



City of Long Beach
Working Together to Serve

R-5

Office of Dee Andrews
Council Member, Sixth District
Memorandum

Date: February 9, 2010

To: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

From: Suja Lowenthal, Councilmember Second District
Gary DeLong, Councilmember Third District *GDL*
Dee Andrews, Councilmember Sixth District *DA*
Val Lerch, Vice Mayor Ninth District *Vel*

Subject: **AGENDA ITEM:** Business Tax Amnesty Program

DISCUSSION

As our City deals with the current difficult financial times, it is essential that all possible revenue be collected so that we can fund crucial services. From Los Angeles to New York thousands of cities have set off on a new path to receive financial income through a tax amnesty program. In a matter of months, the programs have generated millions of dollars.

The creation of an amnesty program allows businesses and individuals that are not in compliance an opportunity to come forward, penalty free, and operate in a matter that is within the law. The benefit to the City is that unrealized revenue opportunities will be gained and future enforcement cost for non-compliance reduced.

The Amnesty Program is not a new tax. It is the realization of lost revenue. It is revenue that is legitimately owed to the City of Long Beach.

The Tax Amnesty Program gives taxpayers the opportunity to avoid the imposition of penalties as a result of non-reporting, underreporting, underpaying or not paying the following taxes:

- Business license taxes
- Commercial tenants occupancy taxes

Businesses that have not registered with the City's Business License Division are also eligible to apply.

Page 2
Business Tax Amnesty Program

To participate in the program, taxpayers must file an application during a specified time frame, usually a three-month period, and comply with conditions such as the following:

1. File completed tax statements or returns for all periods for which the taxpayer has not previously filed a tax statement or return and/or file completed amended tax statements or returns for all periods for which the taxpayer underreported the taxes due; and
2. Pay in full all principal, interest, and any applicable fees (excluding penalty fees) due.

SUGGESTED ACTION:

Recommendation to request that the City Attorney, in collaboration with the City Manager, draft a policy to adopt a Tax Amnesty Program and report back to Council in 30 days. (Citywide)