

Questions about the Business License Tax

1. What is a business license tax?

A business tax is a tax collected by the City for the privilege of conducting business within the City of Palo Alto. This tax would only apply to businesses that conduct business in Palo Alto.

2. Do other cities have a business license tax?

Nearly all cities in California levy a business license tax. Palo Alto is the only city in Santa Clara County that does not have a business license tax.

3. Who is required to pay the business tax?

All persons who conduct business in the City of Palo Alto are subject to the tax. Any business that is traditionally exempt from local taxes (such as banks and insurance companies) does not have to pay the tax. In addition, the ordinance contains other standard exemptions (such as minors and certain non-profits).

4. How much revenue is this tax projected to raise and what will the funds be used for?

Once the tax is phased in (first partial payment would be due in January 2011), staff has projected the tax will yield approximately \$3.3 million in gross revenue. The revenue will be deposited into the City's general fund, which is used for City services such as police and fire protection, senior and youth programs, street repairs, parks and recreation, library programs and other valued community programs. This money cannot be seized by the State.

Individuals with disabilities who require accommodations to access City facilities, services or programs, or who would like information on the City's compliance with the Americans with Disabilities Act (ADA) of 1990, may contact the City's ADA coordinator at (650) 329-2550 (voice or e-mail ada@cityofpaloalto.org)

