

## **R-21**

December 10, 2019

HONORABLE MAYOR AND CITY COUNCIL  
City of Long Beach  
California

### RECOMMENDATION:

Request the City Attorney to prepare an Ordinance amending the Long Beach Municipal Code governing the business license tax process required for independent contractors. (Citywide)

### DISCUSSION

At its meeting on July 23, 2019, the Budget Oversight Committee (BOC) received and filed a report on business license taxes for independent contractors working at multiple locations, with the recommendation of streamlining the process in how the taxes are collected to gain compliance. This recommendation does not involve adjusting the fee schedule.

Currently, each independent contractor must obtain a business license and pay the business license tax for each separate location where they are conducting business. This has the potential to lead to non-compliance with licensing requirements due to cost. Staff conducted research and recommended to the BOC that independent contractors continue to obtain a business license for each location where they are conducting business. In an effort to improve compliance rates, the business license tax would be charged for the first location, and each subsequent location would require a processing fee for the issuance of each additional license. This proposal would significantly reduce the cost for independent contractors to work at multiple locations, with very little revenue impact to the City of Long Beach (City).

Staff is recommending that the City Council request the City Attorney to prepare an Ordinance amending Section 3.80.420.5 of the Long Beach Municipal Code to allow independent contractors to pay a processing fee for each subsequent license, overall reducing the licensing costs for independent contractors operating at multiple locations.

This matter was reviewed by Deputy City Attorney Amy R. Webber on October 24, 2019 and by Budget Analysis Officer Julissa Jose-Murray on November 13, 2019.

### TIMING CONSIDERATIONS

City Council action is requested on December 10, 2019, to amend the Long Beach Municipal Code, as needed, and begin implementing the recommendation.

FISCAL IMPACT

There are currently ten independent contractors who hold multiple licenses, which would reduce revenue by \$2,322 annually. However, with this change, it is anticipated that there will be better compliance and more independent contractors coming into the City to work which may have a positive revenue impact. This recommendation has no staffing impact beyond the budgeted scope of duties and is consistent with existing City Council priorities. There is no local job impact associated with this recommendation.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



JOHN GROSS

DIRECTOR OF FINANCIAL MANAGEMENT

APPROVED:



THOMAS B. MODICA  
ACTING CITY MANAGER