

CITY OF LONG BEACH C-6

DEPARTMENT OF FINANCIAL MANAGEMENT

333 West Ocean Boulevard Lobby Level • Long Beach, CA 90802 • (562) 570-5700

COMMERCIAL SERVICES BUREAU

January 16, 2007

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Adopt the attached Resolution providing for an 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 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, City staff licensed 785 businesses last year that had not previously had a business license. Cross-referencing the list of businesses from the FTB with existing business licenses was difficult at first; however, with new software and years of experience, staff has improved its ability to identify businesses without a license. In 2007, 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 offered amnesty from paying back taxes and penalties to those businesses that apply for a business license within 30 days of receiving a letter from the City. Due to the success of the AB 63 Program, the City renewed the agreement with the state for another year. The Amnesty Program expired on December 31, 2006. The attached resolution will extend the Amnesty Program for one more year (through December 2007).

The purpose of the Amnesty Program is to facilitate voluntary compliance, by giving the newly discovered 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. For the duration of this amnesty period, the attached Resolution will waive back taxes and penalties for any business that completes a business license application within 30 days of being notified by the City it might need a Long Beach business license.

This matter was reviewed by Deputy City Attorney Lisa Peskay Malmsten and Budget Management Officer David Wodynski on January 8, 2007.

TIMING CONSIDERATIONS

City Council action on this item is requested on January 16, 2007, 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. To this end, \$200,000 was included in the FY 07 Adopted Budget. During the last two years of the program, 1,550 new business licenses for approximately \$325,000 in ongoing annual revenue, was realized.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,

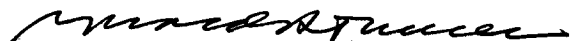


MICHAEL A. KILLEBREW
DIRECTOR OF FINANCIAL MANAGEMENT

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ATTACHMENT

APPROVED:



GERALD R. MILLER
CITY MANAGER

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Long Beach, California 90802-4664
Telephone (562) 570-2200

1 RESOLUTION NO.
2

3 A RESOLUTION OF THE CITY COUNCIL OF THE
4 CITY OF LONG BEACH PROVIDING FOR A TEMPORARY
5 AMNESTY PERIOD FOR UNLICENSED BUSINESSES FOR
6 THE PERIOD FROM JANUARY 16, 2007 THROUGH
7 DECEMBER 31, 2007
8

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

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

14 Section 1. The Director of Financial Management ("Director") shall develop
15 and administer a temporary amnesty program for business license tax ("Amnesty
16 Program") for the period from January 16, 2007 through December 31, 2007, as provided
17 herein.

18 Sec. 2. The Amnesty Program shall be conducted during the period from
19 January 16, 2007 through December 31, 2007. The Director shall waive all business
20 license tax and penalties imposed under Long Beach Municipal Code Sections 3.80.210
21 and 3.80.422, for the periods for which tax amnesty is granted, which are owed as a result
22 of a taxpayer's failure to timely apply for a business license and pay the tax thereon.

23 Sec. 3. The Amnesty Program shall apply to any taxpayer who within thirty
24 (30) days of receiving written notice from the City of the need to obtain a business license,
25 requests amnesty for business license tax and penalties accruing for the operation of each
26 business for which the taxpayer failed to apply for a business license, whether currently
27 operating or not during the three year period prior to January 16, 2007, and who does all
28 of the following:

- 1 A. Completes in full a "Request for Business License Amnesty" form
2 available from the City, for each separate business for which the
3 taxpayer failed to obtain a business license for the period January 1,
4 2004 through January 16, 2007, or any portion of that period;
- 5 B. Files a completed business license application for all businesses
6 currently operating in the City for which he or she has not previously
7 filed a business license application; and
- 8 C. Pays the business license tax for any tax liability accruing for the
9 current period. The current period for the Amnesty Program shall be
10 defined as starting January 16, 2007.

11 Sec. 4. The Amnesty Program shall apply to taxpayers who have never
12 applied for a business license and have no collection or other action pending with the City.
13 The Amnesty Program shall not apply to taxpayers where the Director has issued a notice,
14 citation, billing, deficiency determination or penalty assessment prior to January 16, 2007,
15 for failure to obtain a business license pursuant to Long Beach Municipal Code Sections
16 3.80.210 and 3.80.422 and for tax and penalties thereon.

17 Sec. 5. The Amnesty Program shall apply to applicant's tax liabilities
18 accruing before January 16, 2007, who fully comply with Section 3 above. The Amnesty
19 Program does not apply to tax liability accruing on or after January 16, 2007.

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

25 Sec. 7. As to business license applications, whether complete or not,
26 pending, and whether issued or not, existing prior to January 16, 2007, no refund or credit
27 shall be granted by the City in the Amnesty Program to a taxpayer of any tax or penalty
28 paid or due on a tax statement prior to the amnesty period for new or renewing business

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1 licenses.

2 Sec. 8. As to the Amnesty Program, no criminal or civil action shall be
3 brought against the taxpayer for non-reporting, under-reporting or non-payment of tax for
4 any prior tax period for which the taxpayer has requested and received amnesty pursuant
5 to the provisions of this resolution. Except as specifically stated in this resolution, amnesty
6 shall not waive, release, forgive or affect in any way the application of any other violation
7 of law, or relieve any person, in any manner, from compliance with the requirements of
8 Title 5 of the Long Beach Municipal Code if applicable, or payment of any assessment,
9 charge, or fee not related to business license tax, or condone any illegal acts, businesses
10 in violation of the law, or violations of the building and zoning codes within the City of Long
11 Beach, or violations of any state or federal laws.

12 Sec. 9 . This resolution shall take effect on January 16, 2007 or as soon
13 thereafter as it is adopted by the City Council, and the City Clerk shall certify to the vote
14 adopting this resolution.

15 I hereby certify that the foregoing resolution was adopted by the City Council
16 of the City of Long Beach at its meeting of _____, 2007, by the
17 following vote:

18 Ayes: Councilmembers: _____

19 _____

20 _____

21 _____

22 Noes: Councilmembers: _____

23 _____

24 Absent: Councilmembers: _____

25 _____

26 _____

27 _____

City Clerk

28 LPM:bg 07-00061

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