



**CITY OF OAKLAND
BLUE RIBBON EQUITABLE BUSINESS TAX TASKFORCE**

**REGULAR MEETING
Meeting Agenda
Thursday, May 27, 2021
6:00 PM
Via Teleconference**

Blue Ribbon Equitable Business Tax Taskforce Members:

Michael Katz
Taison Kwamilele
Cynthia Larsen – **Vice Chairperson**
Jessica Moncada Kone
Zain Oke
Liz Ortega
Daniel Swafford
Ari Takata-Vasquez - **Chairperson**
Minh Tsai
Ben Wanzo
Winter Williams

Task Force website: [City of Oakland | Blue Ribbon Equitable Business Tax Task Force](#)

Pursuant to the Governor's Executive Order N-29-20, Blue Ribbon Equitable Business Tax Taskforce Members, as well as City staff, will participate via phone/video conference, and no physical teleconference locations are required.

PUBLIC PARTICIPATION

The Oakland Blue Ribbon Equitable Business Tax Taskforce encourages public participation in the online board meetings. The public may observe and/or participate in this meeting in several ways.

OBSERVE:

- To observe the meeting by video conference, please click on this link:
<https://us02web.zoom.us/j/83616493506?pwd=djZxTTRxc3FKSHR4aDUzYnJHQzQvZz09>
Passcode: 384984 at noticed time.

Instructions on how to join a meeting by video conference are available at:
<https://support.zoom.us/hc/en-us/articles/201362193>, which is a webpage entitled “Joining a Meeting”

- To listen to the meeting by phone, please call the numbers below at the noticed meeting time:
Dial (for higher quality, dial a number based on your current location):

One tap mobile :

US: [+16699006833](tel:+16699006833).,[83616493506#](tel:+183616493506).,...,[*384984#](tel:+1384984) or
[+12532158782](tel:+12532158782).,[83616493506#](tel:+183616493506).,...,[*384984#](tel:+1384984)

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US: +1 669 900 6833 or +1 253 215 8782 or +1 346 248 7799 or +1 301 715 8592 or +1 312 626 6799 or +1 929 205 6099

Webinar ID: 836 1649 3506

Passcode: 384984

International numbers available: <https://us02web.zoom.us/j/kxadPAqUZ>

After calling any of these phone numbers, if you are asked for a participant ID or code, press #. Instructions on how to join a meeting by phone are available at: <https://support.zoom.us/hc/en-us/articles/201362663>, which is a webpage entitled “Joining a Meeting By Phone.”

PROVIDE PUBLIC COMMENT: There are three ways to make public comment within the time allotted for public comment on an eligible Agenda item.

- **Comment in advance:** To send your comment directly to the Blue Ribbon Equitable Business Tax Taskforce and staff BEFORE the meeting starts, please send your comment, along with your full name and agenda item number you are commenting on, to BlueRibbonTaskForce@oaklandca.gov. Please note that eComment submissions close one (1) hour before posted meeting time. All submitted public comment will be provided to the Task Force Members prior to the meeting.
- **By Video Conference:** To comment by Zoom video conference, click the “Raise Your Hand” button to request to speak when Public Comment is being taken on an eligible agenda item at the beginning of the meeting. You will then be unmuted, during your turn, and allowed to participate in public comment. After the allotted time, you will then be re-muted. Instructions on how to “Raise Your Hand” are available at: <https://support.zoom.us/hc/en-us/articles/205566129>, which is a webpage entitled “Raise Hand In Webinar.”
- **By Phone:** To comment by phone, please call on one of the above listed phone numbers. You will be prompted to “Raise Your Hand” by pressing STAR-NINE (“*9”) to request to speak when Public Comment is being taken on a eligible agenda item at the beginning of the meeting. Once it is your turn, you will be unmuted and allowed to make your comment. After the allotted time, you will be re-muted. Instructions of how to raise your hand by phone are available at: <https://support.zoom.us/hc/en-us/articles/201362663>, which is a webpage entitled “Joining a Meeting by Phone.”

If you have any questions about these protocols, please e-mail BlueRibbonTaskForce@oaklandca.gov

Do you need an ASL, Cantonese, Mandarin or Spanish interpreter or other assistance to participate? Please email SAzimi@oaklandca.gov or call (510) 238-2972 for TDD/TTY five days in advance.

