

BUDGET AND FINANCE COMMITTEE REPORT relative to establishing a Business Tax Advisory Committee for potential reforms to the City’s business tax structure.

Recommendations for Council action, as initiated by Motion (Lee – McOsker, et al.):

INSTRUCT the Chief Legislative Analyst (CLA), in consultation with the Office of Finance, to report to Council within 60 days with:

- a. Recommendations to re-establish a Business Tax Advisory Committee (Committee), modeled after the committee whose recommendations informed the business tax reforms signed into law in December 2004, including proposed membership, scope of work, stakeholder representation, timeline, and reporting requirements to evaluate and recommend potential reforms to the City’s business tax structure, including adjustments to the small business tax exemption as part of the Committee’s proposed scope of work.
- b. Recommendations on necessary staffing for the Committee, as well as recommendations on structure and meeting schedule to complete work within 12 months.

Fiscal Impact Statement: Neither the City Administrative Officer nor the CLA has completed a financial analysis of this report.

Community Impact Statement: None submitted

SUMMARY

At its meeting held on September 15, 2026, your Budget and Finance Committee considered Motion (Lee – McOsker, et al.), dated May 19, 2026, relative to a requested CLA report with recommendations for the re-establishment of the Committee to conduct a comprehensive review and recommend potential reforms to the City’s business tax structure, including recommendations on necessary staffing, structure, and schedule to complete work within 12 months. The Committee’s recommendations should identify opportunities to modernize the business tax system in a manner that supports economic growth, encourages investment, protects City revenues, and strengthens the City’s competitiveness. Councilmember Yaroslavsky introduced an amendment, which was seconded by Councilmember McOsker, to include adjustments to the small business tax exemption as part of the Committee’s scope of work. After discussion with the City Treasurer/Director of the Office of Finance and having provided an opportunity for public comment, the Committee moved to approve the Motion as amended, as detailed above. This matter is now forwarded to the Council for its consideration.

Respectfully Submitted,

BUDGET AND FINANCE COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
YAROSLAVSKY:	YES
BLUMENFIELD:	YES
HUTT:	YES
McOSKER:	YES
HERNANDEZ:	YES