



**CITY OF OAKLAND  
BLUE RIBBON EQUITABLE BUSINESS TAX TASKFORCE**

**REGULAR MEETING  
Meeting Agenda  
Thursday, September 2, 2021  
6:00 PM  
Via Teleconference**

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Blue Ribbon Equitable Business Tax Taskforce Members:

Adrianna Fike  
Michael Katz  
Tasion Kwamilele  
Cynthia Larsen – **Vice Chairperson**  
Zain Oke  
Liz Ortega  
Daniel Swafford  
Ari Takata-Vasquez - **Chairperson**  
Minh Tsai  
Ben Wanzo  
Winter Williams

Task Force website: [City of Oakland | Blue Ribbon Equitable Business Tax Task Force](#)

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**Pursuant to the Governor's Executive Order N-29-20, Blue Ribbon Equitable Business Tax Taskforce Members, as well as City staff, will participate via phone/video conference, and no physical teleconference locations are required.**

**PUBLIC PARTICIPATION**

The Oakland Blue Ribbon Equitable Business Tax Taskforce encourages public participation in the online board meetings. The public may observe and/or participate in this meeting in several ways.

**OBSERVE:**

- To observe the meeting by video conference, please click on this link:  
<https://us02web.zoom.us/j/83616493506?pwd=djZxTTRxc3FKSHR4aDUzYnJHQzQvZz09>  
Passcode: 384984 at noticed time.

Instructions on how to join a meeting by video conference are available at:  
<https://support.zoom.us/hc/en-us/articles/201362193>, which is a webpage entitled “Joining a Meeting”

- To listen to the meeting by phone, please call the numbers below at the noticed meeting time:  
Dial (for higher quality, dial a number based on your current location):

One tap mobile :

[US: +16699006833,,83616493506#,,,,\\*384984#](tel:+16699006833,,83616493506#,,,,*384984#) or  
[+12532158782,,83616493506#,,,,\\*384984#](tel:+12532158782,,83616493506#,,,,*384984#)

**Or Telephone:**

US: +1 669 900 6833 or +1 253 215 8782 or +1 346 248 7799 or +1 301 715 8592 or +1 312 626 6799 or +1 929 205 6099

Webinar ID: 836 1649 3506

Passcode: 384984

International numbers available: <https://us02web.zoom.us/j/kxadPAqUZ>

After calling any of these phone numbers, if you are asked for a participant ID or code, press #. Instructions on how to join a meeting by phone are available at: <https://support.zoom.us/hc/en-us/articles/201362663>, which is a webpage entitled “Joining a Meeting By Phone.”

**PROVIDE PUBLIC COMMENT:** There are three ways to make public comment within the time allotted for public comment on an eligible Agenda item.

- **Comment in advance:** To send your comment directly to the Blue Ribbon Equitable Business Tax Taskforce and staff BEFORE the meeting starts, please send your comment, along with your full name and agenda item number you are commenting on, to [BlueRibbonTaskForce@oaklandca.gov](mailto:BlueRibbonTaskForce@oaklandca.gov). Please note that eComment submissions close one (1) hour before posted meeting time. All submitted public comment will be provided to the Task Force Members prior to the meeting.
- **By Video Conference:** To comment by Zoom video conference, click the “Raise Your Hand” button to request to speak when Public Comment is being taken on an eligible agenda item at the beginning of the meeting. You will then be unmuted, during your turn, and allowed to participate in public comment. After the allotted time, you will then be re-muted. Instructions on how to “Raise Your Hand” are available at: <https://support.zoom.us/hc/en-us/articles/205566129>, which is a webpage entitled “Raise Hand In Webinar.”
- **By Phone:** To comment by phone, please call on one of the above listed phone numbers. You will be prompted to “Raise Your Hand” by pressing STAR-NINE (“\*9”) to request to speak when Public Comment is being taken on an eligible agenda item at the beginning of the meeting. Once it is your turn, you will be unmuted and allowed to make your comment. After the allotted time, you will be re-muted. Instructions of how to raise your hand by phone are available at: <https://support.zoom.us/hc/en-us/articles/201362663>, which is a webpage entitled “Joining a Meeting by Phone.”

If you have any questions about these protocols, please e-mail [BlueRibbonTaskForce@oaklandca.gov](mailto:BlueRibbonTaskForce@oaklandca.gov)

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Do you need an ASL, Cantonese, Mandarin or Spanish interpreter or other assistance to participate? Please email [SAzimi@oaklandca.gov](mailto:SAzimi@oaklandca.gov) or call (510) 238-2972 for TDD/TTY five days in advance.

