

Question 5

Questionnaire for City Council Candidates 2009 Palo Alto Neighborhoods (PAN)

Terminology: "the City" refers to the government of the City of Palo Alto.

Business license tax: What is your position on a business license tax, such as the one on the November ballot?

[A] [Dan Dykwel](http://www.dandykwel.com) : <http://www.dandykwel.com>

I realize this is a difficult time to levy new taxes on our businesses. As a small businessman in Palo Alto I, too, will be subject to this tax. But, I support the business license tax. I worked on the Chamber of Commerce business license tax task force which was formed to respond to and oppose the tax being proposed by the City. After several months of studying other cities' taxes and presenting arguments to the City, I changed my position to one of favoring this tax. For the vast majority of businesses in town, the fee will be nominal. The tax will align Palo Alto with nearly every other city in the state and provided badly needed revenue.

[B] Victor Frost: No response from candidate.

[C] Chris Gaither

I do not support the business license tax in its proposed form, and the one on which we will vote in November. I believe the employee based tax is too high, adds further burdens to doing business in this current financial climate, and penalizes small businesses which are the number one sources of employment opportunities in our NATION. I do support some type of nominal licensing fee like \$ 100 per business entity of which the sole purpose is to advertise and document the services and products offered in the city by ALL of its business establishments – home based, e-commerce, and brick and mortar (offices and store front retail).

When I was visiting Castro Street in Mountain View the first night of its Art and Wine festival, I met a Mountain View businessman who was walking his newborn child. I asked him if business owners paid a business tax in Mountain View. He responded yes, but it was not a burdensome fee, and that it ranges between \$30 to \$100 per business. In addition, he added that operating a business in Mountain View is a wonderful experience! He felt treated well by both the city and the Chamber of Commerce. Sounds like, lots of bang, for a minimal buck!!!

This is the vision that the City of Palo Alto needs to adopt. Let's make it attractive financially and service wise for businesses to flourish in the city, and let's communicate with, and fully support our businesses. Remember, small businesses supply the largest number of employment and career opportunities in this nation. We are an entrepreneurial based society. In return, as a city, we are equally if not more rewarded by the revenue, tourism (even more revenue) and goodwill and services of our local businesses – both small and large.

Our goal should be to encourage, and seek as many people as possible to start and sustain small businesses not only in Palo Alto, but throughout our country. And this is a great time to just do it! Go start a business tomorrow (of course after you have written your business plan), and knock on those doors to get funding. If you wholeheartedly create it, they will come!!! And in this spirit, let's not hamper our businesses by imposing additional taxes that do not provide services with payment of those taxes, and that further financially burden our businesses.

[D] Tim Gray : www.vote4Gray.com/

What is the extra value that we are planning on providing to the people we tax. If we can deliver value, then the tax should be supported. If it is just another way for our City to put its hands in our pockets, and avoid fiscal discipline, it will not be supported by the community – which I am a part of.

[E] John Hackmann

Measure A on the ballot proposes a combination business registry and employee tax.

A business REGISTRY requires no vote, only a limited fee, and can be enacted by the City Council directly, and even carried out by the Chamber of Commerce or a private business at no cost to the city.

The business TAX proposal (up to \$30,000 per business), with the City claiming the right to AUDIT even INSPECT every SMALL BUSINESS and HOME BUSINESS in Palo Alto just seems very inappropriate for our town. This in my opinion is not the Palo Alto way.

If we are one of the relatively few cities without business tax or registry requirement, this can be effectively marketed as “Business Destination: Palo Alto” to draw business to our town, and could be one reason we are so successful here in Palo Alto in attracting new businesses.

Business is hurting right now. This is just not the time for any new tax or heavy new regulation. I urge each voter in Palo Alto to OPPOSE MEASURE A.

Over spending is not cured by extra, new taxes. I have spoken out at four Finance Committee and City Council meetings AGAINST this tax on an estimated 9,000 businesses. Other cities primarily use a business registry with a minimum cost, not even requiring a vote.

