



Measure U – Business Tax Fiscal Impact Estimates

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Agenda

- ▶ Business Tax Estimates
- ▶ Transition Year
- ▶ Community Outreach
- ▶ Revenue Comparisons
- ▶ Rate Comparison
- ▶ Administrative Rulings and Procedures

Business Tax Estimates

- Original estimate was \$9.5 million
- Transition year (FY 2022) revenue loss estimated to be \$2.0M
- Allowing Rent Board fees for small residential rental properties as credit towards Business Tax will reduce revenue by \$1.6M (FY 2022)
 - Rent Board fees are typically adjusted in May and new rates go into effect in July
- Ongoing revenue estimate is \$7.9 million
- Council of Industries estimate of ongoing revenue is \$12 million*

* Does not include revenues from rental properties or cannabis businesses

Transition Year

- ▶ One-time shortfall from original projections in FY 2022 by approximately \$2 million.
- ▶ Revenue loss stems from the postponement of the implementation date
 - ▶ Business Licenses expiring before 12/31/2021 will not get transitioned to the new methodology until after their current license expires in 2022

Community Outreach

- 9,000 data sheets sent to both businesses and rental properties
- 1,900 Renewal Notices sent to businesses expired in December 2021
- 4,044 flyers mailed to businesses
- Updated website
- Created online appointment system https://calendly.com/measure_u_info
- Community Meetings

Business Tax Renewal



Dear Business Community,
Richmond voters approved Measure U on November 3, 2020, which changes the Business Tax calculation methodology to be based on gross receipts in the City of Richmond instead of the number of employees. As the City moves forward with implementing the new Tax, City staff have created a number of resources to support Richmond businesses through the renewal process.

Estimada comunidad empresarial,
Los votantes de Richmond aprobaron la Medida U el 3 de noviembre de 2020, que cambia la metodología de cálculo del impuesto comercial para que se base en los ingresos brutos en la ciudad de Richmond en lugar de la cantidad de empleados. Mientras la ciudad avanza en la implementación del nuevo impuesto, el personal de la Ciudad ha creado una serie de recursos para apoyar a las empresas de Richmond a través del proceso de renovación.



Review resources and renew your business application by scanning the QR code or by visiting:
www.ci.richmond.ca.us/measureU
Revise los recursos y renueve su aplicación comercial escaneando el código QR o visitando el sitio web de la Medida U.



Schedule a 15 minute One-on-One meeting with Finance Department by scanning the QR code or visiting:
calendly.com/measure_u_info
Programa una cita individual de 15 minutos con el Departamento de finanzas escaneando el código QR o visitando el sitio web de la Medida U o Calendly.



Contact Us/Contacta con Nosotros
City of Richmond Finance Department
Email: measure_u_info@ci.richmond.ca.us
Phone: (510) 620-5555



Revenue Comparisons

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	City of Richmond	Council of Business and Industries
Calculation methodology	Estimate based on 2020 sales tax data	Estimate based on national and regional census data and local per-employee revenue generation assumptions
Data sources	1Q 2020 sales tax data from City's tax consultant, Avenu Insights & Analytics	Small business revenue statistics (2020): Annual sales and earnings, published by Fundera City's business license data (companies, categories, and employee counts) US Census data on number of firms, establishments, employment, annual payroll, and preliminary receipts by enterprise employment size for the US, all industries (2017)
Number of Richmond-based businesses used in calculation	1,037	2,273
Methodology limitations	Assumes gross receipts only from sales tax revenue sources Ignores gross receipts from non-sales tax-paying sources Number of businesses included in model nearly 70% lower than current BUSINESS TAX database (actual in 2021 database is 3,505*)	National statistics and industry composition that may not be reflective of Richmond-based businesses US Census data not available after 2017 Number of businesses included in model nearly 35% lower than current BUSINESS TAX database (actual in 2021 database is 3,505*)
Estimated Revenues based on Measure U approved rates and calculation methodology	\$3,438,000	\$12,050,000

Rate Comparison

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Approved Richmond Rates

Current Rates (no marginal tax rates currently in place)

Class	Industry	Under \$1M **	\$1M to \$2.5M	\$2.5M to \$25M	\$25M to \$50M	Over \$50M	Industry	Current Oakland Rates	Current Berkeley Rates
A	Retail Sales	0.12%	0.16%	0.20%	0.24%	0.32%	Retail Sales	0.12%	0.12%
B	Grocers	0.06%	0.10%	0.13%	0.015%	0.20%	Grocers	0.06%	0.06%
C	Automobile Sales, Manufacturing	0.12%	0.22%	0.31%	0.41%	0.50%	Automobile Sales, Manufacturing	0.12%	0.12%
D	Recreation and Entertainment	0.45%	0.46%	0.47%	0.48%	0.50%	Recreation and Entertainment	0.45%	0.45%
E	Hotel Motel	0.18%	0.28%	0.38%	0.48%	0.50%	Hotel/motel	0.18%	1.081%-2.880%
F	Construction contractor	0.18%	0.21%	0.24%	0.27%	0.30%	Construction contractor	0.18%	0.18%
G	Business and personal services	0.18%	0.27%	0.36%	0.50%	0.54%	Business and personal services	0.18%	0.18%
H	Professional/semi-professional service	0.36%	0.41%	0.45%	0.50%	0.68%	Professional/semi-professional service	0.36%	0.36%
I	Administrative headquarters (payroll based, not gross receipts)	0.12%	0.15%	0.19%	0.22%	0.24%	Administrative headquarters (payroll based, not gross receipts)	0.12%	0.12%
J	Miscellaneous	0.24%	0.31%	0.38%	0.45%	0.48%	Miscellaneous	0.12%	0.24%

Sales Tax Data

Class		Under \$250k	Under \$1M	\$1M to \$2.5M	\$2.5M to \$25M	\$25M to \$50M	Over \$50M	Totals
A	Retail Sales	429	139	57	57	4	3	689
B	Grocers	28	16	8	5	-	-	57
C	Automobile Sales, Manufacturing	85	33	22	18	2	1	161
H	Professional/semi-professional service	80	28	13	9	-	-	130
	Totals	622	216	100	89	6	4	1,037

Number of Employees

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Class		2 or less	3 to 10	11 to 25	26 to 50	51 to 100	101 to 500	Over 500	Total
A	Retail Sales	151	697	41	28	10	7	-	934
B	Grocers	71	14	6	1	3	-	-	95
C	Automobile Sales, Manufacturing	120	42	26	11	6	6	1	212
E	Hotel Motel	6	8	1	1	1	-	-	17
F	Construction contractor	393	95	21	11	5	-	-	525
G	Business and personal services	667	88	25	9	6	-	1	796
H	Professional/semi-professional service	944	129	36	10	11	6	-	1,136
I	Administrative headquarters (payroll based, not gross receipts)	31	3	3	-	1	-	-	38
N	Taxi and limousine service	11	1						12
O	Transportation, trucking	65	15	4	3	4	1	-	92
	Totals	2,459	1,092	163	74	47	20	2	3,857

Administrative Rulings and Procedures

- New situations will arise and will have to be addressed in a consistent and fair manner
- Administrative Rulings
 - Used to add clarification & transparency to definitions
 - Added on an as needed basis
- Procedures
 - Needed to deal with recurring issues in a consistent and fair manner
 - Allows new staff to more easily assume Business Tax duties

Amnesty on Late Fees

- All business taxes are due on the renewal date.
- Council action on November 23, 2021 established late fee amnesty until June 30, 2022.

Public Information Tools

Review the frequently asked questions (FAQ) list

Created online appointment system

https://calendly.com/measure_u_info

Sent business information requests to prepare for December mailing of renewal notices

Leave questions for staff on the business tax hotline **510-620-5555** or email at

measure_u_info@ci.richmond.ca.us

Public Information Tools

<http://www.ci.richmond.ca.us/2913/Measure-U---Gross-Receipts-Ballot-Measur>

- Measure U - Gross Receipts Ballot Measure
- Accounts Payable
- American Rescue Plan Act
- Budget ▶
- Business Licenses
- Business License / Revenue
- Community Budget Meetings
- Credit Rating Reports
- Finance Admin
- Financial Reports ▶
- Five-Year Financial Plan ▶
- Five-Year Strategic Business Plan
- General Accounting ▶
- Grant Management Policy
- Master Fee Schedule
- Payroll
- Potential Vacant Property Tax
- Presentations, Q&A, and Other Budget Documents
- Purchasing ▶
- Treasury ▶
- Richmond California BUSINESS
- COR Connect
- Environment

Home > Departments > Finance > Measure U - Gross Receipts Ballot Measure

Measure U Gross Receipts Business Tax





Measure U - Business Tax Calculator
Calculate your current and proposed tax under Measure U
[Click Here](#)



Measure U - Schedule 15 minute One-on-One session with Richmond Finance Department Staff
[Click Here](#)



Measure U
Principal Business or Professional Activity Codes
[Click Here](#)



Measure U Business Activity Classification
Convert Professional Activity Codes to Measure U Business Class
[Click Here](#)



Measure U - Business Tax
Frequently Asked Question (FAQ)
[Click Here](#)

Contact Us

General Inquiries:

- Email: measure_u_info@ci.richmond.ca.us
- Phone: (510) 620-5555

Stay Informed:

Sign up for our [email listserv](#) for up to date information about Measure U and Measure U Implementation.

Schedule a Meeting:

Sign up for time slot to discuss Measure U implementation and you business on [Calendly](#).

Hours of Operation:

- Monday - Friday

ANY
QUESTIONS?

Small Landlord Rent Control Fee Credit

- Proposed Ordinance allows landlords of 1 to 4 residential units to get credit for all Rent Board Fees paid against their Business Tax
- Estimate impact is \$1.6M. Calculation based on:
 - 5,637 partially covered units paying the Just Cause Eviction yearly fee of \$123
 - 4,380 fully covered units paying the Rent Ordinance yearly fee of \$218

Units	Fee	Total RC Revenue
5,637	\$123	\$693,351
4,380	\$218	\$954,840
10,017		\$1,648,191