

CITY ATTORNEY'S IMPARTIAL ANALYSIS OF MEASURE AB

The City of Pico Rivera has not updated its business license fee structure for 64 years. Measure AB places before the voters the decision of whether or not to update the City of Pico Rivera business license fee schedule to create distinct fees based on business category rather than the current single rate to calculate such fees for all businesses in the City of Pico Rivera. This Measure does not impose a tax upon the residents of the City of Pico Rivera.

Currently, Pico Rivera businesses are required to pay \$50, plus \$0.50 per every \$1,000 of gross receipts for the first \$500,000. Gross receipts in excess of \$500,000 is calculated at the following rates: (a) \$0.30 per \$1,000 for gross receipts of \$500,001 to \$100,000,000; (b) \$0.26 per \$1,000 for gross receipts of \$100,000,001 to \$1,000,000,000; (c) \$0.15 per \$1,000 for gross receipts of \$1,000,000,001 to \$5,000,000,000; and (d) \$0.13 per \$1,000 for gross receipts over \$5,000,000,000.

Under the proposed Measure, the base rate for business license fees will be set at a \$25 flat-rate per business for the first \$25,000 in gross receipts for all businesses conducting business within the City. For those businesses which generate gross revenues over \$25,000 per year, the following business categories are created: Contractor, General Commerce/Retail, Rental (Commercial & Residential), Service, Professional and Industrial businesses. For gross receipts exceeding \$25,000, the business license fee will be calculated in the following manner: (a) 0.002 time gross receipts for Contractor businesses, (b) 0.001 time gross receipts for General Commerce/Retail businesses, (c) 0.003 time gross receipts for Rental (Commercial & Residential) businesses, (d) 0.001 time gross receipts for Service businesses and (e) 0.003 time gross receipts for Professional businesses. For the Industrial business category, the base rate will be set at \$25 flat rate with additional fees established at \$0.35 per square feet of Industrial Business space.

If approved, Measure AB has the potential to raise approximately \$5.8 million in additional revenue for the City of Pico Rivera to be used for enhance police and fire services, park programs and improvements, street repair and maintenance, address homelessness, and enhancing other essential City services. Funds raised as a result of this Measure shall only be used for Pico Rivera programs and services.

A YES vote would update the City's business license fee schedule and would expect to generate \$5.8 million in general fund revenues to be made available for all City programs and services.

A NO vote results in the City not updating the business license fee schedule and the City would not receive the estimated revenues for City programs and services.

If approved, this revised business fee structure does not result in any increased taxes for residents of Pico Rivera and would only apply to businesses operating within the City.

The City Council directed Measure AB to be placed on the ballot at the General Municipal Election to be held on November 8, 2022.

Respectfully submitted,

Arnold M. Alvarez-Glasman
City Attorney

The above statement is an impartial analysis of Measure AB If you desire a copy of the ordinance pertaining to Measure AB please call the Pico Rivera City Clerk's Office at 562-801-4389 and a copy will be mailed at no cost to you.