

TO: James L. App, City Manager
FROM: Mike Compton, Director of Administrative Services
SUBJECT: Local Government Tax Data Sharing Program
DATE: May 4, 2004

Needs: For the City Council to adopt a resolution approving a participation agreement and a \$1,000 budget to cover the cost of participation in a State business tax data base.

Facts:

1. The State of California Franchise Tax Board has developed a new program to share tax data with local government.
2. The program was authorized by the Legislature as AB 63.
3. The purpose of the program is to provide local government with access to gross receipt data for purposes of confirming the accuracy of reported gross receipt data for their business licensing function.
4. The data is held in the strictest confidence and may not be distributed in any form.
5. Participation requires Council to adopt a resolution authorizing execution of an agreement.

Analysis
and
Conclusion:

The City was contacted by the Franchise Tax Board to solicit interest in this program. Until 1998, the City required businesses to provide documentation of their annual gross receipts when renewing their business licenses. In 1998, this requirement was eliminated.

Participating in this program would provide the affirmation required for the while not burdening the business owner with extra paperwork. Working with the Franchise Tax Board also provides a greater level of confidentiality.

Fiscal
Impact:

It is expected that increased business license revenues from this endeavor will cover the \$1,000 participation costs levied by the Franchise Tax Board. However, assuming the worst case scenario, General Fund reserves would be impacted by the \$1,000 appropriation request.

The one year budget/four-year financial plan adopted by the Council on June 3, 2003 indicated that the General Fund would experience a \$(1,215,500) operating deficit for fiscal year 2003. Since that presentation, the Council has approved the following additional General Fund budget appropriations:

Carry-over Requests	\$849,900
City-wide Fee Study	11,000
Self-contained Breathing Apparatus	15,800
Install 67 Parking Spaces	7,000
Void GF Montebello Park Contribution	(550,000)
Landscape & Lighting Improvements	100,000
Quake Consulting Services	20,000
Pollution Insurance (request pending)	<u>20,500</u>
Total YTD	<u>\$474,200</u>

These additional appropriations plus this request for \$1,000 would increase the projected General Fund deficit to \$(1,690,700). The projected deficit will be paid from General Fund savings (reserves). There are currently sufficient resources in reserves to cover the deficit.

Options:

- a. Adopt Resolution No. 04-xxx approving a budget appropriation in the amount of \$1,000 from General Fund reserves and authorize the Director of Administrative Services to execute the agreement to participate in the Local Government Sharing Program; or
- b. Amend, modify, or reject the above option.

RESOLUTION NO. 04-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASO ROBLES
APPROVING AN AGREEMENT TO PARTICIPATE IN THE
LOCAL GOVERNMENT SHARING PROGRAM AND A
BUDGET APPROPRIATION

WHEREAS, the State Legislature adopted Assembly Bill 63 establishing the Local Government Sharing Program; and

WHEREAS, the Local Government Sharing Program is administered by the Franchise Tax Board; and

WHEREAS, the purpose of the Local Government Sharing Program is to provide tax data to local governments for purposes of their own tax or fee collection purposes; and

WHEREAS, the tax data is strictly confidential and may not be shared under any circumstances with any third party; and

WHEREAS, the City's participation would assist in the accurate collection of business license fees bas upon "gross receipts".

THEREFORE BE IT HEREBY RESOLVED by the City Council of the City of El Paso de Robles that the Agreement (included herewith) with the State of California Franchise Tax Board is approved and that the Director of Administrative Services is authorized to execute said agreement.

BE IT FURTHER RESOLVED by the City Council of the City of El Paso de Robles that a reoccurring budget appropriation in the amount of \$1,000 is hereby authorized from General Fund reserves to budget account 100-140-5224-125.

ADOPTED by the City Council of the City of El Paso de Robles at a regular meeting of said Council held on the 4th day of May 2004 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Frank R. Mecham, Mayor

ATTEST:

Sharilyn M. Ryan, Deputy City Clerk