¿Necesita un intérprete en español, cantonés o mandarín, u otra ayuda para participar? Por favor envíe un correo electrónico a [SAzimi@oaklandca.gov](mailto:SAzimi@oaklandca.gov) o llame al (510) 238-2972 para TDD/TTY por lo menos cinco días antes de la reunión. Gracias.

您需要手語, 西班牙語, 粵語或國語翻譯服務嗎? 請在會議前五個工作日電郵 [SAzimi@oaklandca.gov](mailto:SAzimi@oaklandca.gov) 或 致電 (510) 238-2972 TDD/TTY.

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- 1. Roll Call and Determination of Quorum**
  - 2. Welcome:**
    - A. New Member: Adrionna Fike**
  - 3. Public Comment:** Speakers will be called on by the facilitator as speakers “raise their hand” through video conference or by telephone to speak on Agenda items. Comments for matters not on the Agenda will be taken during Open Forum. All speakers will be allotted a maximum of two minutes to address the Task Force, unless amended by the Chair.
  - 4. Approval of Draft Minutes of July 8 & July 22, 2021 Meetings**
  - 5. Speaker:**
    - A. Ted Egan, Chief Economist, City & County of San Francisco**
  - 6. Staff Updates:**
    - A. Tax modeling: discussion of tax scenarios**
  - 7. Ad Hoc Committees Updates:** Task Force will discuss the progress of Ad Hoc Committees.
    - A. Committee 2, Review of proposals called City Council and City Council Alternate**
    - B. Committee 3, Review of proposals from former subcommittee C**
    - C. Committee 1, Use of Funds**
  - 8. Action items**
    - A. The Task Force may take action on tax rate proposals from Task Force members, or ad hoc committees.**
  - 9. Agenda Requests for Future Meetings**

Task Force members may use this opportunity to address new issues for Task Force business. New items will be referred to an Ad Hoc Committee for action, outreach, research and/or deliberation or scheduled to a subsequent Task Force meeting.
  - 10. Open Forum**
  - 11. Adjournment**

The meeting will adjourn upon the completion of the Task Force’s business.
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## **BLUE RIBBON EQUITABLE TASK FORCE ACTION MINUTES - THURSDAY, JULY 08, 2021**

Meeting was called to order at 6:04 pm by Chuck Maurer.

- 1. Roll Call:** Takata-Vasquez, Larsen, Katz, Kwamilele, Swafford, Williams, and Wanzo were present. Oke arrived at 6:50 pm. Moncada-Konte, Ortega, and Tsai were absent. There was a quorum.
- 2. Public Comment** – No speakers.
- 3. Approval of Draft Minutes from May 16, 2021, June 10, 2021, and June 24, 2021 Meetings.**

Vice Chair Larsen noted on the June 24<sup>th</sup> meeting that combined, should be combining.

Board Member Kwamilele stated her first name was misspelled. (Note from person creating minutes - no first names are used Tsai is referring to Task Force Member Tsai).

*Board Member Swafford moved, seconded by Board Member Williams to approve the minutes with the correction of the word coming to combining and name correction.*

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

#### **4. Calendar & Tentative Schedule**

Staff Member Dang presented the remainder of the schedule for the Task Force. He noted the dates the Task Force would need to make their recommendations by, so that Staff would have enough time to write the reports and have them ready to be presented at the October Council meeting.

Discussion held regarding how the recommendations would not have to be presented at any committee meeting prior to Council.

#### **5. Ad Hoc Committee Updates:**

- A. Committee A – Job Quality & Employment – noted they had Grand Lake Kitchen and KIA of Oakland attend their meeting, where they provided in depth presentations regarding impacts to businesses. Take away’s – Grand Lake Kitchen noted business climate issues – taxes would not be a significant concern – issues were business climate issues. KIA spoke on behalf on “auto row” and noted they were against it, stated they were working with trying to bring in other automobile brands. Business climate issues (graffiti abatement, homelessness, etc). Concern for paying more taxes and still having to deal with the same business climate issues.

- B. Committee B – Business Mobility, Real Estate, Attraction & Retention discussed two topics. Incentives/rebates – is there money to enforce them – if not is there any reason to offer them. Should incentives be earned or given? Also progressive versus flat tax – reviewed presentation of the various ways to do progressive tax.

Discussion held pertaining to how a 72% tax increase would affect businesses if a flat tax was issued.

Discussion held concerning how Council had recommended a progressive tax and how that should be taken into consideration.

