**CITY OF LONG BEACH**

DEPARTMENT OF FINANCIAL MANAGEMENT

333 WEST OCEAN BOULEVARD • LONG BEACH, CALIFORNIA 90802

December 20, 2005

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Adopt the attached Resolution providing for a temporary amnesty period for unlicensed businesses. (Citywide)

DISCUSSION

The City has successfully participated in the Local Government Sharing Program (AB 63 Program) for the past year. Through the AB 63 Program, the City receives from the Franchise Tax Board (FTB) a list of the businesses that filed an income tax return using a Long Beach zip code. Using this list, City staff has licensed 750 businesses this year that had not previously been licensed. Cross-referencing the list of businesses from the FTB with existing business licenses was difficult at first; however, with new software and a year's worth of experience, staff has improved in identifying businesses without a license. In 2006, staff expects to double the effectiveness of the program by licensing an additional 1,500 businesses.

In conjunction with the AB 63 Program, the City offered an Amnesty Program to facilitate voluntary compliance, by giving the newly identified businesses 30 days to apply for a business license and not be subject to three-years back taxes and penalties. Once a business is licensed, it pays business license tax annually. Due to the success of the AB 63 Program, the City renewed the agreement with the State for another year. Currently, the Amnesty Program expires on December 31, 2005. The attached resolution will continue the Amnesty Program for one year (through December 2006).

This matter was reviewed by Deputy City Attorney Carol Shaw on December 1, 2005 and by Budget Management Officer David Wodynski on December 8, 2005.

TIMING CONSIDERATIONS

City Council action on this item is requested on December 20, 2005, as the program cannot become effective on January 1, 2006 without City Council approval.

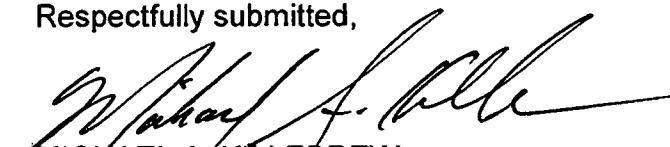
FISCAL IMPACT

Should the City realize 1,500 new business licenses from the combination of the AB 63 program and the Amnesty Program, as much as \$300,000 in additional revenue would be deposited into the General Fund (GF) annually. The City's use of the AB 63 program was initiated as part of the Financial Strategic Plan, through which a conservative \$50,000 of increased revenue was estimated and budgeted. During the first year, the program realized 750 new business licenses for approximately \$150,000 in on going revenue, which has helped to further reduce the structural deficit and balance the FY 06 Adopted Budget.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



MICHAEL A. KILLEBREW
DIRECTOR OF FINANCIAL MANAGEMENT

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ATTACHMENT

APPROVED:



GERALD R. MILLER
CITY MANAGER