



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 12/20/2022

ITEM NO: 9

DATE: December 13, 2022
TO: Mayor and Town Council
FROM: Laurel Prevetti, Town Manager
SUBJECT: Authorize the Continuation of the Business License Late Fee Penalty
Suspension into the 2023 Calendar Year

RECOMMENDATION:

Authorize the continuation of the Business License Late Fee Penalty Suspension into the 2023 calendar year.

BACKGROUND:

The Town requires all businesses located within Los Gatos and/or those that operate within Los Gatos to obtain a business license. Annual renewal payments are due on January 2 of each year. According to the Town Code a 25% late fee penalty is assessed up to 100% on unpaid balances every 30 days.

Since March 2020, to alleviate the impacts of the pandemic, the Town Council has been working to remain supportive and adaptive to the community's businesses.

One of the steps taken to support businesses included a business license late fee penalty suspension during the emergency proclamation.

DISCUSSION:

The Town is currently partnering with HdL Companies (HdL) to provide dedicated business license support to Los Gatos businesses. Through the partnership, the Town's business license application and renewal process has been streamlined by offering online business license applications and renewals. HdL is assisting with a variety of business license related tasks including new applications, annual renewals, payments, compliance inquiries, and any other general support. In addition, in November, Los Gatos voters approved Measure J, which

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Finance Director

Reviewed by: Town Manager, Assistant Town Manager, and Town Attorney

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DISCUSSION (continued):

modernizes the Town's business license tax program. This is the first update to the program since 1991 and includes adjustments to flat rate fees, retailing gross receipts, and e-commerce, manufacturing, wholesaling, and jobbing gross receipts.

During this transition period, staff is recommending waiving the business license late fee penalty during the first year (2023) to provide adequate time for businesses to adjust to the new process and fee structure.

FISCAL IMPACT:

Continuing the late fee penalty waiver will reduce the potential collection of late fee penalties; however, providing sufficient time for the transition to the online platform and other HdL efficiencies will enable businesses to pay on-time in the future and have a better user experience.

ENVIRONMENTAL ASSESSMENT:

This is not a project defined under CEQA, and no further action is required.