- C. Committee C – Tax Categories & Implementation – they discussed the model and what was involved in getting it generated. They reviewed and combined the business categories and to come up with three categories each with its own multiplier. It was noted that initially retail would see a reduction. They discussed looking at each line item and each category.

Review of the three-sub committee’s potential proposals.

Task Force Member Oke arrived at 6:50 p.m.

## **6. Staff Updates**

- A. Tax Modeling – discussion of tax scenarios (Cont.).

Matthew Newman, Blue Sky Consulting, stated the subcommittee he worked with discussed what being a retail business was like within the City and how they would react to a tax increase.

Discussion held concerning how the models were not based on recommendations from the Task Force, they were showing different rates and the affects it would have on the money collected.

Discussion held how there were large variances in the retail category (Target vs. smaller privately owned store vs. restaurant).

Discussion held pertaining to how manufacturing, grocery and retail should contribute the most taxes.

Discussion held concerning how the concern should be focused on how mobile the business is and how much of an increase the business would be looking at rather than where the rate currently was.

Discussion held regarding how some businesses may be willing to pay more taxes as they received more benefits from it.

Discussion held relating to how many small businesses could only operate only one location within the City of Oakland.

Discussion held pertaining to how many businesses felt there were many challenges doing busy within the City of Oakland.

Discussion held concerning the franchise auto dealerships and there were distance requirements that would affect dealerships within the city.

Discussion held regarding the economic impact the manufacturing sector has on the City.

Discussion held pertaining to how public utilities would pass any tax increase onto the residents.

Discussion held concerning how Council in the resolution noted in the Resolution that created the Tax Force that they wanted to increase the amount of taxes collected, indicated the current tax structure was inequitable, and were looking for a progressive tax structure.

#### **7. Agenda requests for future meetings**

Discussion held regarding whether the sub committees wanted to discuss the use of a tax holiday and or a flat tax.

#### **8. Open Forum**

None.

#### **9. Adjournment**

Margaret adjourned the meeting at 7:45 p.m. Next meeting will be July 22, 2021 at 6:00 pm.

## **BLUE RIBBON EQUITABLE TASK FORCE ACTION MINUTES - THURSDAY, AUGUST 5, 2021**

Meeting was called to order at 6:17 pm by Chuck Maurer.

1. **Roll Call:** Takata-Vasquez, Larsen, Kwamilele, Swafford, Williams, and Wanzo were present. Ortega and Oke arrived at 6:40 pm. Katz and Tsai were absent. There was a quorum.

Staff Member Muarer noted that Task Force Member Moncada-Konte resigned from the Task Force.

Discussion held pertaining to how the Council Member who had selected Moncada-Konte had been advised she had resigned and could choose another person to serve.

2. **Public Comment** – No speakers.
3. **Speaker: Barbara Leslie, President/CEO of Oakland Metropolitan Chamber of Commerce**

Barbara Leslie provided a brief background about herself. She provided the history of the Oakland Chamber of Commerce. She noted who and what was involved in the city-wide coalition; reviewed their take on the business license tax; reviewed the objectives that had been discussed regarding the business license tax; reviewed the city's business ecosystem and addressed a prior tax force's survey.

Discussion held concerning what the Chamber considered a small business.

### **4. Calendar & Tentative Schedule**

Staff Member Dang presented the remainder of the schedule for the Task Force. He noted the dates the Task Force would need to make their recommendations by, so that Staff would have enough time to write the reports and have them ready to be presented at the October Council meeting.

Discussion held regarding how the recommendations would not have to be presented at any committee meeting prior to Council.

### **5. Ad Hoc Committee Updates:**

- A. Committee A – Job Quality & Employment – Staff Member Maurer noted only one Task Force member was in attendance – so no report.
- B. Committee B – Business Mobility, Real Estate, Attraction & Retention reviewed a model they had discussed. They discussed rates based on

businesses mobility. They felt construction, utility and hotel/motel had the least mobility and could sustain a higher increase.

Discussion held relating to how the tax increase to utility businesses would be passed on to residents.

- C. Committee C – Tax Categories & Implementation – reviewed the model they had come up with which was progressive. They felt all Oakland businesses should contribute on some level; define business and look at business mobility.

Discussion held regarding the possibility of being able to see all the proposals next to each other.

Discussion held concerning how the multiplier was being used in all the proposed models.

## **6. Staff Updates**

- A. Tax Modeling – discussion of tax scenarios (Cont.).

Discussion held concerning what the city was doing to attract businesses to move to the city.

