

From: [Keri Wagner](#)
To: [Council, City](#)
Cc: [Keri Wagner](#)
Subject: Agenda Item 31 Business Tax
Date: Monday, June 20, 2022 12:25:29 AM

[Some people who received this message don't often get email from keriwagner@gmail.com. Learn why this is important at <https://aka.ms/LearnAboutSenderIdentification>]

CAUTION: This email originated from outside of the organization. Be cautious of opening attachments and clicking on links.

Dear City Council Members —

Please vote to put the Business Tax on our November ballot. Our city needs this money to fund programs and the big businesses need to pay their fair share to operate in our city.

Thank you,

Keri Wagner

311 Edlee Ave

From: [Rebecca Sanders](#)
To: [Council, City](#)
Subject: Item #31 June 20, 2022
Date: Sunday, June 19, 2022 6:17:30 PM

CAUTION: This email originated from outside of the organization. Be cautious of opening attachments and clicking on links.

Dear Mayor Burt and City Council Members:

Please vote to approve putting the business tax on the ballot for this November. We are giving businesses the opportunity to chip in to help support public safety, housing/homelessness and grade separation, things that benefit them too. It's too bad so much misinformation has been flying around about the nature of the tax. I think most residents - once they understand the context of the tax - will be in support of this. The neighbors who were not in favor of it that I have explained it to have changed their tune after talking to me. I think that's a good sign.

Thank you.

Becky Sanders
Ventura Neighborhood

From: [Tilak Kasturi](#)
To: [Council, City](#)
Subject: Re Agenda Item #31, June 20
Date: Sunday, June 19, 2022 6:11:39 PM

Some people who received this message don't often get email from tilak283@gmail.com. [Learn why this is important](#)

CAUTION: This email originated from outside of the organization. Be cautious of opening attachments and clicking on links.

Dear City Council Members:

Please approve putting the business tax on the ballot in November. The tax Council described during last week's meeting is a good start toward including businesses as partners in helping to fund these services that benefit everyone living and working in Palo Alto.

Thank you.

Tilak Kasturi
Ventura Neighborhood

--

Tilak Kasturi
Cell: 415-269-1146

From: [Susan Usman](#)
To: [Council, City](#)
Subject: Agenda Item 31
Date: Sunday, June 19, 2022 5:23:25 PM

[Some people who received this message don't often get email from susanlusman@gmail.com. Learn why this is important at <https://aka.ms/LearnAboutSenderIdentification>]

CAUTION: This email originated from outside of the organization. Be cautious of opening attachments and clicking on links.

Dear Council Members,

It seems unfathomable that there is a question of whether or not businesses with offices in Palo Alto should pay business taxes. Of course they should. Why would they be exempt. With the exemption of businesses less than 5000 sq ft, it will not affect small businesses that struggle on many levels. Please put this on the ballot in November! I know it will take much effort to fight the big money behind not having the business tax, but when has doing the right thing been easy. All the high tech companies that have taken up all the retail spaces and the commercial real estate giants need to pay the city to help offset the cost of affordable housing, public safety and rail safety. Ten to twelve cents per sq ft is reasonable and much lower than most cities.

Thank you,

Susan Usman
965 Elsinore Dr, Palo Alto

From: [Margaret Heath](#)
To: [Council, City](#)
Subject: Business Tax
Date: Sunday, June 19, 2022 4:16:43 PM

CAUTION: This email originated from outside of the organization. Be cautious of opening attachments and clicking on links.

Dear Mayor Burt and Council Members,

A Palo Alto business registry and business tax is long overdue. With dismay I have watched business leaders organize and get ahead of the council by rolling out the beginnings of a well funded campaign of disinformation to persuade voters not to support a business tax. No doubt we can expect a surge of full page ads in the local papers along with regular glossy mailers with persuasive reasons why voters shouldn't support a business tax in Palo Alto.

However, I hope that you will be able to find a way to address what appears to be the main concerns that people express, even if it means compromising what goes on the ballot and lower revenue. In particular, my guess is that many residents don't want to vote for anything that will further erode and push out Palo Alto's remaining retail and useful services that residents value and patronize on a regular basis. If you can find a way to write a business tax that has the least financial impact on those sectors by either increasing the size of the untaxed square footage and/or a sliding scale that might go a long way to undercutting opposition to a business registry and tax.

Prior to Prop 13, Palo Alto's property tax revenue was split approximately 50-50 between business and residential sectors. In the intervening years the share from the business sector has gone down to approximately 25% of property tax revenue, and on a continually declining trajectory. With residents picking up the difference. This alone makes a compelling argument that it is way past time for the commercial property sector to pay a larger share of the costs of running a city by paying a business tax, as other cities do.

Sincerely,

Margaret Heath
2140 Cornell Street

From: [Arnout Boelens](#)
To: [Council, City](#)
Cc: [Zoeller-Boelens, Nicole](#)
Subject: Agenda Item 31: in favor of business tax
Date: Sunday, June 19, 2022 1:53:10 PM

CAUTION: This email originated from outside of the organization. Be cautious of opening attachments and clicking on links.

Dear Mayor Burt and City Council members,

We are writing to urge you to adopt a resolution to put a Business Tax on the November 2022 ballot. All of the large businesses in Palo Alto put a significant strain on the Palo Alto transportation network, city services, and housing supply. Therefore, it is only fair that they contribute their share and pay a Business Tax. Especially, considering the significant reduction in business travel since the start of the pandemic and the associated decline in tax revenue.

Thank you for considering our comments.

Kind regards,

Nicole, Arnout, & Ava Zoeller Boelens

From: [Angela Dellaporta](#)
To: [Council, City](#)
Subject: Agenda Item 31
Date: Sunday, June 19, 2022 11:17:04 AM

CAUTION: This email originated from outside of the organization. Be cautious of opening attachments and clicking on links.

Dear City Council Members,

A reasonable tax on big business in Palo Alto (not on small businesses) in Palo Alto will allow the city to address many needs that it is currently unable to attend to.

Cities all over the Bay Area use business taxes to give their residents more park space, more trees, and more equitable housing (to name just a few) than Palo Alto is currently able to provide. Why should these assets be unavailable to Palo Alto residents?

I want small businesses to thrive, and I want Palo Alto residents to enjoy the many benefits that residents of other cities enjoy, so I support any proposal that will require big businesses to pay a reasonable amount to the city.

Thank you,

Angela Dellaporta

From: slevy@ccsce.com
To: [Council, City](#)
Cc: [Shikada, Ed](#); [Nose, Kiely](#); [Paras, Christine](#); [Charlie Weidanz](#)
Subject: I would like to support a new business tax
Date: Friday, June 17, 2022 1:16:09 PM
Attachments: [Business Tax Comparison Summary_Final.pdf](#)
[Palo Alto Business Tax Comparison Matrix_Final_pdf.pdf](#)

CAUTION: This email originated from outside of the organization. Be cautious of opening attachments and clicking on links.

