

## CITY ATTORNEY'S IMPARTIAL ANALYSIS MEASURE V

Like other California cities, the City of Foster City (City) requires that, generally, any person or entity conducting business in the City pay a business license tax (BLT) to the City. It is not a tax on residents, consumers, or users who are not business owners or operators. The Foster City City Council has placed a Measure on the November 5, 2024 ballot, asking voters to adopt an ordinance to amend Chapters 5.04, 5.08, and 5.25 of the Foster City Municipal Code.

The City's current BLT consists of a single tax rate of \$0.75 per \$1,000 of gross receipts with a minimum tax of \$100 (\$200 for General Contractors) and a gross receipts limit to which the tax applies. The taxable gross receipts limit in 2014 was \$10,000,000, \$20,000,000 in 2015, and \$30,000,000 in 2017. Thereafter, the taxable gross receipts limit is adjusted annually by the percentage change in the Consumer Price Index (All Urban Consumers) issued by the Bureau of Labor Statistics of the United States Department of Labor for the San Francisco-Oakland-San Jose, California, area (or any successor to that index) for the month of October immediately preceding, rounded to the nearest thousand dollars (CPI). The taxable gross receipts limit for fiscal year 2024 is \$39,196,000 which results in a maximum BLT payment of \$29,397.

Effective January 1, 2025 the proposed ordinance would increase the BLT rate as follows:

- A minimum of \$200 for gross receipts between \$0 and \$267,000 for General Contractors or a minimum of \$100 for gross receipts between \$0 and \$133,500 for all other businesses. Starting January 1, 2026 and annually thereafter the minimum tax payment from the previous year will be increased by CPI.
- 0.075% (75 cents per \$1,000) for gross receipts between \$133,500 and \$4,400,000.
- 0.088% (88 cents per \$1,000) for gross receipts between \$4,400,001 and \$8,500,000.
- 0.1% (\$1 per \$1,000) for gross receipts between \$8,500,001 and \$12,650,000.
- 0.113% (\$1.13 per \$1,000) for gross receipts between \$12,650,001 and \$16,750,000.
- 0.125% (\$1.25 per \$1,000) for gross receipts between \$16,750,001 and \$20,900,000.
- 0.138% (\$1.38 per \$1,000) for gross receipts between \$20,900,001 and

\$25,000,000.

- 0.3% (\$3.00 per \$1,000) for gross receipts over \$25,000,000.

The proposed ordinance also establishes a maximum tax payment of \$250,000 as of January 1, 2025. Starting January 1, 2026 and annually thereafter, the maximum tax payment amount from the previous year will be increased by CPI.

The ordinance also clarifies various provisions relating to the imposition and administration of the BLT. The full text of the ordinance should be consulted for specifics regarding these matters.

The tax revenue will continue to be placed in the City's General Fund and may be used for any general municipal purposes, including to fund essential services such as 911 emergency response, property crime prevention, street repairs, and infrastructure maintenance. The funds will also remain subject to an independent annual audit made available for public review.

A "yes" vote is a vote in favor of the tax.

A "no" vote is a vote against the tax.

Submitted August 15, 2024.

Benjamin Stock  
City Attorney

The above statement is an impartial analysis of Measure V. The full text of Measure V is printed in the Voter's Information Pamphlet and is also available on the City's website at:

<https://www.fostercity.org/cityclerk/page/november-5-2024-election-ballot-measure>

If you desire a copy of the Measure, please call the City Clerk's office at 650-286-3250 and a copy will be mailed at no cost to you.

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