



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 08/11/2022

ITEM NO: 2

DATE: August 8, 2022
TO: Mayor and Town Council
FROM: Laurel Prevetti, Town Manager
SUBJECT: Adopt a Resolution of the Council of the Town of Los Gatos, Calling a Municipal Election for November 8, 2022, Requesting that the County Consolidate the Municipal Election with the General Election on November 8, 2022, and Submitting to the Qualified Electors of the Town at the November 8, 2022 Consolidated General Election a Measure to Amend Chapter 14 of the Los Gatos Town Code Relating to Business License Taxes

RECOMMENDATION:

Adopt a Resolution (Attachment 1) of the Council of the Town of Los Gatos, calling a municipal election for November 8, 2022, requesting that the County consolidate the municipal election with the general election on November 8, 2022, and submitting to the qualified electors of the Town at the November 8, 2022 consolidated general election a measure to amend Chapter 14 – Licenses and Miscellaneous Business Regulations (Chapter 14) of the Los Gatos Town Code relating to business license taxes.

BACKGROUND:

On August 2, 2022, the Town Council received information regarding business outreach efforts and additional tax structure modeling for a proposed business license tax modernization. At the conclusion of the meeting, the Council unanimously asked staff to return at a special meeting prior to August 12 with a draft resolution revising Model 3 to encompass a 40% increase in Retailing gross receipts, a 30% increase for flat fees, add E-Commerce to the Manufacturing, Wholesaling, and Jobbing gross receipts tax schedule and increase the tax by 120%, and implement an ongoing Bay Area Consumer Price Index adjustment to account for future inflation on flat fees.

PREPARED BY: Arn Andrews
Assistant Town Manager

Reviewed by: Town Manager, Town Attorney, and Interim Finance Director

DISCUSSION:

A ballot measure to modify the Business License Tax requires a 4/5 vote of the Town Council to place it on the ballot. A General Tax can be expended on any program, service, or capital need at the discretion of the local government's governing body (in this case, the Los Gatos Town Council). A simple majority vote (50 percent of voters plus one additional voter) is required for approval of a general tax.

The resolution and draft ordinance in Attachment 1 includes the following ballot language:

Shall the measure to fund critical Town needs such as public safety by amending business license taxes, unchanged since 1991 while inflation increased 117%, to increase flat taxes by 30%, adjusted annually for inflation, Retailing gross receipts tax by 40%, and to add E-Commerce to the Manufacturing, Wholesaling, and Jobbing gross receipts tax schedule and increase that schedule by 120%, raising about \$1,100,000 yearly for general fund purposes until ended by voters, be adopted?	YES
	NO

Provided below are ballot measure milestone dates:

- August 12, 2022: Last day for Resolutions calling a measure.
- August 16, 2022: Deadline for submitting primary arguments in favor of or against a measure.
- August 17, 2022: Last day to amend or withdraw a measure.
- August 23, 2022: Deadline for submitting impartial analysis.
- August 23, 2022: Deadline for submitting rebuttal arguments to primary arguments in favor of and against a measure.

If adopted by Council, the proposed resolution authorizes the Mayor, or his designee(s), to prepare a written argument in favor of the proposed measure on behalf of the Town Council. At the Mayor's discretion, the Argument may also be signed by bona fide associations or by individual voters eligible to vote in Los Gatos.

CONCLUSION:

Based on Council direction on August 2, 2022, staff recommends that the Town Council adopt the resolution in Attachment 1 and call a municipal election for November 8, 2022, requesting that the County consolidate the municipal election with the general election on November 8, 2022 and submitting to the qualified electors of the Town at the November 8, 2022 consolidated general election a measure to amend Chapter 14 of the Los Gatos Town Code.

PAGE 3 OF 3

SUBJECT: Business License Modernization

DATE: August 8, 2022

COORDINATION:

This staff report was coordinated with the Town Manager, Town Attorney, and Finance Director.

FISCAL IMPACT:

If approved by voters in November, the estimated additional revenue generated by the model is approximately \$1,200,000 annually. These funds would be locally generated and therefore be safe from seizure by the State. In addition, they would enable the Town to invest in services and infrastructure that the community values. The cost of the ballot measure is approximately \$59,000 and incorporated in the FY 2022/23 adopted budget.

ENVIRONMENTAL ASSESSMENT:

In accordance with CEQA Guidelines Section 15378(b)(4), placement of a ballot measure on the ballot to amend the Town's business license tax is not a project subject to CEQA, because it is a government fiscal activity.

Attachments:

1. Public Comment
2. Resolution with corresponding Ordinance as Exhibit A