Dear Mayor Burt and Council members,

I read in the Daily Post that you were sent an analysis by Joint Venture Silicon Valley's research group comparing your proposed tax with those in neighboring cities. I am attaching the files JVSU sent me in case you do not have them.

The summary as reported in the Post and as I read the files is that the current proposed tax is way out of line with the burden imposed in most neighboring cities and that the share paid by the largest firms is low in comparison.

This builds on the staff report that 80% of the tax will be paid by others than the top five firms.

I find that the current proposal does not meet equity or competitiveness goals.

Here is what could move me to support a new tax

1) reduce the rate to 60c/ per square foot a year or less. The tax burden for most would still be higher than in neighboring cities.

From the JVSU report

"Even at the lower rate of \$.60/SF, companies would pay between 77% (or approximately four times) and 90% (or approximately 10 times) more in Palo Alto than the average tax paid across all five comparison jurisdictions."

2) Exempt all square footage under 25,000. And remove the aggregation of footage for places like Coupa that have completely independent sites in the city

3) Sunset the tax after five years. If it is a good idea without obvious negative impacts, voters will extend it.

4) Improve the business climate. I am sure the Chamber will provide suggestions.

Mine is to allow non retail activities in spaces currently reserved for retail but which have remained vacant for a long time in the face of online shopping and declining offices workers as customers. Work from home is continuing.

I am thinking of service businesses but would also consider office IF higher floors have some housing.

Finally, it is reasonable to expect firms to economize on space in the face of a tax on space particularly when work from home is an option.

Stephen Levy

Center for Continuing Study of the California Economy



May 18, 2022

Shweta Bhatnagar
Senior Director of Government Affairs
Stanford University
Sent via email: shwetab@stanford.edu

Re: Business Tax Comparison Matrix – Select Silicon Valley Jurisdictions

Dear Shweta:

Attached you will find the agreed-upon deliverables from your custom analysis, along with all applicable methodological notes.

Please do not hesitate to contact us if you have any questions.

Appreciatively,

A handwritten signature in black ink that reads "Rachel Massaro". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Rachel Massaro
VP/Director of Research
Silicon Valley Institute for Regional Studies
Joint Venture Silicon Valley

Business Tax Comparison Matrix

Select Silicon Valley Jurisdictions

Background

Stanford engaged the Silicon Valley Institute for Regional Studies to conduct a business tax analysis; the goal of the study was to compare the proposed tax structure in Palo Alto to those being implemented in specific nearby jurisdictions.

Methodology

Stanford provided parameters for the analysis, including the number of employees and square footage for four proxy companies, each representing a business currently located in Palo Alto that would be affected by a business tax across several size categories.

Employee Count (EC)	3,500	2,000	400	50
Square Footage (SF)	1,500,000	500,000	100,000	25,000

In addition to Palo Alto, five comparison jurisdictions were included in the analysis: one with a square footage-based business tax (Cupertino) and four with business taxes based on employee count (Mountain View, Redwood City, San Jose, and Santa Clara).¹

Using the inputs provided by Stanford, business taxes were estimated for each proxy company in five jurisdictions. Business tax regulations and algorithms were obtained through the individual jurisdictions' websites. An average business tax for each proxy company was calculated across the five jurisdictions. A sensitivity analysis for Palo Alto was conducted based on three proposed tax rates which were provided by Stanford. In addition, a reverse-engineered Palo Alto tax rate for each proxy company was calculated based on the average tax paid across the five jurisdictions.

A comparison of the maximum business tax escalator currently under consideration in Palo Alto (5% annually) to those in all five additional jurisdictions was conducted with projections in Palo Alto through year 12.²

Assumptions for each proxy company included:

- All employees are full-time.

¹ An additional three jurisdictions with business taxes based on gross payroll, gross receipts, or a combination of the two (East Palo Alto, Fremont, and San Francisco) were originally to be included; however, they were ultimately excluded due to the lack of publicly available data necessary for the analysis.

² Palo Alto is considering an annual escalator based on the Consumer Price Index (CPI) with a maximum rate cap of five percent.

- For the Palo Alto estimations, the first 5,000 square feet of total company square footage are exempt (based on Palo Alto City Council directives).
- The companies do not qualify for any other business tax exemptions.

For the Palo Alto comparison, the proposed business tax based on square footage was analyzed using three different rates (\$.05, \$.10, and \$.15 per square foot per month).

Findings

Of the five local jurisdictions included in the business tax comparison, the most common form of business tax is by employee count (four out of five jurisdictions; Cupertino uses an algorithm based on square footage – similar to the tax being considered in Palo Alto). Several jurisdictions have a maximum rate in effect, and Santa Clara has a flat tax (as opposed to an incremental one).

Overall, Santa Clara had the lowest business tax for each of the four proxy companies when compared to other jurisdictions, bringing down the averages noted below. The city is currently in the process of revamping its business tax structure, though, and is considering replacing its \$500 maximum with a tax based on employee count.

Across the five jurisdictions by proxy company, estimated annual business taxes ranged from:

Low	High	Average	Proxy Company
\$500	\$396,700	\$116,200	1,500,000 SF/3,500 employees
\$500	\$209,200	\$69,600	500,000 SF/2,000 employees
\$460	\$26,700	\$11,500	100,000 SF/400 employees
\$100	\$2,400	\$1,200	25,000 SF/50 employees

Three out of four proxy companies (with the exception of the smallest proxy company) would pay the most taxes in Mountain View³.

³ Mountain View Business License Tax estimates are based on the full tax rate that went into effect on Jan. 1, 2022.

This Excel file contains the following worksheets:

	<u>Worksheet</u>	<u>Details</u>
1	Business Tax Comparison Matrix	Comparing the businesses taxes associated with four proxy companies in five jurisdictions and Palo Alto.
2	Annual Increase Comparison and Projections	Rate increase comparison and Palo Alto projectiosn to year 12.
3-10	Business Tax Regulations by Jurisdiction	Busines tax regulations as described on respective jurisdiction's website.
11	Annotations	All methodological notes associated with this analysis

Business Taxes by Proxy Company								
Employee Count (EC)	3,500	% Chg (Compared to Lowest Palo Alto Rate)	2,000	% Chg (Compared to Lowest Palo Alto Rate)	400	% Chg (Compared to Lowest Palo Alto Rate)	50	% Chg (Compared to Lowest Palo Alto Rate)
Square Footage (SF)	1,500,000		500,000		100,000		25,000	
Company	VMware		HP, Inc.		JAZZ Pharmaceuticals		ARGO AI	
Cupertino (SF)	\$11,329	99%	\$6,129	98%	\$3,284	94%	\$1,082	91%
Mountain View (EC)	\$396,695	56%	\$209,195	30%	\$26,695	53%	\$445	96%
Redwood City (EC) Max: \$5,966	\$5,966	99%	\$5,966	98%	\$5,966	90%	\$2,422	80%
San Jose (EC) Max: \$166,311	\$166,311	81%	\$126,248	57%	\$20,993	63%	\$2,174	82%
Santa Clara (EC) Max: \$500	\$500	100%	\$500	100%	\$460	99%	\$100	99%
Average business tax paid:	\$116,160	87%	\$69,608	77%	\$11,480	80%	\$1,244	90%
Palo Alto (SF) Annual Rate:		% Chg (Avg tax paid)		% Chg (Avg tax paid)		% Chg (Avg tax paid)		% Chg (Avg tax paid)
\$0.60	\$897,000	87%	\$297,000	77%	\$57,000	80%	\$12,000	90%
\$1.20	\$1,794,000	94%	\$594,000	88%	\$114,000	90%	\$24,000	95%
\$1.80	\$2,691,000	96%	\$891,000	92%	\$171,000	93%	\$36,000	97%
Estimated annual tax rate to place Palo Alto at the avg. of five comparsion jurisdictions	\$0.08		\$0.14		\$0.12		\$0.06	

Note: All proxy company inputs are provided by Stanford. First 5,000 sf in Palo Alto are exempt from tax.

