

## Impartial Analysis of Measure U

The City of Marina requires that, generally, any person conducting a business in the City pay a business license tax to the City.

The existing tax rates have not been changed since 1978. The rate structure divides businesses into 17 different tax categories. Some businesses are charged a tax based on their gross receipts. Other businesses are charged a tax based on their gross payroll. Other businesses pay a flat rate based on the number of days they operate, the number of vehicles they employ, or some other measure. Although they are conducting a business, there is no rate specified for landlords operating buildings with less than ten rental units.

Measure U, placed on the ballot by the City Council, would eliminate the existing tax categories and establish a single tax rate for all businesses. That rate would be 0.2% of the gross receipts of the business. Thus, for example, a business with \$100,000 in gross receipts would pay a tax of \$200. A larger business with \$1 Million in gross receipts would pay a tax of \$2,000. The minimum tax would be \$100.

The existing tax generates approximately \$90,000 in revenue for the City per year. The City projects that the proposed rate will generate approximately \$900,000 per year. Proceeds of the tax are deposited in the general fund of the City and used by the City for municipal purposes.

If the measure is not approved by a majority of voters voting, the business license tax rate structure and taxing categories would remain unchanged.

  
s/ ROBERT R. WELLINGTON

CITY ATTORNEY