



Councilmember Lori Droste
District 8

CONSENT CALENDAR
April 25, 2017

To: Honorable Mayor and Members of the City Council
From: Councilmember Lori Droste
Subject: Identifying taxation revenue potential in staff reports

RECOMMENDATION

Refer to the City Manager the inclusion of estimated first order (direct) tax revenue in the Financial Implications section of relevant staff reports for actions with the potential to affect annual City and Berkeley Unified School District (BUSD) general and/or special revenues by \$50,000 or more.

BACKGROUND

The City of Berkeley has roughly \$1 billion in unfunded liabilities, including capital improvements and employee benefits; as well as unquantified needs for affordable housing, homeless services, and other city services. In order to meet these needs, the City needs to identify and grow new sources of revenue. While all staff and commission reports include a section on Financial Implications, this rarely includes anticipated direct tax revenue in applicable reports. For example, proposals to increase improved square footage or operate a new business should include estimates of changes in tax revenue based on anticipated increase or decrease in property tax assessment or business license tax revenues as compared to existing uses. