

BLUE RIBBON EQUITABLE TASK FORCE ACTION MINUTES - THURSDAY, MAY 13, 2021

Meeting was called to order at 6:09 pm by Margaret O'Brien.

1. **Roll Call:** Takata-Vasquez, Larsen, Katz, Moncada Kone, Kwamilele, Ortega, Swafford, Williams, and Wanzo were present. Oke and Tsai were absent. There was a quorum.
2. **Public Comment** – No speakers.
3. **Approval of Draft Minutes from April 22, 2021 Meeting**

Vice-Chair Larsen moved, seconded by Board Member Ortega to approve the minutes of the April 22, 2021 meeting.

Board polled as follows: Takata-Vasquez, Larsen, Katz, Moncada Kone, Kwamilele, Ortega, Swafford, Williams, and Wanzo voted "aye." All ayes – motion carried.

4. Informational Items

A. Presentation regarding Potential Impact from Changes to Business Tax

Matt Newman, Blue Sky Consulting group provided a presentation that would cover factors that influence business location decisions, considerations for changing the business tax, and preliminary Oakland employment statistics.

Factors that Influence business location decisions:

1. Cost – labor (availability/cost), labor regulations
2. Occupancy costs/rent
3. Taxes – business license, property tax, sales tax (vary across regions/states); corporate and personal income tax (vary across states)
4. Consumer demand – proximity to and income of potential consumers
5. Intangibles – quality of life, municipal services, CEO/Owner preferences

Some Businesses are more mobile than others.

1. Are customers local/regional/national – businesses that compete locally are less likely to move in response to cost increases because cost increases will affect all competitors and businesses.
2. Businesses with regional/national competitors are less able to pass on costs and may not need access to local customers.
3. What are the costs of moving – labor intensive businesses may lose access to relevant labor pools, landlords cannot move buildings, and manufacturers with significant investments in fixed plant and equipment.

Do taxes matter? Per surveys – taxes never ranked as the most important factor – regardless of business size or sector but are reported as more important than other issues.

Taxes importance vary on type of business. Empirical research shows studying a casual impact of tax change was difficult but show taxes do play a role in business location and expansion decisions.

Task Force identified job quality and potential job gains/losses as important factors when evaluating potential business tax changes; businesses currently required to report only the basis for business taxes (gross receipts or total payroll); employment estimates can be calculated using public data.

Discussion held regarding how other taxes besides the business tax increase could affect the total tax burden.

Discussion held relating to how most business pay more than one tax.

Preliminary Oakland Employment Statistics

1. Task force identified job quality and potential job gains/losses as important factors to consider when evaluating potential changes to business tax.
2. Oakland businesses are currently required to report only the bases for business taxes.
3. Employment estimates can be calculated using public data (census, data from total receipts- payroll-number of employees), business tax categories mapped to NAIC's codes using the reported gross receipts to construct preliminary employment estimates.

Discussion held regarding employment by size of business and categories they fall into.

Discussion held pertaining to whether it was possible to determine the amount of business tax each business pays.

Discussion held relating to the questions the task force could ask which sector could/should be taxed more and how progressive should the new business tax be.

Discussion held concerning an updated business tax – tax could vary in degree of progress within each category and in the extent to which rates differ across categories.

Discussion held concerning how incentives would be a good option for the City of Oakland.

Discussion held regarding how the City of Oakland was looking at the new business Tax so it could be implemented before other local municipalities – as most would not be looking into changes for another year.

5. Action Items:

A. (Continued from the 4/29/2021 Taskforce meeting) Ad Hoc Committee Assignments

Discussion held pertaining to how an email was sent to ask if the Task Force if they were ok to share their email address with the other Task Force members.

Discussion held concerning the Brown Act and how each member needed to keep it in mind if corresponding other members.

Discussion held regarding holding the ad-hoc meetings for the weeks when the task force was not meeting.

Board Member Ortega advised she was not at prior meeting and wanted to join an ad-hoc committee.

Chair Vasquez-Takata noted the committees were: A was job quality and employment, B was business mobility, real estate, attraction/retention, and C was tax category, implementation i.e.: tax holiday.

Chai Vasquez-Takata moved, seconded by Board Member Kwamilele to add Board Member Ortega to Committee C.

Board polled as follows: Takata-Vasquez, Larsen, Katz, Moncada-Konte, Kwamilele, Ortega, Swafford, Williams, and Wanzo voted “aye.” All ayes – motion carried.

Vice Chair Larsen noted her ad hoc committee C discussed business license rates and progressive categories. (i.e.: length and time in business, location within the city, business square footage). Also discussed elimination of business license or providing small businesses or pandemic impacted businesses with a tax holiday in lieu of just eliminating. Discussed bringing in city interested parties to share thoughts on rates/sectors.

Chair Vasquez-Takata requested that ad-hoc committees meet at least meet once and report at the next meeting.

Board Member Kwamilele requested that ad-hoc meetings submit written notes from their meetings to be included with the agenda.

6. Open Discussion – Task Force will discuss their business tax priorities and potentially delegate research items to staff and ad hoc committees for research and analysis.

7. Agenda Requests for Future Meetings

No requests.

8. Open Forum

No Comment.

9. Adjournment

Margaret adjourned the meeting at 8:09 p.m. Next meeting will be May 27, 2021 at 6:00 pm.