BUSINESS LICENSE TAX

CITY COUNCIL

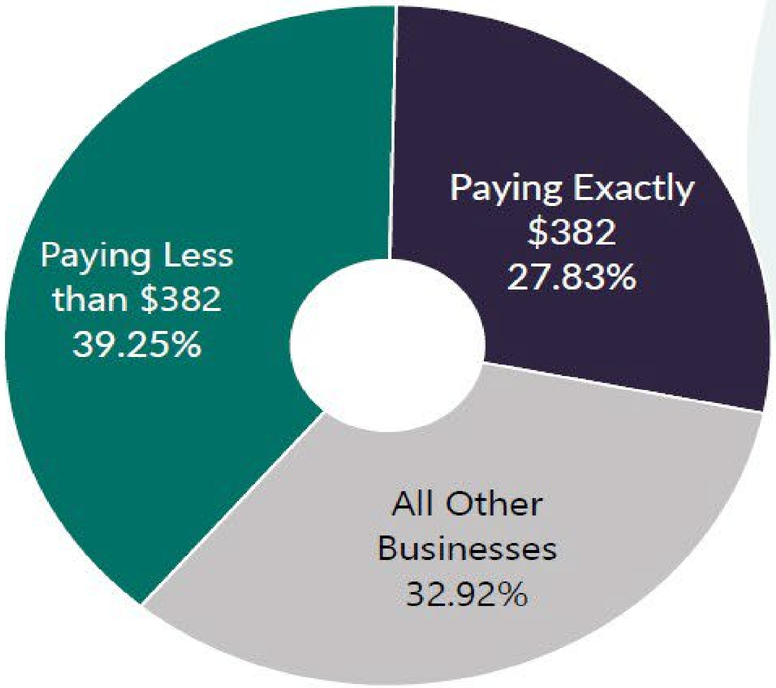
JULY 20, 2026

PROPOSED RATES

1. A $50 base rate for the first $50,000 in gross receipts per year, to be indexed annually
2. An additional $150 base rate for $50,001 to $200,000 in gross receipts per year, to be indexed annually
3. Retail businesses (including public utilities) will be taxed an additional$1/$1,000 of gross receipts above $200,000 per year (this rate shall not be indexed)
4. Other businesses, as defined below, will be taxed an additional $5/$1,000 of gross receipts above $200,000 per year (this rate shall not be indexed)
   1. Categories taxed at this rate include Commercial Rental, Contractor, Professional and Services
5. Residential Rental businesses will be taxed according to the current schedule. The rate for calendar year 2026 is $120 per rental unit, to be indexed annually
6. An Exempt category will remain
7. Estimated $600,000 increase in annual revenue

Business License Registry Review

Percentage of Businesses Paying $382 or less

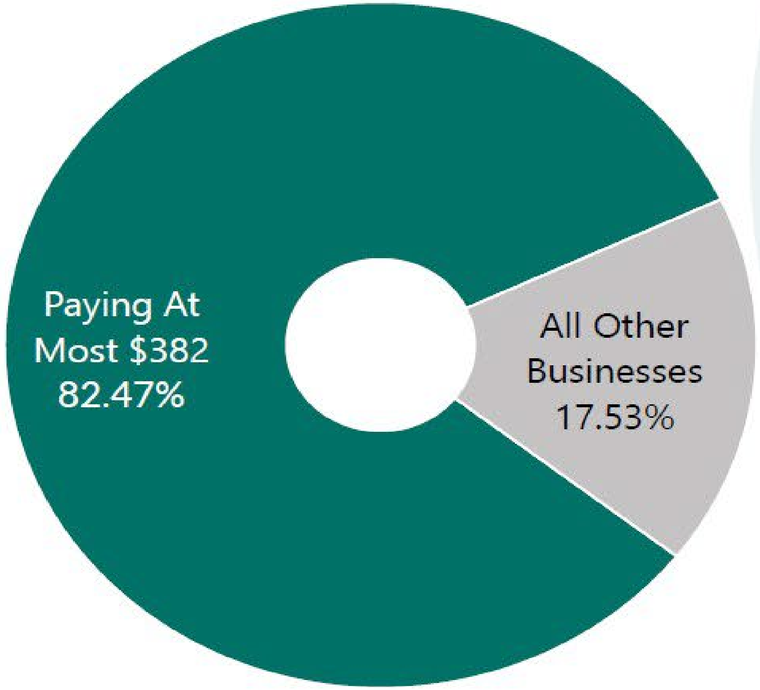


Under the Current Structure:

- 694 businesses pay less than the $382 (~40%)
- 492 businesses pay exactly $382
- Together is 67% of the businesses

Model 4.1: Impact on Small Businesses

Percentage of Businesses Paying $382 or less



Under the proposed model 4.1:

- 1,458 businesses (82%) would pay less than the $382 (compared to 694 under the current model)

- Together this represents 82% of the businesses

RESIDENTIAL RENTAL EXAMPLES

BUSINESS	UNITS
RENTAL A	1 UNIT
RENTAL B	12 UNITS
RENTAL C	40 UNITS

ANNUAL BILL

- **BUSINESS A: $120**
  - 1 X $120 = **$120**
- **BUSINESS B: $1,440**
  - 12 X $120 = **$1,440**
- **BUSINESS C: $4,800**
  - 40 X $120 = **$4,800**
- **The tax structure for residential rentals is not changing, so there is no need to compare the new structure to the current**

RETAIL EXAMPLES

BUSINESS	GROSS RECEIPTS (GR) PER YEAR
BUSINESS A (no employees)	$45,000
BUSINESS B (no employees)	$150,000
BUSINESS C (1 employee)	$300,000

ANNUAL BILL

- **BUSINESS A: $50**
  - $45,000 GR = **$50**
- **BUSINESS B: $200**
  - $50,000 GR = **$50**
  - $50,001-$150,000 GR = **$150**
  - TOTAL: $50 + $150 = **$200**
- **BUSINESS C: $300**
  - $50,000 GR = **$50**
  - $50,001-$200,000 GR = **$150**
  - $300,000 - $200,000 = $100,000
    - $1/$1,000 x $100,000 = **$100**
  - $50 + $150 + $100 = **$300**

RETAIL EXAMPLES: CURRENT RATE VS NEW RATE

BUSINESS	GROSS RECTEIPTS (GR) PER YEAR	CURRENT RATE	PROPOSED RATE	DIFFERENCE
BUSINESS A (no employees)	$45,000	$382	$50	($332)
BUSINESS B (no employees)	$150,000	$382	$200	($182)
BUSINESS C (1 employee)	$300,000	$460	$300	(160)

SERVICE EXAMPLES

BUSINESS	GROSS RECEIPTS (GR) PER YEAR
BUSINESS A (service, no employees)	$45,000
BUSINESS B (service, 1 employee)	$300,000
BUSINESS C (mixed service and retail, 5 employees)	$250,000 SERVICE $50,000 RETAIL

ANNUAL BILL

- **BUSINESS A: $50**
  - $45,000 GR = **$50**
- **BUSINESS B: $700**
  - $50,000 GR = **$50**
  - $50,001-$150,000 GR = **$150**
  - $300,000-$200,000 = $100,000
    - $5/$1,000 X $100,000 = **$500**
  - TOTAL: $50 + $150 + $250 = **$700**
- **BUSINESS C: $500**
  - $50,000 GR = **$50**
  - $50,001-$200,000 GR = **$150**
  - $250,000 - $200,000 = $50,000
    - $5/$1,000 x $50,000 = **$250**
  - $1/$1,000 x $50,000 = **$50**
  - $50 + $150 + $250 + $50 = **$500**

RETAIL EXAMPLES: CURRENT RATE VS NEW RATE

BUSINESS	GROSS RECTEIPTS (GR) PER YEAR	CURRENT RATE	PROPOSED RATE	DIFFERENCE
BUSINESS A (service, no employees)	$45,000	$382	$50	($332)
BUSINESS B (service, 1 employee)	$300,000	$460	$700	$240
BUSINESS C (mixed service and retail, 5 employees)	$250,000 service $50,000 retail	$772	$500	($272)

QUESTIONS?

INDEXING EXAMPLE

INCREASES TO TAX RATES IF CONSUMER PRICE INDEX IS 3%

- $51.50 base rate for the first $51,500 in gross receipts per year
- $154.50 base rate for $51,501 to $206,000 in gross receipts per year
- Retail businesses (including public utilities) will be taxed an additional$1/$1,000 of gross receipts above $206,000
- Other businesses will be taxed an additional $5/$1,000 of gross receipts above $206,000
- Residential Rental businesses will be taxed $123.60 per rental unit