

Town postpones tax-increase plan

Council won't put measure on the November ballot

BY JEN NOWELL
Daily Post Staff Writer

Atherton City Council voted last night to postpone a plan to put a measure on the ballot to change the town's business license tax, with one councilman calling the plan "half-baked."

The changes, which were proposed to go before the voters in November, would have taken the town's revenue from the tax from \$228,000 a year to about \$828,000, according to town officials.

But Councilman Rick DeGolia, who called the town's proposal "half-baked," said more time is needed to get it right, with concerns about enforcement and the lack of outreach to businesses.

Jessica Epstein, of the Silicon Valley Association of Realtors, said Realtors work on commission in which their pay is based on the value of someone else's property.

Enforcement

The recommended changes will need enforcement for businesses to report their annual gross receipts, Epstein said. She said the proposed changes "will result in punishing the honest."

Currently reporting gross receipts is optional but many businesses operating in the town don't report these figures.

Epstein, along with about a half dozen other Realtors, urged the council to hold off until the businesses can be a part of the discussions.

Amy Sung, a Realtor with Pacific Union International, asked council not to rush into a proposal but to look at it more closely.

DeGolia said the changes to the

business tax aren't to target real estate agents but to target those benefiting by working in Atherton.

Currently residents pay for all of the town's services when there are people getting real value out of Atherton who don't pay taxes, DeGolia said.

Vice Mayor Mike Lempres agreed that the town needs to diversify its sources of revenue, but he added that he doesn't think the town has done the needed outreach to go forward this November.

He expressed concern in waiting two more years, but said this effort is something that needs to be completed in advance.

With the town's business license tax being a general tax, it can only go on the ballot in even-numbered years, which means the town will have to wait until 2018 to try again.

Council voted 4-0, with Councilman Bill Widmer absent, to hold off on the tax for this year's ballot.

The current tax

Currently, the business tax is based on 5% of gross receipts or a flat fee, whichever is lower. The fee is typically lower.

The business tax is now paid by general contractors, alarm installers, private patrol, swimming pool workers, real estate firms, landscapers and handymen, to name a few.

Businesses are divided into categories, but town officials recommended last night to eliminate these categories.

The recommended changes to the town's ordinance included a minimum \$100 fee plus having all businesses pay 25 cents for every \$100 in gross receipts.

City Manager George Rodericks said he will come back to council in September with a 12- to 18-month outreach plan for a potential 2018 ballot measure.