



CITY OF LONG BEACH R-24

DEPARTMENT OF FINANCIAL MANAGEMENT

333 West Ocean Boulevard 6th Floor • Long Beach, CA 90802 • (562) 570-6845 • (562) 570-5836

March 23, 2010

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Adopt the attached Resolution providing for an amnesty period for unlicensed businesses for the period from April 1, 2010 through April 1, 2011. (Citywide)

DISCUSSION

Pursuant to City Council request, the Department of Financial Management is prepared to implement a Business License Amnesty Program. The purpose of the Amnesty Program is to facilitate voluntary compliance with obtaining a business license, by providing unlicensed businesses 30 days to apply for a business license and waiving up to three years of back taxes and penalties. Once a business is licensed, it pays business license tax annually. During this amnesty period, the attached Resolution will waive past-due taxes and penalties for any unlicensed business that completes a business license application within 30 days of being notified by the City that a Long Beach business license is required.

The City has successfully participated in the Local Government Sharing Program (AB 63 Program) for the past seven years. Through the AB 63 Program, the City receives from the State Franchise Tax Board (FTB) a list of the businesses that filed an income tax return using a Long Beach zip code. Using this list, Business License staff locates businesses that are operating without a current business license. In 2010, staff expects to continue the effectiveness of the program by licensing an additional 1,000 businesses.

In conjunction with the AB 63 Program, the City authorized an amnesty program in 2007 to those businesses that applied for a business license within 30 days of receiving a letter from the City. The previous Amnesty Program expired on December 31, 2007. Reinstating the Amnesty Program will provide relief to those businesses that may currently be operating without a license.

This matter was reviewed by Deputy City Attorney Amy R. Burton on March 1, 2010 and Budget Management Officer Victoria Bell on March 4, 2010.

TIMING CONSIDERATIONS

City Council action on this item is requested on March 23, 2010, as the Amnesty Program cannot become effective without City Council approval.

FISCAL IMPACT

Should the City realize 1,000 new business licenses from the combination of the AB 63 Program and the Amnesty Program, as much as \$215,000 in additional revenue would be deposited into the General Fund annually. During the last two years of the prior Amnesty Program, 671 new business licenses were issued, for approximately \$250,887 in ongoing annual revenue.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,

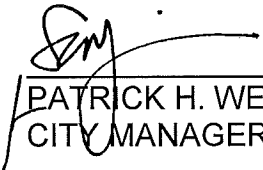


LORI ANN FARRELL
DIRECTOR OF FINANCIAL MANAGEMENT/CFO

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ATTACHMENT

APPROVED:



PATRICK H. WEST
CITY MANAGER

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RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LONG BEACH TO PROVIDING FOR A TEMPORARY AMNESTY PERIOD FOR UNLICENSED BUSINESSES FOR THE PERIOD FROM APRIL 1, 2010 THROUGH APRIL 1, 2011

WHEREAS, the City Council has undertaken the enactment of measures to provide encouragement and the continuance of incentives for business license compliance for persons doing business with and/or located in the City of Long Beach;

NOW, THEREFORE, the City Council of the City of Long Beach resolves as follows:

Section 1. The Director of Financial Management (“Director”) shall develop and administer a temporary amnesty program for business license tax (“Amnesty Program”) for the period from April 1, 2010 through April 1, 2011, as provided herein.

Section 2. The Amnesty Program shall be conducted during the period from April 1, 2010 through April 1, 2011. The Director shall waive all business license tax and penalties imposed under the Long Beach Municipal Code Sections 3.80.210 and 3.80.422, for the periods for which tax amnesty is granted, which are owed as a result of a taxpayer’s failure to timely apply for a business license and pay for the tax thereon.

Section 3. The Amnesty Program shall apply to any taxpayer who within thirty (30) days of receiving written notice from the City of the need to obtain a business license, requests amnesty for business license tax and penalties accruing for the operation of each business for which the taxpayer failed to apply for a business license, whether currently operating or not during the three period prior to April 1, 2010, and who does all of the following:

- A. Completes in full a “Request for Business License Amnesty”

1 form available from the City, for each separate business for which the
2 taxpayer failed to obtain a business license for the period April 1, 2007
3 through April 1, 2010, or any portion of that period;

4 B. Files a completed business license application for all
5 businesses currently operating in the City for which he or she has not
6 previously filed a business license application; and

7 C. Pays the business license tax for any tax liability accruing for
8 the current period. The current period for the Amnesty Program shall be
9 defined as starting April 1, 2010.

10 Section 4. The Amnesty Program shall apply to taxpayers who have
11 never applied for a business license and have no collection or other action pending with
12 the City. The Amnesty Program shall not apply to taxpayers where the Director has
13 issued a notice, citation, billing, deficiency determination or penalty assessment prior to
14 April 1, 2010, for failure to obtain a business license pursuant to Long Beach municipal
15 Code Sections 3.80.210 and 3.80.422 and for tax and penalties thereon.

16 Section 5. The Amnesty Program shall apply to applicant's tax liabilities
17 accruing before April 1, 2010, who fully comply with Section 3 above. The Amnesty
18 Program does not apply to tax liability accruing on or after April 1, 2010.

19 Section 6. The Amnesty Program shall not be applicable to and shall not
20 waive, void, or invalidate any pending actions or past actions filed by the Long Beach City
21 Prosecutor's Office or the Long Beach City Attorney's Office relating to the non-reporting,
22 under-reporting, or collection of business license taxes and penalties, or any pending
23 administrative proceedings, or citations relating to a business license.

24 Section 7. As to business license applications, whether complete or not,
25 pending, and whether issued or not, existing prior to April 1, 2010, no refund or credit
26 shall be granted by the City in the Amnesty Program to a taxpayer of any tax or penalty
27 paid or due on a tax statement prior to the Amnesty Period for new or renewing business
28 licenses.

