



DISCUSSION ITEM

Agenda Item # 8

AGENDA REPORT SUMMARY

Meeting Date: February 23, 2021

Subject: Resolution No. 2021-08: Business License Payment Deadline Extension

Prepared by: Jon Maginot, Deputy City Manager and Jolie Houston, City Attorney

Approved by: Brad Kilger, Interim City Manager

Attachment(s):

1. Resolution No. 2021-08

Initiated by:

City Council

Previous Council Consideration:

None

Fiscal Impact:

The requested action may delay the receipt of payments for Business Licenses to June 1, 2021. While there may be a delay in the receipt of funds, the amount being deferred is nominal in amount (less than a few thousand dollars) and will not negatively impact the City in any meaningful way

Environmental Review:

Not applicable

Policy Question(s) for Council Consideration:

- Does the Council wish to extend the deadline to pay Business License Taxes for 2021?

Summary:

- The City requires businesses operating within Los Altos to obtain a Business License and to pay the accompanying tax
- Several businesses have requested a deferral or waiver of payment of the tax due to COVID-19
- Extension of the deadline to pay the tax will not have a negative fiscal impact on the City

Staff Recommendation:

Adopt Resolution No. 2021-08 authorizing the extension of the deadline to pay Business License Tax for 2021

Reviewed By:

City Manager

BK

City Attorney

JH

Finance Director

JM



Subject: Resolution No. 2021-08: Business License Payment Deadline Extension

Purpose

To consider authorizing an extension of the deadline to pay Business License Tax for 2021

Background

The City of Los Altos imposes a Business License Tax on all businesses operating within the City of Los Altos. Each business is required to pay the tax based on the type of business. The deadline to pay the tax is January 1 of each year. In 2021, this deadline was extended by staff to January 22.

Per Los Altos Municipal Code Section 4.04.090, the Finance Director has the power “to extend the time for filing...for a period not to exceed thirty (30) days.” The Finance Director does not have the power to waive any tax or any penalties accrued by non-payment.

On February 9, 2021, the City Council requested an agenda item to consider the waiver or deferment of Business License payments.

Discussion/Analysis

Due to the unprecedented financial crisis facing many businesses, the City has received numerous requests for deferral or waiving of payment for Business Licenses. As of February 8, 2021, the City had received requests for deferral or waivers from at least 20 businesses.

The Los Altos Municipal Code (LAMC) governs business licenses. LAMC Chapter 4.04 was enacted solely to raise revenue for municipal purposes and was not intended for regulation. (LAMC 4.04.010) LAMC Chapter 4.04 requires that persons pay a license tax for transacting and carrying on any business within the City. Chapter 4.04 further requires that a person shall not be relieved from the payment of any license tax for the privilege of doing such business and they shall remain subject to the other regulatory provisions of the LAMC. (LAMC 4.04.030) The amount of any business license tax and penalty imposed by the provisions of LAMC Chapter 4.04 shall be deemed a debt to the City. (LAMC 4.04.460). Since the business license is a tax and deemed a debt to the City, the City cannot waive it. However, the City may defer its collection or, in other words, extend the deadline for payment of the tax.

Staff recommends that the Council extend the deadline for payment of 2021 Business License Taxes to June 1, 2021 for those businesses with an address within the City of Los Altos. This would provide immediate relief to businesses while still requiring that they pay the required amounts at some point in this calendar year. This extension would only be for calendar year 2021. Staff has recommended an extension date of June 1, 2021, but this date is entirely at the discretion of the Council and could be any date within 2021.



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It is important to note that businesses wishing to apply for the California Relief Grant or the Federal Paycheck Protection Program are required to have a current business license. As such, it is anticipated that only a few businesses will take advantage of the extended deadline.

Options

- 1) Adopt Resolution No. 2021-08 extending the deadline for payment of 2021 Business License Tax

Advantages: Offers some financial relief to businesses within Los Altos

Disadvantages: Delays the receipt of certain revenue for the City (note: this is a nominal amount and will not carry a significant impact for the City)

- 2) Adopt Resolution No. 2021-08 extending the deadline for payment of 2021 Business License Tax but modify the date of the extended deadline

Advantages: Offers some financial relief to businesses within Los Altos

Disadvantages: Delays the receipt of certain revenue for the City (note: this is a nominal amount and will not carry a significant impact for the City)

- 3) Do not adopt Resolution No. 2021-08

Advantages: None identified

Disadvantages: Does not provide financial relief to businesses within Los Altos

Recommendation

The staff recommends Option 1.

RESOLUTION NO. 2021-08

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LOS ALTOS
AUTHORIZING THE EXTENSION OF THE DEADLINE TO PAY BUSINESS
LICENSE TAX FOR 2021**

WHEREAS, the City of Los Altos issues licenses to businesses operating within the City of Los Altos and imposes a License Tax upon such businesses; and

WHEREAS, many of the businesses operating within the City of Los Altos can be classified as small businesses; and

WHEREAS, the COVID-19 crisis and associated State and County stay home orders have placed unprecedented financial strain on many businesses within the City of Los Altos.

NOW THEREFORE, BE IT RESOLVED, that the City Council of the City of Los Altos hereby authorizes the extension of the deadline for businesses to pay Business License Tax for 2021 to June 1, 2021 for those businesses with addresses within the city limits of the City of Los Altos.

FURTHER, BE IT RESOLVED, that this extension applies only to Licenses for calendar year 2021.

I HEREBY CERTIFY that the foregoing is a true and correct copy of a Resolution passed and adopted by the City Council of the City of Los Altos at a meeting thereof on the ____ day of ____, 2021 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Neysa Fligor, MAYOR

Attest:

Andrea Chelemengos, MMC, CITY CLERK