



CITY OF OAKLAND

## MEMORANDUM

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**DATE:** July 9, 2020  
**TO:** City Council and Members of the Public  
**FROM:** Councilmember Nikki Fortunato Bas  
Councilmember Sheng Thao  
President Pro Tempore Dan Kalb  
**SUBJECT:** **Amendment to the Equitable Business Tax Resolution to Create A Blue Ribbon Commission to Establish Business Tax Rates**

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Dear Colleagues on the City Council and Members of the Public,

After hearing requests from the business community for more process and a longer timeframe for updating Oakland's business tax to be a more equitable and progressive structure, we are providing the following amendment to the legislation: establishing a Blue Ribbon Commission to analyze the business tax rate structure for up to one year after the passage of the measure and provide recommendations on how the City Council should establish business tax rates, not to exceed the rates published in this legislation. The Blue Ribbon Commission would also advise the Council on policy and budget allocations necessary to ensure a vibrant business community and economic vitality in the City of Oakland.

The proposed Equitable Business Tax legislation contains flexibility for the Council to make adjustments prior to its implementation in two important ways:

**First, the Council may lower the business tax rates.** The rate structure in the legislation provides a ceiling for business tax rates, which the Council may amend to be lower at any time, for any category, as stated in Section 9. The Blue Ribbon Commission would be charged with making recommendations to the Council regarding the rates prior to implementation, the only requirement being that the rates may only be adjusted lower.

**Second, the Council may delay the Equitable Business Tax implementation by an additional year to apply to any 2023 business tax certificate, rather than any 2022 business tax certificate.** There is a provision in the legislation (see 5.04.680), which allows for this lengthened period of time.

It is of critical importance that this legislation be placed on the November 2020 ballot. Small businesses in Oakland are in dire need of relief, and the business tax is one important way for the City to provide it. The business tax in Oakland, which is flat and regressive, has not been

Councilmembers Nikki Fortunato Bas and Sheng Thao and President Pro Tempore Dan Kalb  
Subject: Equitable Business Tax Update

substantively updated for over twenty years. The time is long overdue to invite larger businesses, many which are already philanthropic and committed to Oakland, to deepen their contribution to our local government infrastructure, increase general purpose fund revenue, and assist our city's ability to provide essential services for the businesses and residents of Oakland.

We respectfully request that the City Council, in order to raise revenue for the City's general purpose fund, increase City Services, and create more equity and fairness in the City's business tax structure:

**Adopt A Resolution On The City Council's Own Motion Submitting To The Voters At The November 3, 2020 General Municipal Election, An Ordinance Repealing And Replacing Chapter 5.04 Of The Oakland Municipal Code To Create A Progressive, Modern, And Equitable Business Tax Structure; And Directing The City Clerk To Take All Actions Necessary To Prepare For And Conduct A November 3, 2020 General Municipal Election.**

For questions regarding this memorandum, please contact Miya Saika Chen, Chief of Staff, Office of Councilmember Nikki Fortunato Bas, at [mchen@oaklandca.gov](mailto:mchen@oaklandca.gov).

Respectfully Submitted,



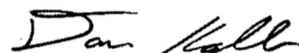
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Nikki Fortunato Bas  
Councilmember, District 2



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Sheng Thao  
Councilmember, District 4



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Dan Kalb  
Council President Pro Tempore, District 1

Attachment 1: Blue Ribbon Commission to Equitable Business Tax Resolution Amendment

**PART 4. Blue Ribbon Commission to Equitable Business Tax  
Resolution [DRAFT]**

**SECTION 1. ESTABLISHMENT**

Pursuant to Section 601 of the Charter of the City of Oakland, there is hereby created an Oakland Business Tax Blue Ribbon Advisory Commission (hereinafter referred to as the “Blue Ribbon Commission” or “Commission”).

**SECTION 2. DUTIES AND FUNCTIONS**

It shall be the duty and function of the Blue Ribbon Commission to:

- a. Provide advice and recommendations to the City of Oakland on how the City Council should establish business tax rates within the ranges described in Section 5.04.205 Tax Rates for Class A Through Class J - Progressive Rates to ensure the economic vitality of the business ecosystem in Oakland. The items for consideration by the Commission may include identifying businesses that should be considered “regulated industries” in order to make recommendations.
- b. Conduct meetings and use other public forums to collect and receive public input on the above subject matter.
- c. Review, draft and submit in writing for City Council consideration, recommended business tax rates relevant to the above subject matter, by June 30, 2021.
- d. Provide analyses to the City Council of the economic impacts of the recommended business tax rates relevant to the above subject matter, in consultation with the City’s Departments of Economic and Workforce Development and Finance, by June 30, 2021.
- e. Provide policy recommendations to the City Council regarding business taxes and economic development for the

City of Oakland, within one year of the passage of the ballot measure.

