

# CITY OF LONG BEACH

# C-9

DEPARTMENT OF FINANCIAL MANAGEMENT

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June 2, 2009

HONORABLE MAYOR AND CITY COUNCIL  
City of Long Beach  
California

## RECOMMENDATION:

Authorize the City Manager to execute an agreement with the California Franchise Tax Board (FTB) for records obtained from the FTB Taxpayer information System and Business Entity Tax System, at a cost of \$0, with a term of June 1, 2009 through December 31, 2011. (Citywide)

## DISCUSSION

In 2001, the State of California passed Assembly Bill 63 (AB 63), the Local Government Sharing Program, which permits the State to share certain income tax information with local governments. Under the program, participating cities are provided a list of businesses within the City that filed California income tax returns. The City can then ensure these businesses have applied for and received City business licenses.

The agreement will authorize the City to participate in the Local Government Sharing Program for the 2008 tax year. The information that will be provided by the FTB is taxpayer name, taxpayer address, taxpayer social security number or taxpayer identification number, and principal business activity code, which will allow the Department of Financial Management to identify underground businesses in the City of Long Beach that are operating without a business license.

The City has been participating in the Local Government Sharing program since the 2002 tax year, and is currently using 2007 FTB data. The identification of unlicensed businesses has resulted in additional income to the General Fund in excess of the program's costs. The City is devoting additional staff time to the program for Fiscal Year 2009 to ensure the receipt of business license revenue from identified businesses.

Along with other participating cities, this agreement allows FTB and the City to enter into a reciprocal agreement to exchange tax data specific to city business license information for tax administration purposes.

The proposed agreement contains the following major provisions:

- Length of term: June 1, 2009 through December 31, 2011. This agreement is for tax years 2008, 2009, and 2010 only. In order to participate in future years, a new agreement will be required.

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- Confidentiality: Each City employee with access to the FTB records will be required to sign a confidentiality agreement. The City shall destroy the FTB records within three years of receipt.
- Compensation: The City will pay the State of California \$ 0.00.

This matter was reviewed by Deputy City Attorney Amy R. Burton on May 11, 2009 and Budget and Performance Management Bureau Manager David Wodynski on May 13, 2009.

### TIMING CONSIDERATIONS

City Council action on this item is requested on June 2, 2009 to ensure the agreement's execution and transmittal to the State by June 5, 2009.

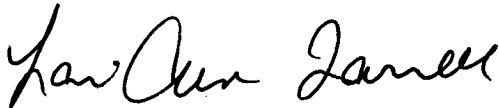
### FISCAL IMPACT

There is no fiscal impact. The Fiscal Year 2009 Adopted Budget assumes \$100,000 in additional revenue will accrue to the General Fund through participation in this program.

### SUGGESTED ACTION:

Approve recommendation.

Respectfully Submitted,



LORI ANN FARRELL  
DIRECTOR OF FINANCIAL MANAGEMENT/CFO

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APPROVED:



PATRICK H. WEST  
CITY MANAGER