Discussion held pertaining to how most businesses leased their buildings and did not own them.

Discussion held regarding a request for what the scope and format for the Task Force's recommendation would need to look like. Staff noted they would address it at next meeting.

Request was made for the Task Force to receive the information that Barbara Leslie had presented/spoke about.

## **7. Open Forum**

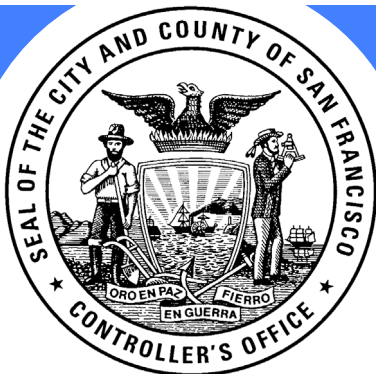
Mike Eng questioned who had appointed Task Force Member Konte. Was advised it was Council Member Fife.

## **8. Adjournment**

Margaret adjourned the meeting at 7:45 p.m. Next meeting will be July 22, 2021 at 6:00 pm.



# San Francisco's Gross Receipts Tax: History and Lessons Learned



**CITY & COUNTY OF SAN FRANCISCO**

Office of the Controller

Ted Egan, Ph.D, Chief Economist  
[ted.egan@sfgov.org](mailto:ted.egan@sfgov.org)

August 25, 2021

- In 2012, San Francisco voters adopted a progressive gross receipts tax, to gradually replace a payroll tax on businesses that had been in place since the 1970s.
- The 2012 measure was the culmination of about a decade of work to form the City's business tax, in the wake of an adverse court ruling.
- The new Gross Receipts tax was gradually phased in over a five-year period in 2018.
- In 2018, the City also adopted two other taxes (effectively) on gross receipts – on larger businesses and commercial real estate.
- In 2020, the City further adopted two more taxes on gross receipts – an across-the-board adjustment, and a surtax on businesses with wide disparities in CEO and median employee compensation.

# The Pre-2012 History

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- Until the late 1990s, San Francisco's business was based on payroll and gross receipts. Business calculated both and paid whichever was greater.
- In the late 1990s, a similar tax in the City of Los Angeles was struck down by the courts. San Francisco pre-emptively reduced its legal risk by eliminating the gross receipts tax option, which few businesses fell into.
- The change cost the City about \$25 million in revenue, led to unexpected tax cuts for about 50 large businesses, and left the City with a business tax system – a flat 1.5% tax on payroll - which was widely believed to disincentivize job creation.
- Attempts were made to replace the revenue and adopt a gross receipts tax failed at the ballot in 2002 and 2004.
- Efforts were complicated by the lack of detailed knowledge of the gross receipts tax base, which made projection difficult and created revenue risk for the City and business taxpayers.

- During the recession in 2011, the Mayor and President of the Board of Supervisors asked the City Controller to develop a tax proposal that would:
  - Create jobs
  - Create tax revenue
  - Improve revenue stability
  - Address inequities in the payroll tax
- Our proposal, which received 70% of the vote, featured:
  - A progressive industry-specific gross receipts tax
  - A revenue-neutral phase-out of the payroll tax
  - A residual payroll tax for “Administrative Offices” (based on Oakland)
  - A progressive increase in the business registration fee (for revenue)
  - A broadening of the tax base by incorporating larger sole proprietors and Federal enclaves like the Presidio.

# Implementation Lessons

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- Revenue-neutral phase-out of the payroll tax
- Dedicating funds for tax administration
- How to assign businesses to industries?
- Complexity
- Stock-based compensation and stability

# Subsequent Changes

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- June 2018: 1.0% – 3.5% dedicated tax on “commercial rents” – essentially gross receipts of commercial real estate. Dedicated to childcare; placed on the ballot with signatures; passed with simple majority.
- November 2018 Roughly a doubling of tax rates for gross receipts above \$50 million, and all administrative office payers. Dedicated to homelessness services; placed on the ballot with signatures; passed with a simple majority.
- November 2020: “CEO tax” – an increase of 0.1% - 0.6% in Gross Receipts tax rates (and 0.4% to 2.4% in Administrative Office tax rates) on businesses whose ratio of CEO-median SF pay is above 100:1. No data yet on revenue or impacts.
- Also November 2020: Additional gross receipts tax increase that:
  - created new revenue
  - fully retired the payroll tax as of 2021
  - shifted the tax burden across industries
  - provided a backstop (now un-necessary) to unlock 2018 funds.