Measure A is a HUGE NEW TAX partly described as a business registry. Home businesses and small businesses need to be more supported by Palo Alto. It is wrong to subject thousands of HOME BUSINESS to city audits and unnecessary burdens.

A deep recession is the wrong time for new taxes; let's fix our spending problem first.

[F] [Karen Holman](http://karenholman.org) : karenholman.org

I am opposed to the business license tax for a few reasons, and will mention some here:

- While I understand that a ballot measure that earmarks funds would require a two-thirds majority to pass the tax, the lack of any commitment on the part of the City to improving business conditions loses my support. There have been assurances made in the past to improve the permitting process, to improve the alleys, and add directional signage for businesses on cross streets that have not materialized.

One example of needed improvement: there is no coordinated process to get approvals for holding events that promoting business or to get occupancy permits for tenant improvements even in existing buildings. The current system requires different, uncoordinated approvals from the numerous departments each of which has a different set of criteria to check. As a result new issues can be discovered late in the process, causing delays, costing tenants money in delayed opening dates or, worse

yet, causing them to give up and go to another community. I hear these stories from frustrated business owners regularly.

Improvements made to business conditions will help the businesses thrive which in turn helps Palo Alto's revenue stream.

- A time of recession is not a time to raise taxes on the businesses that are struggling to make it and that contribute to our bottom line. While the tax does not kick in until 2011, many economists predict the downturn to last as much as 5 years.

- Palo Alto needs to commit to and conduct specific, targeted internal audits to look for waste, duplicated efforts, and efficiencies before looking to raise taxes or cut services. The recent phone audit identifying \$235,000 due to lack of oversight is an example. Because Palo Alto does not use zero based budgeting but rather adds on to existing department budgets, there is good likelihood of budgetary improvements.

[G] Larry Klein www.ReelectLarryKlein.com

I favor the Business License tax for the following reasons:

- We need the revenue – about \$ 3 million dollars per year—to close a portion of our \$10 million budget gap

- It's a fair tax. It will reach service providers such as lawyers, CPAs, consultants and venture capitalists who do not pay sales tax. They will pay nearly half of the tax.

- It's a modest tax.. \$35 per employee per year for retail businesses up to \$95 per employee per year for service providers. Neighboring cities charge similar amounts. San Francisco charges much more.

- It will be easy to administer. All an employer will have to do is add up the number of its full time equivalent employees and fill out a simple form.

- All but two or three of California's cities have a Business License Tax. We have borrowed the language for our proposed BLT from them. None report any difficulties in the administration of the tax.

[H] Leon Leong : www.leonleong.com

I am opposed to the specific Business License Tax, Measure A that is on the ballot for the following reasons:

- 1) The structure of the tax is regressive & unfair: City staff estimates that 80% of the tax will be paid by small businesses, many of these small businesses are ones that serve the community, while only 10% of the tax are paid by large corporations.

- 2) Palo Alto already is perceived as a more difficult city to do business – we don't need another reason to drive away new businesses, especially considering that the vacancy rate among our retail areas are high, for example the Downtown. The proposed business tax is one of the most expensive taxes among cities in Silicon Valley.

- 3) The money raised is not dedicated to specific infrastructure projects, or city service, and will not solve our current fiscal year deficit.

[I] Corey Levens : www.electcoreylevens.com

As a former small business owner (I owned and operated a retail, franchise children's store, "Once Upon A Child," in Mountain View, and a second store in San Jose, from 1993-98), I am extremely familiar with the concerns of small business owners and the burdens placed upon

them. As a corporate attorney for 20 years, I am extremely familiar with the concerns of large corporations.

A business tax, depending on how it is constructed, can be a significant and legitimate source of revenue for Palo Alto. Provided it is properly designed and applied, I am in favor of a business tax **so long as it is no greater than the lowest such tax in any of the surrounding communities with which Palo Alto competes for attracting new businesses.** Palo Alto must stem the exodus of businesses from Palo Alto to other communities and must start attracting businesses to our City. The decline in sales tax revenue is a large contributor to our current budget woes, and it cannot all be attributed to a declining economy. To enact the business tax being proposed by the Council at this time is bad policy. It is time to bring new thinking to the Council.

