

REPORT

To the Honorable Mayor and City Council
From the City Manager

March 23, 2009

SUBJECT

Amendment of Chapter 32 of the Municipal Code to exempt performers contracting with the City or other non-profit organization from the business license fee

RECOMMENDATION

Introduce an Ordinance amending Section 32 Taxation, Division 4, Exemptions and Exclusions of the Redwood City Municipal Code to exempt performers contracting with the City of Redwood City or other non-profit entity from the business license fee.

BACKGROUND

Parks, Recreation and Community Services (PRCS) Department learned of the current business license requirement for performers as staff began to set up contracts for the many performers used for events in parks and in the Downtown. Staff in Revenue Services (RS) informed us that under the current code, each band would be subject to a base fee of \$37, plus \$25 for each performer. RS staff also indicated that there were no bands among current licensees. PRCS staff then provided a list of performers contracted during the 2008 Spring/Summer Series to RS staff, which estimated uncollected revenue of \$3,500 to \$4,200 annually.

Insuring that all performers have a business license would add a considerable amount of staff work to the contracting process and likely result in the cost being passed back to the City or in a worst-case scenario a smaller universe of performers. A review of the codes in neighboring cities did not find any instance that directly deals with this situation with the exception of the City of San Jose, where entertainers performing for the City or another non-profit group are exempt from the license requirement. This situation is similar to that of recreation instructors and sports officials contracting with the City who are exempt under Sec. 32.136 of the code. We approached the Council's Finance Committee, on Monday, February 9, 2009. The Committee recommended that staff bring back an amendment to the current ordinance, which exempts performers contracting with the City or other non-profit agency from the business license requirement.

ALTERNATIVES

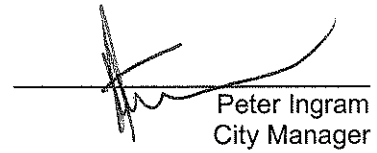
The City Council could choose to deny the proposed exemption to the business license fee or direct staff to return with an amendment that allows the City to retain some portion of the potential business license fee.

FISCAL IMPACT

Approval of this ordinance may reduce the City's potential revenue by as much as \$3,500 to \$4,200 annually.



Corinne Centeno
Parks, Recreation and
Community Services Director



Peter Ingram
City Manager

ATTACHMENTS

1. Ordinance

RELATED DOCUMENTS IN CITY CLERK'S OFFICE

None

ORDINANCE NO. _____

ORDINANCE ADDING SECTION 32.136.5 TO CHAPTER 32, ARTICLE V. BUSINESS LICENSES OF THE REDWOOD CITY MUNICIPAL CODE

WHEREAS, the City Council of the City of Redwood City desires to exempt from any business license tax prescribed any performers or entertainers providing services for programs or activities conducted or sponsored by the City or by a charitable organization; and

WHEREAS, such action is consistent with the business license fee exemption previously provided to recreation instructors and sports officials for programs or activities conducted or sponsored by the City pursuant to Chapter 32, Article V, Section 32.136 of the Redwood City Municipal Code; and

WHEREAS, such action is consistent with the business license fee exemption previously provided to charitable organizations pursuant to Chapter 32, Article V, Section 32.131 of the Redwood City Municipal Code.

NOW, THEREFORE, BE IT ORDAINED AS FOLLOWS:

SECTION 1. Chapter 32, Article V, Section 32.136.5 is added to the Redwood City Municipal Code to read as follows:

“Nothing contained in this Article shall be deemed or construed to require the payment of any business license tax prescribed in this Article by any persons engaged in the performance, conduct, or staging of any amusement or entertainment, concert, exhibition, lecture, dance or athletic event for programs or activities conducted or sponsored by the City or by a charitable organization.”

SECTION 2. This Ordinance shall be effective thirty (30) days from the date of its adoption.

* * *