Source: Business tax regulations as described on jurisdiction's website. Palo Alto rates provided by Stanford.

Annual Rate of Increase by Jurisdiction	
Cupertino	1.8%
East Palo Alto*	0%
Fremont*	0%
Mountain View	Bay Area CPI
Redwood City	Bay Area CPI
San Francisco*	0%
San Jose	1.5% - 3%
Santa Clara	0%
Palo Alto (CPI/5% maximum)	5%

Current	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year
Tax Rates	1	2	3	4	5	6	7	8	9	10	11	12
\$0.60	\$0.600	\$0.630	\$0.662	\$0.695	\$0.729	\$0.766	\$0.804	\$0.844	\$0.886	\$0.931	\$0.977	\$1.026
\$1.20	\$1.200	\$1.260	\$1.323	\$1.389	\$1.459	\$1.532	\$1.608	\$1.689	\$1.773	\$1.862	\$1.955	\$2.052
\$1.80	\$1.800	\$1.890	\$1.985	\$2.084	\$2.188	\$2.297	\$2.412	\$2.533	\$2.659	\$2.792	\$2.932	\$3.079

*Due to lack of gross payroll and gross receipts information for the proxy companies, East Palo Alto, Fremont and San Francisco were not included in the business tax comparison. East Palo Alto business tax is based on gross receipts. In addition, a parcel tax on property owners exists for all commercial space of 25k sf or more. Fremont business tax is based on gross payroll, and San Francisco business tax is based on apportioned gross receipts.

Note: Palo Alto 5% rate of annual increase is used as basis for projected increases to year 12. The City of Palo Alto has proposed 5% as a maximum rate.

Source: Business tax regulations as described on jurisdiction's website. Palo Alto rates provided by Stanford.

Cupertino Business Tax:	Square Footage Tax
Source:	https://www.cupertino.org/home/showpublisheddocument/3542/637453652200270000
Annual Increase:	1.8%

Business Tax Specifics:

Square Footage	Tax Rate
0-5,000	\$0.041
5,001-25,000	\$0.036
25,001-75,000	\$0.031
75,001-100,000	\$0.026
100,001-150,000	\$0.021
150,001 and above	\$0.005

Plus:

Basic Business License: \$155

Proxy Company	Square Footage	Tax
VMWare	1,500,000	\$11,329
HP Inc.	500,000	\$6,129
JAZZ Pharmaceuticals	100,000	\$3,284
ARGO AI	25,000	\$1,082

East Palo Alto Business Tax:	Gross Receipts
Source:	https://www.ci.east-palo-alto.ca.us/finance/page/east-palo-alto-business-licenses-additional-information
Annual Increase:	No annual escalator

Business Tax Specifics:

Annual Gross Receipts:	Annual License Fee
\$0-\$999	\$50
\$1,000-\$100,000	\$125
\$100,001-\$250,000	\$250
\$250,001-\$500,000	\$500
\$500,001-\$10,000,000	\$1 for each \$1,000 of gross receipts
\$10,000,000	\$10,000 plus \$.50 for each \$1,000 of gross receipts over \$10,000,001

Special Parcel Tax on Commercial Space

Measure HH - passed on Nov. 6, 2018 ballot adding Chapter 3.7 to the Municipal Code: "Commercial Office Space Parcel Tax for Affordable Housing and Job Opportunities."
A parcel tax on commercial office space over 25,000 square feet at an annual rate \$2.50 per square foot. The tax is paid by the owner of the property, unless the owner is exempt from the tax, in which case the tax is owed by the holder of the possessory interest (generally a lessee) unless that person is also exempt from the tax. I

Fremont Business Tax:	Gross payroll tax
Source:	https://www.codepublishing.com/CA/Fremont/#!/Fremont05/Fremont0505.html#5.05.29C
Annual Increase:	No annual escalator

Business Tax Specifics:

5.05.290 Wholesalers, manufacturers, other businesses

(a) Every person conducting, carrying on or managing any business consisting of manufacturing or selling at wholesale any goods or merchandise, maintaining administrative offices with minimal sale of goods, merchandise or services, or providing telephone or telegraph services shall pay an annual business tax of \$0.30 for each \$1,000 of gross payroll.

5.05.240 Retail sales.

Every person conducting, carrying on, or managing any business which consists predominantly of selling at retail any goods, wares, merchandise or commodities shall pay an annual business tax of \$0.25 for each \$1,000 of gross receipts. For purposes of this section, all persons operating a business consisting of retail and/or wholesale sales which operates from a residential district shall pay an annual business tax of \$0.30 for each \$1,000 of gross receipts. (Ord. 1876 § 2, 6-6-89; Ord. 16-2009 § 7, 7-21-09. 1990 Code § 5-1201.)

Mountain View Business Tax: Employee Head Count**Source:** <https://www.mountainview.gov/civicax/filebank/blobdload.aspx?BlobID=30747>**Annual Increase:** Bay Area CPI (subject to the approval of City Council)**Business Tax Specifics:**

Effective Oct. 1, 2019

Businesses whose annual gross receipts total \$5,001 or more pay the following tax rate:

Number of Employees	Annual Business License Tax
1	\$75
2 to 25	\$75+\$5/employee for each employee over 1
26 to 50	\$195+\$10/employee for each employee over 25
51 to 500	\$445+\$75/employee for each employee over 50
501 to 1,000	\$34,195+\$100/employee for each employee over 500 employees
1,001 to 5,000	\$84,195+\$125/employee for each employee over 1,000
5,001 up	\$584,195+\$150/employee for each employee over 5,000

Proxy Company	Employees	Annual Tax
VMWare	3500	\$396,695.00
HP Inc.	2000	\$209,195.00
JAZZ Pharmaceuticals	400	\$26,695.00
ARGO AI	50	\$445.00

Redwood City Business Tax Employee Head. Count**Source:** <https://www.redwoodcity.org/departments/administrative-services/finance/taxes-assessments/business-licensing>**Annual Increase:** Bay Area CPI**Business Tax Specifics:**

Effective July 1, 2021

Section 32.152 - Base Tax Rate & Section 32.153 - Incremental Tax Rate

Base Tax- for the proxy companies, the annual base tax is \$72 plus \$47 per owners/partners/full-time employees (\$24 per part-time employee).

