

MEASURE P

CITY ATTORNEY'S IMPARTIAL ANALYSIS OF MEASURE P

The Mountain View City Council has placed Measure P on the November 6, 2018 ballot, asking voters to adopt a Business Registration and License Tax Ordinance to restructure the City's business license tax.

Currently, businesses pay for a license based on the nature of the business (i.e. professional service, manufacturer, animal hospital, hotel, etc.). The tax structure and rate have not changed since 1954. Most businesses pay an annual license fee of \$30. The ordinance restructures the tax and bases it on the average number of employees of the business and authorizes a maximum tax rate. If approved, each business would be required to register and pay a fee to obtain a business license every year by January 1st.

The business registration and license tax applies to those businesses whose annual gross receipts total \$5,001 or more. The base tax rate is \$75 and increases as the number of employees of a business increases as set forth below:

Number of Employees	Maximum Authorized Business Registration and License Tax
1	\$75
2-25	\$75 + \$5/employee for each employee over 1
26-50	\$195 + \$10/employee for each employee over 25
51-500	\$445 + \$75/employee for each employee over 50 employees
501-1,000	\$34,195 + \$100/employee for each employee over 500 employees
1,001-5,000	\$84,195 + \$125/employee for each employee over 1,000
5,001 +	\$584,195 + \$150/employee for each employee over 5,000

Businesses located outside of the City, but who send employees into the City to conduct business would be taxed at 25%, 50% or 100% of the tax rate based on the number of days the employees conduct business or provide services in the City.

The City estimates this tax could generate approximately \$6 million annually. All tax proceeds would go into the City's general fund and could be used for any legitimate governmental purpose. Any funds generated by the business registration and license tax would be subject to an independent annual audit.

The tax would be implemented over three years. Businesses with fifty (50) employees or less would begin paying the tax on January 1, 2020. Businesses with fifty-one (51) employees or more would pay one-third (1/3) of the tax owed on January 1, 2020, two-thirds (2/3) of the tax owed on January 1, 2021 and the full tax on January 1, 2022 and thereafter.

CITY ATTORNEY'S IMPARTIAL ANALYSIS OF MEASURE P-Continued

The City Council may amend or repeal the ordinance in any manner that does not increase the tax above the amount approved by the voters. This means the City Council can adopt a lower tax rate and raise it again to the amount authorized by this ordinance without further voter approval. However, voter approval is required to increase the tax above the amount authorized by this ordinance.

A "YES" vote would adopt the Business Registration and License Tax Ordinance. A "NO" vote would not adopt the Business Registration and License Tax Ordinance.

Measure P would be approved if it received a simple majority of "YES" votes.

The above statement is an impartial analysis of Measure P. If you desire a copy of the ordinance or measure, please call the City Clerk at (650) 903-6304 and a copy will be mailed at no cost to you. Copies are also available in the City Clerk's Office and on the City's website at www.mountainview.gov.

By: /s/ Jannie L. Quinn
City Attorney, City of Mountain View

ARGUMENT IN FAVOR OF MEASURE P

Mountain View's business license fees haven't changed since 1954, and most large businesses pay the same annual rate (\$30) that small businesses pay. 1954's \$30 would be about \$275 today.

Much has changed since 1954. Mountain View has prospered, but employment growth has brought traffic congestion, burgeoning greenhouse gas emissions, and high housing costs.

After months of outreach to our business community and the public at large, **the Council voted unanimously** to ask voters to implement a modern, fairer structure that keeps the taxes of small businesses low. The 94% of Mountain View businesses with 25 or fewer people would pay no more than \$195 per year. Larger employers would pay more since they have a greater impact. The new rates will not begin until 2020 and will be phased in over three years for large businesses. Non-profits are exempt.

Unlike proposals elsewhere, Mountain View's current Council has resolved to spend 80% of the money, along with other funds, on transportation improvements that benefit businesses as well as the community at large, including:

- Building an underpass at Rengstorff that goes under the railroad tracks and Central Expressway
- Upgrading our Downtown Transit Center
- Funding the free, electric community shuttle
- Expanding bike/pedestrian improvements throughout the City, including new connections to the Stevens Creek Trail and enhancing safe routes to schools

Another 10% would be spent on affordable housing. The new rates will give Mountain View a stable source of funds, under our own control, that we can use to leverage other sources and guarantee bonds for long-term investments. The Council may raise the rates with inflation, but no more, and it also can adjust them downward to adapt to challenging economic conditions.