¿Necesita un intérprete en español, cantonés o mandarín, u otra ayuda para participar? Por favor envíe un correo electrónico a SAzimi@oaklandca.gov o llame al (510) 238-2972 para TDD/TTY por lo menos cinco días antes de la reunión. Gracias.

您需要手語, 西班牙語, 粵語或國語翻譯服務嗎? 請在會議前五個工作日電郵 SAzimi@oaklandca.gov 或 致電 (510) 238-2972 TDD/TTY.

1. Roll Call and Determination of Quorum

2. Public Comment: Speakers will be called on by the facilitator as speakers “raise their hand” through video conference or by telephone to speak on Agenda items. Comments for matters not on the Agenda will be taken during Open Forum. All speakers will be allotted a maximum of two minutes to address the Task Force, unless amended by the Chair.

3. Action Items:

A. Ad Hoc Committees Updates: Task Force will discuss the work of Ad Hoc Committees and potentially delegate items for research and analysis.

4. Oral Presentation: Council President Fortunato-Bas to provide background of the adopted [Resolution 88227 C.M.S](#) repealing and replacing Chapter 5.04 of the Oakland Municipal Code to create a progressive, modern and equitable business tax structure.

5. Informational Items:

A. Presentation regarding the Potential Impacts from Changes To Business Tax

6. Agenda Requests for Future Meetings

Task Force Members may use this opportunity to address new issues for Task Force business. New items will be referred to an Ad Hoc Committee for action, outreach, research and/or deliberation or scheduled to a subsequent Task Force meeting.

7. Open Forum

8. Adjournment

The meeting will adjourn upon the completion of the Task Force’s business.



Blue Ribbon Equitable Business Tax Task Force

May 27, 2021

**Presented by
The Blue Sky Consulting Group**

Overview

- ▶ Oakland business data by category and amount of gross receipts
 - ▶ Number of firms
 - ▶ Tax revenues
 - ▶ Gross receipts
- ▶ Illustrative financials for sample businesses
- ▶ Estimated Oakland taxes paid by businesses
- ▶ Key takeaways

Number of Firms - By Business Category and Gross Receipts

Business Sector	Tax per \$1,000	Total Number of Businesses by Business Size								
		\$0 – \$250k	\$250k – \$1 mil	\$1 mil – \$2.5 mil	\$2.5 mil - \$15 mil	\$15 mil - \$50 mil	\$50 mil +	N/A*	TOTAL	
Retail Sales	\$1.20	2,597	834	446	291	24	3		4,195	
Automobile Sales	\$1.20	60	3	4	3	4	6		80	
Wholesale Sales	\$1.20	289	133	86	131	23	6		668	
Manufacturing*	\$1.20	446	113	49	53	7^			668	
Admin Headquarters*	\$1.20	37	25	7	14	6	5		94	
Media Firms	\$1.20	31	5	4	3	4^			47	
Miscellaneous*, Other**	\$1.20	999	5	0	3	0	0		1,007	
Grocers	\$0.60	64	95	46	20	17^			242	
Business/Personal Svcs	\$1.80	4,833	665	216	136	11	6		5,867	
Contractors	\$1.80	3,902	773	272	193	28	11		5,179	
Hotel/Motel	\$1.80	128	20	9	17	4	0		178	
Professional/Semi-Prof Svcs	\$3.60	5,490	1,008	369	301	35	8		7,211	
Recreation/Entertainment	\$4.50	344	26	10	8	3^			391	
Trucking/Trans, Taxis, Ambul / Lim*	*	N/A*						322		322
Residential Rental Property	\$13.95	22,498	639	51	27	0	0		23,215	
Commercial Rental Property	\$13.95	2,792	448	84	50	7	0		3,381	
Utility Companies	\$1.00	86	13	13	19	3	3		137	
Cannabis	\$1.20 - \$95	170	40	22	19^		0		251	
All Sectors		44,766	4,845	1,688	1,287	173	52	322	53,133	

* Based on permits issued (for taxis, ambulances, and limousines), number of employees (trucking), payroll (admin headquarters, miscellaneous), or value added (manufacturing). Trucking/transportation, taxis, ambulances, and limousine businesses do not report gross receipts or payroll.

