

City of Foster City

Compiled by the City of Foster City City Clerk Ms. Doris Palmer
 Arguments in support of or in opposition to the proposed laws are the opinions of the authors.

Measure U

To pay for general city services enjoyed by all residents and businesses in Foster City, including services such as police, fire, parks, recreation, and repairing and maintaining the levee, lagoon, streets and other infrastructure, shall an ordinance be adopted to increase the City's business license tax effective January 1, 2014?

Impartial Analysis of Measure U

Title 5 of the Foster City Municipal Code, Chapters 5.04-5.40, Business Licenses Generally, in effect since 1972, requires businesses operating within Foster City to obtain a business license from the City. Since its adoption in 1972, this ordinance has never been amended.

If approved by a majority of voters, this measure would amend Title 5, Chapters 5.04 to 5.40 of the Foster City Municipal Code. A copy of the proposed ordinance is available at the City's website at www.fostercity.org. Currently the cost of a business license tax is calculated based on a business's annual gross receipts at an amount equal to \$0.75 per \$1,000 of gross receipts. If this ballot measure is approved, the rate would remain the same. However, the minimum cost of a business license would increase according to the following table:

Effective Date	General Contractor	Specialty Contractor	Solicitor	All Other Businesses
Current Rate	\$50	\$25	\$25	\$25
January 1, 2014	\$100	\$50	\$50	\$50
January 1, 2015	\$150	\$75	\$75	\$75
January 1, 2016 and thereafter	\$200	\$100	\$100	\$100

In addition, the amount of gross receipts limit upon which the business license is computed would increase according to the following table:

Effective Date	Gross Receipts Limit	Calculated Maximum Tax Amount
Current Rate	\$5,000,000	\$3,750
January 1, 2014	\$10,000,000	\$7,500
January 1, 2015	\$20,000,000	\$15,000
January 1, 2016	\$30,000,000	\$22,500

Starting on January 1, 2017, and every year thereafter, the gross receipts limit would be adjusted based upon the change from October to October in the Consumer Price Index for the San Francisco / Oakland / San Jose area (Urban Consumers Rate), rounded to the nearest \$10,000.

Businesses with multiple corporate entities operating from the same location in the City would be required to obtain business licenses for their three (3) entities with the largest gross receipts.

The ordinance would also clarify various provisions relating to the imposition, administration and issuance of business licenses. The full text of the ordinance should be consulted for further specifics regarding these matters.

The revenue from business licenses is placed in the City's general fund. Money from this fund supports general City services and functions, including: police, fire, parks and recreation, and repair and maintenance of essential infrastructure such as the levee, lagoons, and streets.

A "yes" vote on this measure is a vote to approve and authorize the changes in Title 5, Chapters 5.04 to 5.40 of the Foster City Municipal Code as described above. This measure constitutes a general tax which can be approved by a simple majority vote.

A "no" vote on this measure is a vote to maintain the provisions of the existing business license ordinance as identified in Title 5, Chapters 5.04 to 5.40 of the Foster City Municipal Code.

Argument in Favor of Measure U

Foster City is one of the best places on the Peninsula to live, work and play, with fantastic parks and recreational amenities, high quality and responsive police and fire departments, and well-maintained roads, levees and lagoons.

To maintain this quality of life, the City has cut non-essential services, shared services with other communities, frozen employee salaries and reduced pension benefits. And yet a budget deficit looms on the horizon.

The City's business license tax has not changed since 1972, even while the cost of providing services has increased. Moreover, the types of businesses in Foster City and how they operate has changed significantly.

In concert with the business community and the Chamber of Commerce, we can bring the business license tax into the 21st Century by increasing the minimum tax amount and the maximum tax amount over a 3 year period, then making sure the tax keeps up with the times by allowing the maximum tax amount to change with inflation. The Chamber of Commerce "believes the proposed model is reasonable."

Your YES vote will allow Foster City to maintain quality services enjoyed by all that live, work and play in our community.

Vote YES on Measure U

- /s/ **Pam Frisella**
Mayor
- /s/ **Charlie Bronitsky**
Vice Mayor
- /s/ **Art Kiesel**
Councilmember
- /s/ **Steve Okamoto**
Councilmember
- /s/ **Herb Perez**
Councilmember

No Argument Against Measure U Submitted