Please **join us in voting YES on Measure P** so Mountain View's growth is sustainable and benefits the entire community.

/s/ Lenny Siegel
Mayor, City of Mountain View

/s/ Pat Showalter
Councilmember, Former Mayor, City of Mountain View

/s/ Steve Rasmussen
Owner, Milk Pail Market

/s/ Bruce Karney
Chair, Environmental Sustainability Task Force-2

/s/ Meghan R. Fraley
Mountain View Thrive

REBUTTAL TO ARGUMENT IN FAVOR OF MEASURE P

The resolution of the City Council concerning how the money raised by this employee tax measure might be spent is not binding and maybe repealed or replaced at any time by another vote of the City Council.

The truth is that the money could be used for most anything-including higher salaries, pensions and other benefits for employees.

The two revenue measures placed on the November 6 ballot by the City Council should remind us that city government has important powers-as does the state government-which can enhance or undermine the quality of living here.

A proposed law at the state level earlier this year (Senate Bill 827) would have authorized big developers to build highrise apartments and condos most anywhere and NOT even provide any parking spots. That proposal may well return just after the November election.

Choose your city and state representatives carefully. They all make important decisions-including how to spend the money collected.

/s/ Gary Wesley

ARGUMENT AGAINST MEASURE P

On June 26, the Mountain View City Council unanimously placed two revenue measures on the November 6 ballot. This one would increase the business license fee and establish a low per-employee tax of (up to) \$150 per year. The other measure proposes a tax on retail marijuana sales of (up to) 9%.

These revenue measures will not yield enough money to help much. The new business/employee tax might net \$5-10 million per year; the marijuana tax would raise \$90,000 per year on \$1 million in sales.

While \$5-10 million per year could buy some community shuttles, the shuttles could not keep up with the city's allowing more office space.

Many believe additional office space should be limited to parts of the county that have space for nearby housing. That would be south county.

Neither city measure on the November ballot was written as a **"special tax."** A special tax would require two-thirds voter approval and limit use of the proceeds to listed purposes.

Instead, the City Council went along with city staff and is proposing two **general tax measures** that only need a simple majority of those voting to pass and permit the money raised to be spent on most anything the city government wishes.

/s/ Gary Wesley

REBUTTAL TO ARGUMENT AGAINST MEASURE P

In response to rapid tech employment growth, Mountain View is leading Silicon Valley by planning for new mixed-use neighborhoods with jobs and housing near transit corridors. This will slow the growth of housing costs and reduce traffic, limiting vehicle miles traveled and greenhouse gas emissions.

Mountain View is moving forward with a Comprehensive Multi-Modal Transportation Plan to make it easier for people to drive less. Our Environmental Sustainability Task Force reports that these improvements will combat climate change since 60% of GHG comes from transportation.

The City Council declared its intent to spend 80% of the revenue from the restructured Business License tax to alleviate traffic congestion, and the City has established a Transportation Reserve to collect funds for transportation investments.

The revenue from the restructured Business License Tax, expected to reach \$6 million annually in 2022, will provide Mountain View with a sustained source of funding to:

1. Fund transportation projects of our choosing. Regional, state, and federal funding is currently limited
2. Bond for major transportation improvements.
3. Seek matching funds from state and federal governments as money becomes available.
4. Support the operation of our free, electric community shuttle.
5. Supplement funding for affordable housing projects.

Measure P alone won't solve our transportation problems, but it's a critical step forward. It is fair and reasonable to ask employers to help solve the challenges associated with their growth, especially since they will benefit from the improvements along with the rest of us.

Vote YES on Measure P.

/s/ Lenny Siegel
Mayor, City of Mountain View

/s/ Pat Showalter
Councilmember, Former Mayor, City of Mountain View

/s/ Steve Rasmussen
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