In designing a business tax, the form of business tax I would support would be based on receipts, rather than on the number of employees. A tax based on the number of employees (as the business community favored), would provide a direct incentive for cutting employment and I would find it difficult to support such a policy. I believe a receipts based tax makes much more sense and is easily manageable (the software I used in the '90's allowed me to determine my receipts at any given time). I am aware that the business community is wary of a tax based on receipts due to confidentiality concerns (as a small business owner I would not have wanted my revenues made public), but I believe that with the assistance of the business community such concerns can be overcome. Finally, I believe that for any business tax, small businesses should pay only a nominal tax, and the rates should be graduated according to the size of the business up to a specified maximum amount.

[J] Gail Price

A balanced budget will require compromises. The deficit we are facing is not dissimilar to what other communities are facing throughout the region and California. I believe that we need to pay our city employees good wages and reasonable benefits that are aligned with what other communities have negotiated. Our pay scales should be comparable to "benchmark cities." I have several ideas to explore.

I believe that additional savings can be identified with more focused discussions and establishing an on-going joint benefits committee that explores more creative and solutions from both sides. Both have a vested interest in making this successful. Solid solutions are not necessarily developed in the midst of urgent and intense debate.

I think that the City and the unions need to engage in better communication and explore alternative methods and "best practices" for funding benefits and managing costs. I am a proponent of more aggressively reviewing what has been done successfully in other communities, including a phased approach to address significant budget problems. Other communities have used methods of cost containment while remaining competitive; other cities have concluded negotiations successfully.

In many cases, employees closest to the work being done can best and most easily identify creative ideas, including feasibility and impact of costs savings or revenue generation. I am not sure this has been fully explored.

The City should explore additional ways of providing services at market rates to other public agencies as long as it does not reduce services to Palo Alto. We currently have revenue for services provided to other public and private entities (County of Santa Clara and Stanford University).

Given the current recession and skepticism about government, I do not think this is the time to consider either a bond measure or a parcel tax although it may be one of the few choices we have in the future to support services or to at least partially fund a new police station.

Investment in and support of the business community is critical. We need to ensure that we are sufficiently business friendly to support our businesses and create an environment that promotes revitalization and expansion of business opportunities and jobs. Successful business supports employment and creates sales tax revenue. I think we should explore additional opportunities for hotels to provide additional options to business, tourists, and academic visitors to Stanford. An additional source of transit occupancy tax revenue would enhance our General Fund.

[K] [Greg Scharff](http://ElectGregScharff.com) : ElectGregScharff.com

I oppose "Measure A", the current business license tax on the November ballot. It HURTS SMALL BUSINESS, is poorly drafted, overly broad and not consistent with the tax levels of our neighboring cities in Santa Clara County. Furthermore, It is not supported by our Chamber of Commerce. Redwood City, for instance, also has a business license tax that is far more modest and better drafted on the ballot this November that is supported by its Chamber of Commerce. The business license tax as currently drafted will not go into effect until 2011. Palo Alto should defeat Measure A and if a business license tax is truly necessary for the fiscal health of our city, the council should work closely with the community to come up with a business license tax that is more in character with our neighbors in Santa Clara County and has the support of Palo Alto's Chamber of Commerce. We need to look at better, more positive solutions that support our small businesses, not burden them.

[L] Nancy Shepherd: www.electNancyShepherd.com

I agree that a business license tax (BLT) is necessary. We need these funds to maintain our city services, and a business tax is one of the few ways that the State allows a city to collect revenues. All cities in our region have a BLT. During the working day the city increases its population substantially, this tax will help support the expanded services required as a result of these commute-citizens in Palo Alto.

[M] Brian Steen

I favor Proposition A as a reasonable cost of doing business in Palo Alto.

[N] Mark Weiss

I describe myself as entrepreneur and activist (i.e. I own a small concert and artist management business here; office-in-home – although I often work out of Palo Alto libraries). I think it is perhaps unwise to target small business in this way. I am undecided on Measure A but think we might want to exempt smaller businesses. I would comply, of course, if asked to .
