given that budgeted operating expenses currently exceed our budgeted revenues, staff 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, Hinderliter De Llamas & Associates (HdL), in October 2024 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.

Staff engaged HdL in 2025 to conduct the study and review possible changes in the current business license fee structure and calculation methodologies. HdL was engaged to support the City as follows:

1. Analyze the Current Tax Registry – analyze the City’s business tax registration database to set the baseline and build a model to enable review of potential impact for any changes. Such model will allow the review of:
 - a. Effective tax rate paid by various sizes of businesses.

- b. An analysis of length of tenure of currently active businesses in the City.
 - c. Analysis of the trends within major economic sectors and whether the City's revenue is tracking the measure of the tax (or if the current structure is deviating away from the underlying input/measure of the tax).
 - d. Analysis of net growth in numbers of businesses within the City.
 - e. Analysis of the top 100 businesses, their contributions to revenue and any trends.
 - f. Review of municipal code structure for any opportunities for administrative improvements.
2. Fee Analysis and Comparative Study – from data compiled from the Registry Analysis, HdL is to compare to other source data including State and nine other selected cities to identify the following:
- a. Revenue trends and key attributes for nine other selected cities.
 - b. Visualization of the City's business license program per capita and per business compared to the other nine cities.
 - c. Trend of overall growth of business tax revenue for each of the nine other jurisdictions benchmarked against the highest year of revenue for the City.
 - d. Creation of a basket of hypothetical businesses for each jurisdiction based on composites of small, medium, large businesses of our City.
3. Modified Tax Structure Options – as a result of the findings of the Comparative Study, the City will be provided with several options for tax structure changes to include:
- a. An analysis of how the taxes paid by the hypothetical businesses would change for each model.
 - b. An analysis of how the effective tax rate would be changed for various sizes of businesses in the City.
 - c. An analysis of the model's impact on locally owned and small businesses with the City.
 - d. Visualization of the proposed tax rates in the models compared to other tax rates, such as sales tax.
 - e. Analysis of the percentage of revenues from the top 100 businesses pre- and post- change, for the various options provided
4. Additional Support will include:
- a. Various meetings to review the model and deliverables with City Staff, Council Subcommittee and City Council.
 - b. HdL proposes the City conduct polling with the business community for potential initiative language for November 2026 ballot. HdL will offer technical assistance post-polling to provide responses raised by community stakeholders, including the business community, and assist with Community Meetings.
 - c. Identify top businesses the City may want to contact to discuss potential impact on their businesses.

- d. Review and work with City Attorney to draft new ordinance language supporting chosen model.
- e. Provide reasonable support to City or ballot consultant the City engages to understand the models in preparation of polling and ballot initiative.

Key Milestones Achieved So Far

The City held its Kick Off Meeting on October 9, 2025. Since then, the agencies selected for comparisons were as follows:

- Deep Dive Comparisons: Emeryville, San Bruno, and South San Francisco
- High-Level Comparisons: Burlingame, Hayward, Richmond, San Carlos, Sausalito, and Tracy

Upcoming Actions

City Staff is set to meet with HdL for an initial review of the Interactive Model later this month. The attached Timeline for the Tax Study outlines additional reviews to be conducted in January and February, with recommendation to be available for Council by March. This allows timing for polling and community engagement in the Spring. The target is to have the ballot and ordinance language prepared, presented and finalized in June in time for the November 2026 Election.

Staff recommends acceptance of this Business License Fee Study status update.

Attachments:

- A. Timeline for Tax Study
- B. List of Comparison Jurisdictions



Carolina Yuen, Finance Director



Jeremy Dennis, City Manager

City of Brisbane
Timeline for Tax Study

City Council Meetings
1st and 3rd Thursday

Milestones

Due Date

Kickoff Meeting	Thursday, October 9, 2025
Meet with City to review Jurisdiction Comparisons	Week of December 8th
Meet with City to review the Interactive Model	Week of December 15th
1st Draft of PowerPoint Due to the City	Week of January 26th
Present Draft PowerPoint to Committee	TBD
2nd Draft of PowerPoint Due to the City	TBD
City Meeting to Discuss 2nd Draft of PowerPoint	TBD
Finalize Tax Study with Recommendations	Week of March 2nd 2026
Present to City Council for Input	Thursday, March 19, 2026
City to Select Tax Structure	TBD
Community Outreach and Survey	Friday, April 17, 2026
Final Polling	Friday, May 8, 2026
Ballot Language and Ordinance Finalized	Friday, May 22, 2026
First Reading of the Ordinance	Thursday, June 4, 2026
Second Reading of the Ordinance	Thursday, June 18, 2026
Submit to Registrar	Monday, August 3, 2026

TAX STUDY JURISDICTION COMPARISON PROPOSAL

Deep Dive Comparisons			
Jurisdiction	County	Population	Distance From Brisbane
South San Francisco	San Mateo	64,487	3.5 mi
San Bruno	San Mateo	42,612	4.6 mi
Emeryville	Alameda	12,905	15.8 mi
High-Level Comparisons			
Jurisdiction	County	Population	Distance From Brisbane
Burlingame	San Mateo	30,526	8.8 mi
Hayward	Alameda	159,000	26.7 mi
Tracy	San Joaquin	95,358	52.9 mi
Sausalito	Marin	7,269	16.9 mi
San Carlos	San Mateo	30,722	13.9 mi
Richmond	Contra Costa	116,448	17.4 mi