Maximum tax for FY 2021/22: \$5,966

Proxy Company	Employees	Annual Tax	Annual Maximum Tax
VMWare	3500	\$164,572.00	\$5,966
HP Inc.	2000	\$94,072.00	\$5,966
JAZZ Pharmaceuticals	400	\$18,872.00	\$5,966
ARGO AI	50	\$2,422.00	

San Francisco Business Tax:	Gross Receipts apportioned based on payroll (City payroll/Worldwide payroll)
Source:	https://codelibrary.amlegal.com/codes/san_francisco/latest/sf_business/0-0-0-4745
Annual Increase:	None

Business Tax Specifics:

For the business activities of manufacturing and food services:

- (A) For tax years 2021 and 2022:
- 0.088% (e.g., \$0.88 per \$1,000) for taxable gross receipts between \$0 and \$1,000,000
 - 0.144% (e.g., \$1.44 per \$1,000) for taxable gross receipts between \$1,000,000.01 and \$2,500,000
 - 0.259% (e.g., \$2.59 per \$1,000) for taxable gross receipts between \$2,500,000.01 and \$25,000,000
 - 0.665% (e.g., \$6.65 per \$1,000) for taxable gross receipts over \$25,000,000
- (B) For tax year 2023:
- 0.131% (e.g., \$1.31 per \$1,000) for taxable gross receipts between \$0 and \$1,000,000
 - 0.215% (e.g., \$2.15 per \$1,000) for taxable gross receipts between \$1,000,000.01 and \$2,500,000
 - 0.389% (e.g., \$3.89 per \$1,000) for taxable gross receipts between \$2,500,000.01 and \$25,000,000
 - 0.665% (e.g., \$6.65 per \$1,000) for taxable gross receipts over \$25,000,000
- (C) For tax years beginning on or after January 1, 2024:
- 0.175% (e.g., \$1.75 per \$1,000) for taxable gross receipts between \$0 and \$1,000,000
 - 0.287% (e.g., \$2.87 per \$1,000) for taxable gross receipts between \$1,000,000.01 and \$2,500,000
 - 0.518% (e.g., \$5.18 per \$1,000) for taxable gross receipts between \$2,500,000.01 and \$25,000,000
 - 0.665% (e.g., \$6.65 per \$1,000) for taxable gross receipts over \$25,000,000

Note: Manufacturing includes the activity of transforming materials, substances or components into new products by mechanical, physical or chemical means; it includes the activity of assembling component parts of manufactured products; it includes business activity described in NAICS codes 31, 32 and 33.

For the business activity of information:

- (A) For tax year 2021:
- 0.56% (e.g., \$5.60 per \$1,000) for taxable gross receipts between \$0 and \$1,000,000
 - 0.644% (e.g., \$6.44 per \$1,000) for taxable gross receipts between \$1,000,000.01 and \$2,500,000
 - 0.714% (e.g., \$7.14 per \$1,000) for taxable gross receipts between \$2,500,000.01 and \$25,000,000
 - 0.784% (e.g., \$7.84 per \$1,000) for taxable gross receipts over \$25,000,000
- (B) For tax year 2022 and, if the Controller does not certify under Section 953.10 that the 90% gross receipts threshold has been met for tax year 2023, for tax year 2023:
- 0.573% (e.g., \$5.73 per \$1,000) for taxable gross receipts between \$0 and \$1,000,000
 - 0.665% (e.g., \$6.65 per \$1,000) for taxable gross receipts between \$1,000,000.01 and \$2,500,000
 - 0.751% (e.g., \$7.51 per \$1,000) for taxable gross receipts between \$2,500,000.01 and \$25,000,000
 - 0.832% (e.g., \$8.32 per \$1,000) for taxable gross receipts over \$25,000,000
- (C) For tax year 2023 if the Controller certifies under Section 953.10 that the 90% gross receipts threshold has been met for tax year 2023, and for tax year 2024 if the Controller does not certify under Section 953.10 that the 95% gross receipts threshold has been met for tax year 2024:
- 0.579% (e.g., \$5.79 per \$1,000) for taxable gross receipts between \$0 and \$1,000,000
 - 0.675% (e.g., \$6.75 per \$1,000) for taxable gross receipts between \$1,000,000.01 and \$2,500,000
 - 0.77% (e.g., \$7.70 per \$1,000) for taxable gross receipts between \$2,500,000.01 and \$25,000,000
 - 0.855% (e.g., \$8.55 per \$1,000) for taxable gross receipts over \$25,000,000
- (D) For tax year 2024 if the Controller certifies under Section 953.10 that the 95% gross receipts threshold has been met for tax year 2024, and for tax years beginning on or after January 1, 2025:
- 0.585% (e.g., \$5.85 per \$1,000) for taxable gross receipts between \$0 and \$1,000,000
 - 0.685% (e.g., \$6.85 per \$1,000) for taxable gross receipts between \$1,000,000.01 and \$2,500,000
 - 0.788% (e.g., \$7.88 per \$1,000) for taxable gross receipts between \$2,500,000.01 and \$25,000,000
 - 0.879% (e.g., \$8.79 per \$1,000) for taxable gross receipts over \$25,000,000

Note: Information includes producing and distributing information or cultural products; providing the means to transmit or distribute those products; and processing data; it includes business activity described in NAICS code 51.

Notes:

For companies that have gross receipts both inside San Francisco and outside San Francisco, apportionment of global gross receipts is based on the ratio of San Francisco gross payroll to global gross payroll.
Who pays: Persons other than <u>lessors of residential real estate</u> are required to file a return if in the tax year you were engaged in business in San Francisco were not otherwise exempt and you had more than \$2,000,000 in combined taxable <u>San Francisco gross receipts</u> .
What constitutes gross receipts: Gross receipts means the total amounts received or accrued by a person from whatever source derived, including, but not limited to, amounts derived from sales services, dealings in property, interest, rent, royalties, dividends, licensing fees, other fees, commissions and distributed amounts from other business entities. Gross receipts include but is not limited to all amounts that constitute gross income for federal income tax purposes. Gross receipts, including advance payments, shall be included in a taxpayer's gross receipts at the time such receipts are recognized as gross income for federal income tax reporting purposes.

San Jose Business Tax:	Employee Head Count
Source:	https://www.sanjoseca.gov/your-government/departments/finance/business-tax-registration/business-tax-rates
Annual Increase:	1.5% minimum base tax 3% on incremental brackets 3% on rate cap

Business Tax Specifics:

Employees	Incremental Tax per Employee (effective 7/1/2021)
Base Tax: 1 to 2	\$206.90
Incremental Tax: 3 to 35	\$33.21
Incremental Tax: 36-100	\$44.28
Incremental Tax: 101 to 500	\$55.35
Incremental Tax: 501+	\$66.48
Cap	\$166,311.35

Notes:

"Employee" means each and every person engaged in the operation or conduct of any business, whether as owner, member of the owner's family, partner, associate, agent, manager or solicitor, and each and every other person employed or working in such business for a wage, salary, commission or room and board.