- f. Provide recommendations to the City Council about budget allocations to support small businesses and contribute towards a thriving business community in the City of Oakland, within one year of the passage of the ballot measure.

### **SECTION 3. MEMBERSHIP AND QUORUM**

- a. The Commission shall consist of nine (9) members, at least six (6) of whom are Oakland residents. Pursuant to Section 601 of the Charter, members of the Commission may be appointed by the Mayor subject to confirmation by the affirmative vote of five members of the Council. Each Councilperson shall nominate for the Mayor's consideration his/her own recommendation for Commission member.
- b. Five (5) members shall constitute a quorum.
- c. Each commission member shall serve as a volunteer without pay.
- d. The members shall be appointed to one term of one (1) year beginning on December 1, 2020 and ending on November 30, 2021. An appointment to fill a vacancy shall be for the unexpired term only.
- e. All members of the Blue Ribbon Commission shall be persons who have an interest in the economic development and vitality of the City of Oakland as demonstrated by work experience, civic participation, and/or political advocacy. No member may be an elected official. Members of the Blue Ribbon Commission may represent the following criteria, with no more than two (2) members representing any one criteria and at least one from each criteria to the extent possible:
  1. members representing the very small business community (those businesses with gross receipts below \$2.5M);
  2. members representing the small to mid-sized business community (those businesses with gross receipts below \$10M)

3. members representing large businesses (those businesses with gross receipts above \$25M);
4. a member of an organization which focuses on economic development, entrepreneurship, or business development, with experience working in the City of Oakland;
5. an economic expert or tax professional who has experience analyzing economic trends and business tax structures; and
6. A member of a community organization or labor union who has experience with City budgets and/or City services.

#### **SECTION 4. VACANCY AND REMOVAL**

- a. A vacancy on the Blue Ribbon Commission will exist whenever a member dies, resigns, or is removed, or whenever an appointee fails to be confirmed by the Council within 30 days of appointment. Vacancies shall be filled for an unexpired term provided, however, that if the Mayor does not submit for confirmation a candidate to fill the vacancy within 60 days of the date the vacancy first occurred, the Council may fill the vacancy. If the Mayor does submit for confirmation a candidate to fill a vacancy within the 60-day time frame and the Council does not confirm the candidate, the 60-day period shall commence anew. For purposes of this Section, a seat filled by a holdover appointment will be considered vacant as of the expiration of the holdover's prior term of office.
- b. Pursuant to Charter Section 601, a member may be removed for cause, after a hearing, by the affirmative vote of at least six (6) Council members.

#### **SECTION 5. COMMISSION GOVERNANCE**

##### **a. OFFICERS AND ELECTIONS**

At the first regular meeting, members of the Blue Ribbon Commission shall elect a chairperson and a vice chairperson

##### **b. MEETINGS AND VOTING**

The Blue Ribbon Commission shall meet at an established regular interval, day of the week, time and location suitable for its purpose. Such meetings shall be designated regular meetings. Other meetings scheduled for a time or place other than the regular day, time and location shall be designated special meetings. Written notice of special meetings shall be provided to the Blue Ribbon Commission members and all meetings of the Commission shall comport with the Ralph M. Brown Act and the City's "Sunshine Ordinance" (Chapter 2.20 of the Oakland Municipal Code).

The Blue Ribbon Commission shall, in consultation with the City Administrator, establish bylaws, rules and procedures for the conduct of its business by a majority vote of the members present. Voting shall be required for the adoption of any motion or resolution.

Any action by the Commission shall be approved by a majority of members present provided a quorum exists.

**c. STAFF AND BUDGET**

Staff assistance may be provided to the Blue Ribbon Commission as determined by the City Administrator pursuant to his or her authority under the Charter to administer all affairs of the City under his or her jurisdiction.

The City shall allocate fifty thousand dollars (\$50,000) towards an economic consultant to provide technical assistance to the Commission.