

Date: August 20, 2024
Elections Code § 9280

**IMPARTIAL ANALYSIS FOR MEASURE BB
(Business License Ordinance Amendment)**

If approved by a majority of voters, Measure BB would amend Redwood City's Business License Ordinance by revising the tax rates levied on businesses.

Redwood City's business license tax dates back to 1911 and was last updated in 2011. The business license tax has two components that are levied annually: a base tax and an incremental tax, which varies depending on the type of business. Currently, the base tax rate is \$86 and the incremental tax rate is \$57 per employee for most businesses. The incremental tax rate for rental (residential) businesses is \$31 per dwelling unit and for rental (commercial) businesses is \$31 per 1,000 square feet of rented space. Currently, the maximum tax that a business can be assessed is \$7,121. Both the base and incremental tax rates are adjusted annually for inflation.

Measure BB would modernize the Business License Ordinance by removing references to certain outdated businesses and streamlining the categories of businesses. Measure BB would change the base rate to \$90 and the incremental tax rate to a range from \$10 to \$250 per employee, depending on the type and size of business.

The specific incremental tax rates would be: general commerce and retail businesses - \$10-\$80 per employee, depending on number of employees; contractors - \$150 per employee; service businesses - \$130 per employee; professional service businesses - \$175-250 per employee, depending on number of employees; rental (residential) businesses remains unchanged at \$31 per dwelling unit; and rental (commercial) businesses - \$75 per 1,000 square feet of rented space. The maximum tax would be \$250,000.

Under Measure BB, smaller retail businesses would pay lower rates and larger professional service businesses would pay higher rates.

The revised rates would go into effect July 1, 2025, but the incremental rates would be phased-in over a two-year period: 50% of the incremental rates would be assessed on July 1, 2025, and 100% would be assessed beginning on July 1, 2026. Beginning July 1, 2027, the tax rates and maximum tax would be adjusted annually for inflation.

Measure BB would also exempt deed-restricted affordable housing and for-profit childcare facilities from the tax.

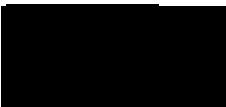
Measure BB would generate an estimated \$7,000,000 annually. The measure revises a general tax and the resulting revenue would continue to go to the City's General Fund to be used for unrestricted governmental purposes such as maintenance and repair of streets and sidewalks, police and fire services, and other City services. The tax would remain in place until repealed or amended by the voters.

This measure was placed on the ballot by the City Council of the City of Redwood City.

A “YES” vote approves the measure and the proposed changes to the City’s Business License Ordinance.

A “NO” vote rejects the measure and the proposed changes to the City’s Business License Ordinance.

The above statement is an impartial analysis of Measure BB. If you desire a copy of the measure, please call the City Clerk’s Office at (650) 780-7220 and a copy will be mailed at no cost to you.



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City of Redwood City