Incremental tax rates are applicable per employee.

As prescribed in San Jose Municipal Code Section 4.76.365, the base tax rate shall be adjusted annually if the cost of living in the City has increased over the preceding base period as shown by the Consumer Price Index (All Urban Consumers for All Items for the San Francisco-Oakland-San José Area) using February to February data; limited to 1.5% per year on the minimum base tax, 3.0% per year on the incremental tax brackets, and 3.0% per year on the cap.

Proxy Company	Employees	Annual Tax	Annual Maximum Tax
VMWare	3500	\$225,968	\$166,311
HP Inc.	2000	\$126,248	
JAZZ Pharmaceuticals	400	\$20,993	
ARGO AI	50	\$2,174	

Santa Clara Business Tax:	Employee Head Count
Source:	https://www.codepublishing.com/CA/SantaClara/#!/SantaClara03/SantaClara0340.html#3.40.010
Annual Increase:	No annual escalator

Business Tax Specifics:

Flat fee per size category

Commercial Employee Head Count	
No. of Employees	Annual Tax
1	\$15
2	\$30
6	\$70
16	\$115
21	\$175
26	\$225
31	\$280
41	\$330
56	\$380
76	\$460
101+	\$500

Professional Employee Head Count Tax	
No. of Employees	Annual Tax
1	\$15
2 to 3	\$30
4 to 6	\$70
7 to 10	\$90
11 to 20	\$115
21 to 25	\$175
26 to 35	\$225
36 to 40	\$280
41 to 45	\$330
46 to 50	\$380
51 to 55	\$460
56+	\$500

Manufacturing Employee Head Count	
No. of Employees	Annual Tax
1 to 3	\$15
4 to 20	\$45
21 to 30	\$65
31 to 50	\$100
51 to 75	\$135
76 to 100	\$175
101 to 125	\$225
126 to 175	\$280
176 to 225	\$330
226 to 300	\$380
301 to 400	\$460
401+	\$500

Notes:

Unless such business is otherwise specifically taxed by other provisions of this chapter, every business in the city shall pay a tax according to the following classification and rate schedule:

(a) Commercial. Any person engaged in the business of offering for sale or selling to the public at wholesale or retail any materials, commodities, goods, wares or merchandise shall pay a tax according to Schedule 100; or

(b) Professional and Semiprofessional Services. Any person engaged in the business of offering professional or semiprofessional services, as that term is ordinarily and commonly used and understood, and shall include those professions requiring governmental certification or a professional degree, but not limited to the practice or profession of: accounting, administrative support, advertising, analyst, appraiser, architectural services, auditing, chiropractic, consultant (all fields), dentistry, drafting, education, engineering (all fields), finance, law, medicine, mortician, optometry, physical therapist, property management, real estate (broker and agent), research and development, taxidermist, technical support, veterinary and writers shall pay a tax according to Schedule 200; or

(c) Manufacturing. Any person engaged in the business of making any article, device, good, or item from raw material, to be sold for wholesale shall pay a business tax according to Schedule 300; or

Proxy Company	Employees	Annual Tax	Annual Maximum Tax
VMWare	3500	\$500	\$500
HP Inc.	2000	\$500	
JAZZ Pharmaceuticals	400	\$460	
ARGO AI	50	\$100	

Data Sources, Methodological Notes, and Glossary of Terms

Data Sources	Stanford and jurisdiction websites
Analysis	Silicon Valley Institute for Regional Studies
Methodology	Stanford provided proxy company inputs based on employee count and square footage.
	Stanford identified eight local jurisdictions to include in a business tax comparison: Cupertino, East Palo Alto, Fremont, Mountain View, Redwood City, San Francisco, San Jose, and Santa Clara. Four jurisdictions have a business tax based on employee count (Mountain View, Redwood City, San Jose and Santa Clara), one (Cupertino) is based on square footage, and three (East Palo Alto, Fremont and San Francisco) are based on gross payroll or gross receipts or a combination of the two.
	For jurisdictions with either an employee count or square footage-based formula for business tax, the proxy company inputs were used to estimate the business tax for each of the four proxy companies based on 2022 dollars.
	Jurisdictions using either gross payroll or gross receipts inputs were not included in the business tax comparison matrix due to the lack of available public data for the proxy companies.
	A sensitivity analysis was conducted for Palo Alto based on a range of business tax rates applied to square footage: \$.05, \$.10 and \$.15 per square foot.
	The average business tax across the five local jurisdictions was calculated for each proxy company. Based on the average business tax, a business tax rate was calculated for Palo Alto that would place Palo Alto at the average tax for each proxy company.
	The annual rate of increase was calculated for Palo Alto to year 12 using the maximum proposed rate of 5%. Annual rates of increase are indicated for each of the seven jurisdictions, even those not included in the business tax comparison matrix.
Glossary	
Employee Count	The number of full-time workers at a site within the jurisdiction.
Square Footage	The square footage of space under lease or ownership by a company within the jurisdiction.
Gross Receipts	Gross revenue of a company within a jurisdiction prior to the deduction of any expenses or other costs.
Gross Payroll	Gross payroll including bonuses and other forms of compensation for a company within a jurisdiction.
Assumptions	This model assumes that all employees are full-time
	The annual increase in Palo Alto is presumed to be the maximum of 5%.
	The proxy companies do not qualify for any business tax exemptions in Palo Alto except the first 5,000 sf.

Business Taxes by Proxy Company								
Employee Count (EC)	3,500	Diff from Average	2,000	Diff from Average	400	Diff from Average	50	Diff from Average
Square Footage (SF)	1,500,000		500,000		100,000		25,000	
Cupertino (SF)	\$11,329	-\$104,831	\$6,129	-\$63,479	\$3,284	-\$8,196	\$1,082	-\$163
Mountain View (EC)	\$396,695	\$280,535	\$209,195	\$139,587	\$26,695	\$15,215	\$445	-\$799
Redwood City (EC) Max: \$5,966	\$5,966	-\$110,194	\$5,966	-\$63,642	\$5,966	-\$5,514	\$2,422	\$1,178
San Jose (EC) Max: \$166,311	\$166,311	\$50,151	\$126,248	\$56,640	\$20,993	\$9,513	\$2,174	\$929
Santa Clara (EC) Max: \$500	\$500	-\$115,660	\$500	-\$69,108	\$460	-\$11,020	\$100	-\$1,144
Average business tax paid:	\$116,160		\$69,608		\$11,480		\$1,244	
Palo Alto (SF) Annual Rate:								
\$0.60	\$897,000	\$780,840	\$297,000	\$227,392	\$57,000	\$45,520	\$12,000	\$10,756
\$1.20	\$1,794,000	\$1,677,840	\$594,000	\$524,392	\$114,000	\$102,520	\$24,000	\$22,756
\$1.80	\$2,691,000	\$2,574,840	\$891,000	\$821,392	\$171,000	\$159,520	\$36,000	\$34,756
Estimated annual tax rate to place Palo Alto at the avg. of five comparison jurisdictions	\$0.08		\$0.14		\$0.12		\$0.06	

Notes: All proxy company inputs are provided by Stanford. First 5,000 SF in Palo Alto are exempt from tax. Mountain View Business License Tax estimates are based on the full tax rate that went into effect on Jan. 1, 2022.

