



Office of the City Manager

CONSENT CALENDAR
December 3, 2013

To: Honorable Mayor and Members of the City Council
From:  Christine Daniel, City Manager
Submitted by: Robert Hicks, Director, Finance Department
Subject: FY 2014 Tax Rate: Business License Tax on Large Non-Profits

RECOMMENDATION

Adopt first reading of an Ordinance setting the FY 2014 tax rate for Business License Tax on large non-profits at \$0.5330 (53.30 cents) per square foot of improvements.

FISCAL IMPACTS OF RECOMMENDATION

The increase in the tax rate from \$0.5206 (52.06 cents) per square foot of improvements in FY 2013 to \$0.5330 (53.30 cents) per square foot of improvements in FY 2014, based on the 2.381% increase in the CPI, will result in estimated total collections of approximately \$363,625, from \$355,168 in FY 2013.

CURRENT SITUATION AND ITS EFFECTS

The non-profit organizations with over 120,000 square feet of business improvements were taxed at a rate of \$0.5206 (52.06 cents) on the square footage of business improvements over the 120,000 square feet in FY 2013, as approved by the voters with Measure G on November 3, 1998. That measure also approved the indexing of tax for inflation in May, based on the consumer price index in the immediate San Francisco Bay Area (CPI). The CPI reported on May 16, 2013 by the U.S. Department of Labor's Bureau of Labor Statistics was 2.381% for April 2013.

BACKGROUND

In 1994, the voters of California adopted Article XIII, Section 26 of the California Constitution, which prohibits local governments from taxing non-profit organizations based on their gross receipts. Prior to this date, the City's business license tax ordinance had imposed a gross receipts tax on non-profit organizations, which raised approximately \$250,000 per year. Article XIII, Section 26 does not prohibit local agencies from taxing non-profit organizations on bases other than gross receipts. On November 3, 1998, the voters approved Measure G with over 61% of the votes cast. Measure G amended the City's business license tax ordinance to impose a charge of \$0.51 (51 cents) on the square footage of business improvements over the first 120,000 square feet, and would be indexed for inflation in May, according to the cost of living in the immediate San Francisco Bay Area.

CONTACT PERSON

Heather Murphy, Revenue Collection Manager, Finance Department, 981-7261

Attachments:
1: Ordinance

ORDINANCE NO. - N.S.

SETTING THE FY 2014 MUNICIPAL TAX RATE FOR THE CITY OF BERKELEY FOR
BUSINESS LICENSE TAX ON LARGE NON-PROFITS

BE IT ORDAINED by the Council of the City of Berkeley as follows:

Section 1. The rate of tax for the FY 2014 business license tax on large non-profits is as follows:

\$0.5330 per square foot of improvements over 120,000

Section 2. This Ordinance shall take effect and be in full force from and after its final passage.

Section 3. Copies of this Ordinance shall be posted for two days prior to adoption in the display case located near the walkway in front of Old City Hall, 2134 Martin Luther King Jr. Way. Within 15 days of adoption, copies of this Ordinance shall be filed at each branch of the Berkeley Public Library and the title shall be published in a newspaper of general circulation.