



Legislation Text

File #: 07-0036, **Version:** 1

Recommendation to adopt resolution providing for an amnesty period for unlicensed businesses.
(Citywide)

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.

City Council action on this item is requested on January 16, 2007, as the Amnesty Program cannot become effective without City Council approval.

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.

Approve recommendation.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LONG BEACH PROVIDING FOR A TEMPORARY AMNESTY PERIOD FOR UNLICENSED BUSINESSES FOR THE PERIOD FROM

JANUARY 16, 2007 THROUGH DECEMBER 31, 2007

MICHAEL A. KELLEBREW
DIRECTOR OF FINANCE MANAGEMENT

APPROVED:

GERALD R. MILLER
CITY MANAGER