Source: Business tax regulations as described on jurisdiction's website. Palo Alto rates provided by Stanford.

The following key findings were based on the Palo Alto business tax scenarios using three different annual tax rates (\$0.60, \$1.20, and \$1.80 per square foot per month):

- Even at the lower rate of \$.60/SF, companies would pay between 77% (or approximately four times) and 90% (or approximately 10 times) more in Palo Alto than the average tax paid across all five comparison jurisdictions.
- Reverse engineering the business tax rate in Palo Alto to equal the average across the five comparison jurisdictions results in a business tax rate of \$0.06/SF/year (for a company with 25,000 SF) to \$0.14/SF/year (for a company with 500,000 SF). These rates are significantly less than the annual rates of \$.60-\$1.80/SF/year currently under consideration in Palo Alto.
- As a comparison, a proxy company with 50 employees/25,000 SF would pay approximately \$2,400 annually in Redwood City, while in Palo Alto the business would pay between \$12,000 to \$36,000 - nearly five to 15 times more in annual taxes based on the range of tax rates under consideration in Palo Alto. These estimates reflect the exemption of the first 5,000 SF from the tax and illustrate the additional tax burden that will be placed on Palo Alto's smaller companies such as start-ups and Main Street businesses.

From: [Justine Burt](#)
To: [Council, City](#)
Cc: [Shikada, Ed](#); [Kamhi, Philip](#); [Brad Ehikian](#); [Rob George](#); [Shannon Rose](#); [de La Beaujardiere, Cedric](#); [Sebastian Mafla](#); [Star-Lack, Sylvia](#)
Subject: letter about business tax
Date: Friday, June 17, 2022 12:24:21 PM
Attachments: [Palo Alto TMA City Council letter about business tax June 17 2022.pdf](#)

Some people who received this message don't often get email from justine@paloaltotma.org.
[Learn why this is important](#)

CAUTION: This email originated from outside of the organization. Be cautious of opening attachments and clicking on links.

Dear Honorable City Council Members,

Please see attached for a letter about the business tax currently being considered by City Council.

Cordially,

Justine Burt
Executive Director, Palo Alto Transportation Management Association
justine@paloaltotma.org



June 17, 2022

City.Council@cityofpaloalto.org

Dear Honorable City Council Members,

The mission of the Palo Alto Transportation Management Association (TMA) is to reduce single occupancy vehicle trips, traffic congestion, and demand for parking by delivering targeted transportation solutions to the Downtown and California Avenue areas' diverse range of employers, employees, visitors, and residents. As a local non-profit governed by a board comprised of both residents and local businesses, the TMA takes no position on whether the City of Palo Alto should enact a business tax.

However, if the City implements a business tax, the TMA would like the City Council to consider the TMA as a potential recipient of business tax funding in order to benefit the local businesses that would pay this potential tax. Because the TMA serves the business community in Palo Alto, funding the TMA from business tax funds would ensure that the businesses paying the tax would receive services from it. Current TMA programs that support low-income workers have been shown to reduce employee turnover and support the competitiveness and stability of businesses in Downtown and California Ave in a challenging labor market. Ultimately, funding the TMA from a potential business tax benefits all residents by helping workers commute to Palo Alto using green modes that do not congest roads, do not require parking, improve air quality, and reduce noise. In addition, a side benefit of TMA programming is improved employee recruitment and retention, so local businesses can continue to serve residents with experienced workers. These businesses allow for the diverse and exciting street life that Palo Alto residents enjoy.

Discussion about this topic at our June 16, 2022 board meeting resulted in the following motion.

"The Palo Alto TMA Board of Directors approves the Executive Director sending a letter requesting funding if the business tax is passed. The board is not endorsing the business tax. We recognize that this tax, if passed, will have impacts on businesses. If some revenue from the business tax were used to fund PATMA, this will bring benefits back to businesses. PATMA recognizes the complex funding mechanism that this type of initiative generates. This motion indicates the Board's desire to collaborate with the Council."

Thank you for your consideration of the TMA for future funding.

Sincerely,

A handwritten signature in black ink that reads "Justine Burt". The signature is written in a cursive, flowing style.

Justine Burt
Executive Director, Palo Alto Transportation Management Association
justine@paloaltotma.org

From: slevy@ccsce.com
To: [Council, City](#)
Cc: [Shikada, Ed](#); [Nose, Kiely](#); [Paras, Christine](#)
Subject: Another company economizing on space
Date: Thursday, June 16, 2022 10:47:49 AM

CAUTION: This email originated from outside of the organization. Be cautious of opening attachments and clicking on links.

Article is below

And I read today that Stanford provided you with a report showing comparative tax burdens for neighboring cities.

I would like to support a business tax and will soon send you suggestions for a tax I could support.

I continue to worry about competitiveness and equity issues and am particularly concerned that daytime workers are critical customers for our small businesses and disincentives will end up hurting not helping the very businesses council wants to help

Stephen Levy

Center for Continuing Study of the California Economy

By [Mark Calvey](#) – Senior Reporter, San Francisco Business Times

Jun 15, 2022

Block is the largest Bay Area company to embrace a no-HQ strategy, joining Coinbase and Brex. All three companies were once based in San Francisco before the pandemic fueled the embrace of employees working remotely and fully distributed workforces.

Block, formerly known as Square, said Wednesday that it's [not renewing the lease at its Mid-Market offices in San Francisco](#) that once served as its headquarters.

Although Block will continue to have other offices elsewhere in San Francisco, dropping the huge lease that once housed the company's headquarters could bolster the company's claim that it's no longer based in San Francisco, especially if the C-suite and most employees work outside the city, according to tax experts.

Large companies based in San Francisco face the city's administrative office tax. Oakland is preparing to adopt a similar tax as part of a proposed overhaul of that city's gross receipts tax heading to the November ballot.

In San Francisco, large companies shedding their headquarters in the city can avoid San Francisco's administrative office tax now or in the future. That 2.9% tax on San Francisco payrolls, which includes the Prop. C homeless services levy, affects companies based in the city that meet three conditions: They have more than half of their payroll expense in San Francisco tied to headquarters functions; have more than 1,000 U.S. employees; and have more than \$1 billion in revenue.