** The *Other* category includes nonprofits and day care businesses.

^ To ensure confidentiality, for business categories where the number of businesses listed in one cell would have been less than three, category groupings were combined. For example, there are 17 grocers with gross receipts in excess of \$15 million.

Gross Receipts - By Business Category and Gross Receipts

Business Sector	Tax per \$1,000	Gross Receipts (<i>millions USD</i>) by Business Size							
		\$0 – \$250k	\$250k – \$1 mil	\$1 mil – \$2.5 mil	\$2.5 mil – \$15 mil	\$15 mil – \$50 mil	\$50 mil +	TOTAL	
Retail Sales	\$1.20	\$120	\$446	\$688	\$1,529	\$578	\$242	\$3,603	
Automobile Sales	\$1.20	\$2	\$1	\$7	\$33	\$151	\$511	\$705	
Wholesale Sales	\$1.20	\$19	\$71	\$139	\$788	\$619	\$581	\$2,217	
Manufacturing*	\$1.20	\$18	\$62	\$79	\$343	\$233^		\$734	
Admin Headquarters*	\$1.20	\$1	\$15	\$11	\$96	\$133	\$715	\$972	
Media Firms	\$1.20	\$1	\$3	\$6	\$26	\$349^		\$384	
Miscellaneous*, Other**	\$1.20	\$0	\$2	\$0	\$19	\$0	\$0	\$21	
Grocers	\$0.60	\$7	\$52	\$72	\$138	\$521^		\$790	
Business/Personal Svcs	\$1.80	\$231	\$326	\$354	\$722	\$297	\$826	\$2,756	
Contractors	\$1.80	\$204	\$386	\$411	\$1,135	\$689	\$1,198	\$4,022	
Hotel/Motel	\$1.80	\$5	\$9	\$15	\$118	\$106	\$0	\$253	
Professional/Semi-Prof Svcs	\$3.60	\$300	\$508	\$576	\$1,741	\$918	\$974	\$5,017	
Recreation/Entertainment	\$4.50	\$8	\$13	\$15	\$41	\$205^		\$283	
Trucking/Trans, Taxis, Ambul / Lim*	*	N/A*							N/A
Residential Rental Property	\$13.95	\$923	\$282	\$75	\$188	\$0	\$0	\$1,467	
Commercial Rental Property	\$13.95	\$214	\$210	\$135	\$274	\$160	\$0	\$992	
Utility Companies	\$1.00	\$3	\$7	\$19	\$112	\$82	\$558	\$781	
Cannabis	\$1.20 - \$95	\$7	\$21	\$37	\$109^		\$0	\$173	
All Sectors		\$2,062	\$2,414	\$2,639	\$7,379	\$4,474	\$6,200	\$25,169	

* Based on permits issued (for taxis, ambulances, and limousines), number of employees (trucking), payroll (admin headquarters, miscellaneous), or value added (manufacturing). Trucking/transportation, taxis, ambulances, and limousine businesses do not report gross receipts or payroll.

** The *Other* category includes nonprofits and day care businesses.

^ To ensure confidentiality, for business categories where the total gross receipts for fewer than three businesses would have been shown in one cell, category groupings were combined.

Tax Revenues - By Business Category and Gross Receipts

Business Sector	Tax per \$1,000	Tax Revenues (<i>thousands USD</i>) by Business Size								
		\$0 – \$250k	\$250k – \$1 mil	\$1 mil – \$2.5 mil	\$2.5 mil - \$15 mil	\$15 mil - \$50 mil	\$50 mil +	N/A*	TOTAL	
Retail Sales	\$1.20	\$304	\$555	\$850	\$1,866	\$693	\$290		\$4,559	
Automobile Sales	\$1.20	\$5	\$2	\$10	\$39	\$181	\$614		\$851	
Wholesale Sales	\$1.20	\$34	\$85	\$167	\$945	\$749	\$697		\$2,678	
Manufacturing*	\$1.20	\$39	\$74	\$95	\$411	\$279^			\$899	
Admin Headquarters*	\$1.20	\$4	\$18	\$13	\$120	\$160	\$859		\$1,173	
Media Firms	\$1.20	\$2	\$3	\$8	\$31	\$419^			\$463	
Miscellaneous*, Other**	\$1.20	\$22	\$3	\$0	\$22	\$0	\$0		\$47	
Grocers	\$0.60	\$42	\$31	\$44	\$83	\$317^			\$517	
Business/Personal Svcs	\$1.80	\$564	\$604	\$648	\$1,305	\$535	\$1,486		\$5,142	
Contractors	\$1.80	\$520	\$688	\$734	\$2,033	\$1,285	\$2,157		\$7,416	
Hotel/Motel	\$1.80	\$13	\$16	\$27	\$212	\$191	\$0		\$459	
Professional/Semi-Prof Svcs	\$3.60	\$1,225	\$1,876	\$2,111	\$6,396	\$3,306	\$3,505		\$18,420	
Recreation/Entertainment	\$4.50	\$50	\$59	\$70	\$190	\$922^			\$1,291	
Trucking/Trans, Taxis, Ambul / Lim*	*	N/A*							\$112	\$112
Residential Rental Property	\$13.95	\$12,961	\$3,984	\$1,205	\$2,753	\$0	\$0		\$20,903	
Commercial Rental Property	\$13.95	\$3,016	\$2,937	\$1,876	\$3,670	\$2,228	\$0		\$13,726	
Utility Companies	\$1.00	\$7	\$7	\$19	\$113	\$82	\$558		\$786	
Cannabis	\$1.20 - \$95	\$177	\$630	\$2,278	\$8,509^		\$0		\$11,594	
All Sectors		\$18,986	\$11,574	\$10,153	\$26,136	\$12,678	\$11,397	\$112	\$91,036	

* Based on permits issued (for taxis, ambulances, and limousines), number of employees (trucking), payroll (admin headquarters, miscellaneous), or value added (manufacturing). Trucking/transportation, taxis, ambulances, and limousine businesses do not report gross receipts or payroll.

** The *Other* category includes nonprofits and day care businesses.

^ To ensure confidentiality, for business categories where the tax revenues for fewer than three businesses would have been shown in one cell, category groupings were combined.

Illustrative Financials for Sample Oakland Businesses

	Small Retail	Large Retail	Restaurant	Mid-size Law Firm	Large Professional Firm	Small Contractor (Construction)	Large Contractor (Construction)
Number of Employees	5	200	25	30	500	10	200
Gross receipts	\$1,900,000	\$102,000,000	\$1,900,000	\$9,900,000	\$236,300,000	\$3,200,000	\$106,500,000
Current Business Tax Rate:	0.12%	0.12%	0.12%	0.36%	0.36%	0.18%	0.18%
Business License Tax	(\$2,280)	(\$122,400)	(\$2,280)	(\$35,640)	(\$850,680)	(\$5,760)	(\$191,700)
Expenses*							
Cost of Goods Sold	(\$1,263,100)	(\$67,808,500)	(\$380,000)	-	-	(\$927,152)	(\$30,856,777)
Labor Costs	(\$208,015)	(\$12,310,817)	(\$818,901)	(\$4,270,264)	(\$77,835,123)	(\$947,104)	(\$26,051,974)
Rent/Occupancy	(\$100,213)	(\$4,008,525)	(\$71,732)	(\$471,857)	(\$6,987,587)	(\$61,927)	(\$1,238,544)
Other Costs (Insurance, tech, etc.)	(\$210,063)	(\$10,480,651)	(\$510,758)	(\$2,222,857)	(\$82,343,797)	(\$1,049,092)	(\$40,571,210)
Total Expenses (Including Business Tax)	(\$1,783,670)	(\$94,730,894)	(\$1,783,670)	(\$7,000,618)	(\$168,017,187)	(\$2,991,035)	(\$98,910,205)
Net Profit Before Federal and State Taxes**	<u>\$116,330</u>	<u>\$7,269,106</u>	<u>\$116,330</u>	<u>\$2,899,382</u>	<u>\$68,282,813</u>	<u>\$208,965</u>	<u>\$7,589,795</u>
State and Federal Income Tax	(\$21,330)	-	(\$21,330)	(\$1,216,382)	(\$30,474,813)	(\$48,965)	-
State and Federal Corporation Tax	-	(\$2,169,101)	-	-	-	-	(\$2,264,795)
Net Profit	\$95,000	\$5,100,005	\$95,000	\$1,683,000	\$37,808,000	\$160,000	\$5,325,000
Net Profit (% of Revenues)	5.0%	5.0%	5.0%	17.0%	16.0%	5.0%	5.0%

