

2003 OCT 16 PM 3: 18

CITY OF OAKLAND

Agenda Report

To: Office of the City Manager
Attn: Deborah A. Edgerly
From: Finance and Management Agency
Date: October 28, 2003

Re: Report and Ordinance Rescinding Section 5.04.450 of the Oakland Municipal Code To Allow Taxpayers to Report Gross Rental Receipts Separately for the Purpose of Paying the Annual Business Tax

SUMMARY

The Finance and Management Agency, Revenue Division, is proposing to rescind Section 5.04.450 of the Oakland Municipal Code, thus, eliminating the need for a person who has more than one rental property to combine the gross receipts for each location and report such gross receipts on one declaration for the purpose of paying an annual business tax.

FISCAL IMPACT

Although there will be a change in methodology of the reporting requirements of the affected accounts, there will be very little overall fiscal impact. Each newly acquired property will be subject to a \$30 registration fee. From January 1, 2003 through September 30, 2003, there were 105, which translates to \$3,150.

BACKGROUND

Staff is in the process of reviewing Chapter 5, Article 4 of the Oakland Municipal Code in its entirety to identify sections within the Ordinance that should be modified to allow citizens to more easily understand the provisions of the Ordinance and to simplify the administration of the tax. Although a complete review is still in process, it is imperative to go forward with this particular revision due to its direct effect on the generation of the 2004 Business Tax Renewal Declarations, which must be finalized by December 2003.

Item: 4
Finance and Management Committee
October 28, 2003

KEY ISSUES AND IMPACTS

A key issue relating to proposed change to Chapter 5, Article 4 of the Oakland Municipal Code will be staffs ability to more effectively administer the Business Tax Ordinance, in that it will be easier to identify non-compliant accounts. Properties are sold, transferred or purchased and the City does not have a method to track these transactions because of the way the tax bases are reported. Currently, taxpayers who own more than one rental location report the tax base collectively. Therefore, the tax for each individual property is not readily identifiable to the City.

PROGRAM DESCRIPTION

Chapter 5, Article 4 requires that every person engaged in the business of conducting or operating a commercial or residential rental property pay a Business Tax of thirteen dollars and ninety-five cents (\$13.95) for each one thousand dollars (\$1,000.00) of gross rental receipts or fractional part thereof.

The Municipal Code stipulates that a person who has more than one business (rental) location must combine and report the gross rental receipts for each such location on one declaration for the purpose of paying the Business Tax. This is the only industry required to report in this manner.

Rescinding Section 5.04.450 of the Oakland Municipal Code will allow this tax category to report its tax base consistent with the other business tax industry classifications, in that all other classifications report gross receipts separately for each location.

SUSTAINABLE OPPORTUNITIES

This section is not applicable.

DISABILITY AND SENIOR CITIZEN ACCESS

This section is not applicable.

RECOMMENDATION AND RATIONAL

Staff recommends approval of the proposed amendment to Chapter 5, Article 4 of the Municipal Code, effective December 31, 2003, to require the taxpayer to report their tax based upon each location and allow staff to more effectively administer the Business Tax.

ALTERNATIVE RECOMMENDATION

There are no alternative recommendations.

ACTION REQUESTED OF THE CITY COUNCIL

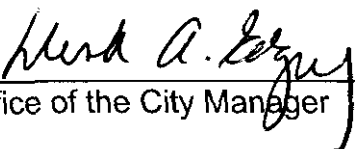
Staff requests that the Council approve the cancellation of Section 5.04.450 of the Municipal Code, effective December 31,2003.

Respectfu ubmitted,

Interim Director, Finance and
Management Agency

Prepared by:
Debra Taylor Johnson
Revenue Manager

APPROVED FOR FORWARDING TO THE
FINANCE AND MANAGEMENT COMMITTEE:



Office of the City Manager

Item: 4
Finance and Management Committee
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Melville S. A.
CITY ATTORNEY

OFFICE OF THE CITY CLERK
OAKLAND

ORDINANCE NO. _____ C.M.S.

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AN ORDINANCE RESCINDING SECTION 5.04.450 OF THE OAKLAND MUNICIPAL CODE TO ALLOW TAXPAYERS TO REPORT GROSS RENTAL RECEIPTS SEPARATELY FOR THE PURPOSE OF PAYING THE ANNUAL BUSINESS TAX

WHEREAS, Section 5.04.450 of the Oakland Municipal Code, the City of Oakland currently requires residential and commercial rental property owners with more than one rental property to combine and report the gross receipts for each location; and

WHEREAS, the City desires to rescind Sections 5.04.450 of the Oakland Municipal Code to allow taxpayers to report gross rental receipts separately for each rental property;

NOW, THEREFORE, THE COUNCIL OF THE CITY OF OAKLAND DOES HEREBY ORDAIN AS FOLLOWS:

SECTION 1. The City Council finds and determines the forgoing recitals to be true and correct and hereby adopts and incorporates them into this Ordinance.

SECTION 2. The Municipal Code is hereby amended to add, delete, or modify sections as set forth below (section numbers and titles are indicated in **bold type**; additions are indicated by underscoring and deletions are indicated by ~~strike through~~ type portions of the regulations not cited or not shown in underscoring or ~~strike-through~~ type are not changed.

SECTION 3. Section 5.04.450 of the Municipal Code is hereby deleted in its entirety.

~~5.04.450 Combined gross receipts.~~

~~Whenever a person has more than one business classified under Section 5.04.420A and/or 5.04.430A, the gross receipts for each such location are to be combined and reported on one declaration for the purpose of paying an annual business tax.~~

IN COUNCIL, OAKLAND, CALIFORNIA, SEPTEMBER __, 2003

PASSED BY THE FOLLOWING VOTE:

AYES - BROOKS, BRUNNER, CHANG, NADEL, QUAN, REID, WAN AND PRESIDENT DE LA FUENTE

NOES-

ABSENT-

ABSTENTION

ATTEST: _____

CEDA FLOYD
City Clerk and Clerk of the Council
of the City of Oakland, California

FINANCE & MANAGEMENT CMTE.

OCT 28 2003

Michelle S. ...

NOTICE AND DIGEST

AN ORDINANCE RESCINDING SECTION 5.04.450 OF THE OAKLAND MUNICIPAL CODE TO ALLOW TAXPAYERS TO REPORT GROSS RENTAL RECEIPTS SEPARATELY FOR THE PURPOSE OF PAYING THE ANNUAL BUSINESS TAX

This is an ordinance rescinds Section 5.04.450 of the Oakland Municipal Code in order to allow taxpayers to report gross rental receipts separately for the purpose of paying the annual business tax.

4
FINANCE & MANAGEMENT CMIE

OCT 28 2003