Those wondering who might be next to embrace a no-HQ model may want to [keep an eye on Opendoor Technologies Inc.](#) The iBuyer, coping with a housing market slowdown, continues to be based in San Francisco despite giving up its headquarters space in January

2021. Opendoor has long told the Securities and Exchange Commission that its "principal executive offices" are in Tempe, Arizona.

In the embrace of remote work and headquarters relocations, taxes on senior leaders and talent are playing a growing role.

"We have been discussing this a lot with our current client base," John Hayashi, BPM's managing director in tax, heading the firm's state and local tax practice, said of client conversations over HQ relocations. He said going without a headquarters altogether hasn't usually been part of the conversation — at least not yet.

"Just speaking personally, Silicon Valley businesses — I'll call it technology — are doing things that are unconventional to those of us who've been in the business over a number of years," Hayashi said of companies pursuing no-HQ strategies. "It doesn't surprise me, but that's more so because the tech world is doing things that fit today's work environment."

On 2022-06-12 20:15, slevy@ccsce.com wrote:

----- Original Message -----

Subject:Twilio economizing on space

Date:2022-06-12 20:14

From:slevy@ccsce.com

To:City Council Palo Alto <city.council@cityofpaloalto.org>

Cc:Ed Shikada <ed.shikada@cityofpaloalto.org>, Kiely Nose
<kiely.nose@cityofpaloalto.org>

Companies can and are reducing space in reaction to work from home and other factors.

A tax on space is an additional incentive to economize on space.

I think this should be evaluated and a response deduction made in estimated BT revenues.

By [Laura Waxmann](#) – Staff Reporter, San Francisco Business Times
Jun 7, 2022 **Updated** Jun 7, 2022, 2:05pm PDT

Twilio has radically reduced its physical presence in San Francisco after re-emerging last month as a remote-first company.

A spokesperson said Monday that the cloud communications company (NYSE: TWLO) has consolidated multiple San Francisco

offices into one location, Rincon Center at 101 Spear St., where it now occupies two floors in redesigned space to promote collaboration.

It previously occupied five floors there for a total 241,354 square feet in a lease that runs through 2025. Hudson Pacific Properties owns the two-tower complex.

The spokesperson would not confirm how much total office space Twilio commanded in San Francisco, where the company is headquartered, but I've identified at least two other locations where the company had space. It leased a portion of one floor at 375 Beale St., and Twilio-owned Segment occupied 19,000 square feet at 100 California St. in a lease that expired in April.

It is unclear whether Twilio has listed the San Francisco space it has given up on the sublease market, though it has done so in other markets. Last week, Twilio said that it will list a [portion of its office space](#) in downtown Denver, Colorado.

The consolidation follows an [announcement posted](#) to the company's website in early May explaining that Twilio will be a "remote first" company. This means that employees have the flexibility to work from home, but can also choose to work from an office.

Roughly 72% of Twilio's workforce was hired during the pandemic, and 40% have been hired into fully remote roles, the company said in the post. Twilio initially considered implementing a hybrid work place strategy that would have required employees to return to the office a few days per week and was planning to retrofit its spaces to allow for social distancing. But the ongoing pandemic and feedback from employees nixed those plans, the company said.

Twilio conducted a survey that revealed that 88% of its employees felt productive working remotely, and that nearly all — 99%— did not want to return to an office full-time.

"What we learned is that Twilio's global workforce has adapted really well to working remotely and that Twilions have discovered that — for most jobs— work isn't something you need to be in the office to do," said Twilio Chief People Officer Christy Lake.

From: [Rebecca Eisenberg](#)
To: [Council, City](#); [Pat Burt](#); [Tom DuBois tom.dubois@gmail.com](#); [Shikada, Ed](#); [Lydia Kou](#); [Greer Stone](#); [Filseth, Eric \(external\)](#)
Cc: [Aram James](#); [Mark Weiss](#); [chris_robell@yahoo.com](#); [Roberta Ahlquist](#); [Curtis Smolar](#); [slevy@ccscc.com](#)
Subject: A Regressive Business Tax is Worse than No Business Tax
Date: Tuesday, June 14, 2022 1:00:17 AM

CAUTION: This email originated from outside of the organization. Be cautious of opening attachments and clicking on links.

Dear Council Member DuBois, Mayor Burt, Vice Member Kou, and the rest of City Council:

The tax measure you propose is regressive, unprecedented, and possibly illegal. It is likely illegal because there is no nexus between the amount of square footage a business rents and its measurable impact on the community and/or public good, which is why no other city has proposed anything like it in more than 20 years.* It is illogical because it makes no sense for a highly profitable business to be exempt from taxation due to the small size of its office. You must recognize how illogical your proposed method of taxation is, given that at every meeting regarding it, you propose and add another "excluded category" (today's category: senior living centers. Does this mean that commercial landlords are possibly not exempt?*). It is inequitable because it continues Palo Alto's tradition of benefiting the wealthiest few at the expense of all others. Here are some facts I urge you to consider. Many of them directly contradict assertions made by some of you and/or staff at tonight's council meeting.

1. The tax measure you propose is REGRESSIVE. As the Daily Post pointed out, as agreed with by economist Stephen Levy, the top 5 largest businesses in Palo Alto will pay only 20% of the tax burden under Palo Alto's current tax proposal. **This puts the largest portion of the burden of tax payments on the businesses that can afford it the least -- small and medium sized businesses.** Your proposed tax gives unfair advantage to our City's wealthiest and most powerful employers, and completely exempts billionaire landlords like John Shenk. **This is an inequitable tax scheme that benefits the wealthiest few at the expense of all others.**

2. All of our neighbors successfully proposed PROGRESSIVE taxes:

A - East Palo Alto: 5 biggest companies pay 79% of the tax revenue (mostly Amazon.com) (using a parcel tax on commercial landlords - which would work here too!)

B - Mountain View: 5 biggest companies pay 77% of tax revenue (mostly Google/Alphabet) (using a headcount tax focusing only on the largest employers - which would work here too!)

C - Your faulty proposed tax - 5 biggest companies pay 20% of the tax revenue (using a tenant-based square footage tax, which does not work here or anywhere)
No wonder your tax is polling so terribly!

3. The Tax Measure you suppose is illogical and unprecedented:

There is no precedent within the past 2 decades for a square footage tax on tenants, and only one precedent older than 2 decades: Cupertino - which notably has been trying to revamp its tax to a headcount tax similar to Mountain View's. No City proposes this tax because your proposed tax makes zero sense. With your tax, a **VC firm with a 4000 square foot office and \$2 billion in revenues pays NO TAX**, while a startup with no revenues and a 30,000 square foot office pays MUCH

TAX. How can you possibly justify this inequitable tax scheme? Should Venture Capitalists, Attorneys, Investment Bankers, Financial Managers, and other highly profitable businesses - sometimes with revenues into the billions - be exempted from taxes required to be paid by their struggling portfolio companies simply because the struggling companies occupy large sized offices? HOW? WHY?

BAD taxes are not better than no taxes!