* Expenses are estimated using the following data:

- Labor costs are estimated using the Census' Statistics of US Businesses (SUSB) for the San Francisco-Oakland-Hayward, CA Metro Area.
- Rent/Occupancy expenses are estimated using average asking rent for Oakland for the appropriate property type as reported by Cushman Wakefield.
- Cost of Goods Sold and Other Costs are estimated using Census data including the Annual Retail Trade Survey (ARTS) for retail businesses, the Service Annual Survey (SAS) for restaurants, law firms and professional firms, and the Economic Census' Construction Summary Statistics for contractors.

** Federal and state taxes are estimated by assuming the "Large Retail" and "Large Contractor" are corporations and all other business owners pay income taxes as joint filers.

Estimated Oakland Taxes Paid by Businesses (FY 2019-20)

Code	Business Sector	Oakland Business Taxes		Est. Oakland Commercial Property Tax ¹		Est. Oakland Sales Tax ²		Transient Occupancy Tax ³	
		\$(000)	Share	\$(000)	Share	\$(000)	Share	\$(000)	Share
A	Retail Sales	4,559	5.0%	4,082	16.0%	27,295	62.4%	-	-
C	Automobile Sales	851	0.9%	138	0.5%	4,897	11.2%	-	-
D	Wholesale Sales	2,678	2.9%	1,878	7.3%	-	-	-	-
I,J	Manufacturing	899	1.0%	2,106	8.2%	-	-	-	-
K	Admin Headquarters	1,173	1.3%	2,333	9.1%	-	-	-	-
T	Media Firms	463	0.5%	607	2.4%	-	-	-	-
W	Miscellaneous, Other	47	0.1%	561	2.2%	372	0.9%	-	-
B	Grocers	517	0.6%	939	3.7%	2,144	4.9%	-	-
E	Business/Personal Svcs.	5,142	5.6%	2,742	10.7%	3,912	8.9%	-	-
H	Contractors	7,416	8.1%	1,546	6.0%	1,945	4.4%	-	-
P	Hotel/Motel	459	0.5%	1,103	4.3%	399	0.9%	24,921	100.0%
F	Professional Svcs	18,420	20.2%	6,677	26.1%	-	-	-	-
G	Recreation/Entertainment	1,291	1.4%	362	1.4%	574	1.3%	-	-
X, L, Y	Trucking/Trans, Taxis, Ambul / Lim	112	0.1%	86	0.3%	869	2.0%	-	-
M	Residential Rental Property	20,903	23.0%	118	0.5%	-	-	-	-
N,O	Commercial Rental Property	13,726	15.1%	79	0.3%	-	-	-	-
U	Utility Companies	786	0.9%	1	0.0%	72	0.2%	-	-
Z	Cannabis	11,594	12.7%	212	0.8%	1,256	2.9%	-	-

¹ Commercial property taxes include secured and unsecured property and are assigned to business types using the "Use Code Description." If more than one business type is assigned to a particular use code (such as "office space"), the total property tax revenue is allocated proportionately based on gross receipts.

² Sales taxes are allocated based on the "business type" associated with the remitting entity.

³ Transient Occupancy Tax is allocated entirely to the Hotel/Motel business type category.

Key Takeaways

- ▶ Most of the City's current business tax revenue comes from businesses in the \$2.5 million to \$15 million gross receipts category
- ▶ A relatively small number of large businesses also account for a substantial share of Business Tax revenues; these businesses are spread across sectors
- ▶ Current business taxes account for a relatively small share of overall operating costs and other taxes paid across sectors and business sizes
- ▶ Businesses such as professional services that typically have higher margins also currently have higher business tax rates and may be among the most mobile types of businesses
- ▶ Some businesses that account for a smaller share of business taxes account for a large share of other Oakland taxes (e.g., retail businesses remit Sales Tax revenues, hotels provide TOT revenues, etc.)