4 Your process of endless surveys is flawed and ignores the actual evidence of what a tax needs to look like to pass.

ANSWER: **PROGRESSIVE TAXES THAT FOCUS ITS IMPACT ON THE LARGEST AND MOST PROFITABLE BUSINESSES AND EMPLOYERS WIN VIRTUALLY EVERY TIME, BY WIDE MARGINS:**

Ballotpedia lists many (not all) of the recent taxes here:

https://ballotpedia.org/Local_business_tax_on_the_ballot

There are PROVEN TAX METHODS that work and that pass by wide margins! Most cities use a headcount or payroll tax, and/or a receipts/income tax. WHY DON'T WE DO THAT TOO?

Here are examples of 6 Methods of Taxation that make sense and that have succeeded locally:

1 - HEADCOUNT TAX provides accurate accounts of how much impact a company's employees have on city services including roads: Mountain View - **2018 - passed with 72%**

2 - PAYROLL TAX is a more progressive version of headcount tax, ensuring that higher-wealth employers pay a more equitable tax: San Francisco - **2020 - 68%**

3 - RECEIPTS TAX ensures that higher revenue companies pay more tax than lower-revenue companies: Daly City - **2018 - 81%**

4 - OVERPAID executive tax: taxes companies that pay its top executives more than 100 times the amount it pays its top executives - SF **2020 - 65%**

5 - PARCEL TAX ON LARGE COMMERCIAL LANDLORDS - only taxed offices bigger than 25,000: East Palo Alto - **2018 - 80%**

6 - LARGE LANDLORD TAX - East Palo Alto - clarifies that it is the owner of the property rather than the tenant, who is enriched by the use of the property **2016 - 78%**

**** To the contrary of the incorrect statement asserted by Council Member DuBois this evening, every one of these taxes was passed within the past 6 years, with most passed in 2020 or 2018.*****

5. GOOD TAXES WIN! Mayor Burt mentioned that San Francisco has many business taxes. That is TRUE! We also should. Please note that all of SF's taxes are PROGRESSIVE - meaning that the largest and most wealthy companies pay the majority of the tax revenues, unlike Palo Alto's proposed tax.

Here is a list of some of SF's taxes and at what margin they were passed:

SF - receipts tax for homelessness services - 61%

SF - ride share to fund transit - 68%

SF - overpaid executives tax - 65%

SF - sugar soda tax - 63%

SF - increase of large company receipts (income) tax - 2020 - 68% (this took the existing tax and increased tax rates for the largest and most profitable companies)

6. Progressive taxes that target the largest businesses do not receive opposition from those businesses. For example, Mountain View's 2018 Google Tax went on the ballot with NO statement of objection from Google. Similarly, Amazon.com did NOT object to the 2018 parcel tax directed at Amazon.com in East Palo Alto. The biggest companies did not oppose paying their fare share! **Those taxes have been very successful.**

7. You claimed tonight that we have had many opportunities to state our objections - with zero promises that you would consider the objections. CAN YOU PLEASE CONSIDER, ON BEHALF OF OUR COMMUNITY, THAT YOU ARE WRONG

ABOUT THIS REGRESSIVE TAX ON TENANTS BASED ON THE SIZE OF THE OFFICES THEY RENT? Doesn't the fact that no one else does it this way, give you even the smallest amount of pause? Do you honestly believe that Palo Alto is truly that qualitatively different from all of our closest neighboring cities? Why do you continue to push this misguided, counterproductive, regressive tax measure, when so many proven alternatives work? **Do you truly want a business tax to pass?**

As to how long some of us have been campaigning for a PROGRESSIVE large-company business tax, may I point you to this 30-second video:

<https://www.youtube.com/watch?v=-9UboCVyP9Q>

In sum, **all we really have to do is tax the 10-20 largest, publicly-traded companies - based on headcount, payroll, income, overpaid exec status and/or a combo of 4 - to solve all of Palo Alto's financial problems,** and re-fund services you cut. If we tax them at a slightly higher rate, we could provide universal childcare, healthcare, and housing to every Palo Alto worker and resident. This is low-hanging fruit. Tax ONLY the largest businesses, and use the proceeds to help small businesses and the rest of the community. WHY NOT?

If you do nothing else, please consider refraining from calling us who oppose your regressive inequitable tax measure as evil, selfish, self-serving, and part of the exploitative business community. You are failing to connect with a large portion of voters in Palo Alto, who care about EQUITY and are tired of the wealthiest organizations and businesses - such as commercial landlords and exclusive walled-garden private schools like Castilleja - never having to pay their fair share. **Your proposed tax, which collects the overwhelming majority of revenues from small and mid-sized businesses, will harm opportunity and equity in our town, and continue to benefit the wealthiest few at the expense of everyone else.**

And that is why it will LOSE. You don't need an expensive poll to reach that obvious conclusion. **People in Palo Alto want a FAIR business tax -- not a broken, unfair business tax like the one you are pushing.** Rather than spending so much time and money on pollsters, go talk to human beings directly.**** Or even better - go talk to your colleagues in Mountain View or East Palo Alto, and ask them how they did it. Because they did it - and if you truly wanted to pass a sound business tax, you should be taking notes from our nearby winners.

Best,
Rebecca

Footnotes:

* How big of an office a company occupies has no actual connection to any relevant impact on the city - which is why there is no precedent for it elsewhere (Cupertino's tax is more than 20 years old, and is still distinguishable, not to mention that Cupertino has been trying to change it for years.) Additionally, City Staff and Council continue to confuse the square footage PARCEL tax in EPA, which taxes LANDLORDS, with the absurd tenant-square-foot tax you continue to defend.

** Not to mention, your square footage tax calls attention to internal ambiguities that would make for fantastic lawsuits. E.g: Your tax measure taxes businesses. Being a landlord is a business. So, in the case where Thoit's rents a commercial office to a startup, does the startup and Thoit's both get taxed on the square footage of the office space? Why would Thoit's be exempt from the tax given that its business occurs in the same space that the startup's business occurs? Cue the litigation to resolve this. **There is a reason no other city taxes tenants based on square footage. It makes no sense, and it exempts the most impactful, largest, and most profitable businesses from paying their fair share and puts an inequitable undue burden on businesses least capable to pay these taxes: small and mid-sized businesses.**

*** With apologies to Mr. DuBois, who may consider my comment pointing out that he is factually incorrect to be "uncivil" or "rude." Council Member DuBois, with respect, I am unaware of a method to tell you that you are factually incorrect that would not come across as uncivil and rude to you. Yet, I did my best. Please don't attack me in a blog for saying this. Thank you in advance. I have feelings too.

**** And don't rudely blow them off - as the Mayor did to a friend of mine last weekend. Office hours should come with some sort of clarification that the elected official having the office hours will actually allow the resident to have a turn to speak, I think.

Rebecca Eisenberg, Esq.
Principal & Founder

Netskink Positive Impact Investments
Private Client Legal Services
www.linkedin.com/in/eisenberg
rebecca@privateclientlegal.com
415-235-8078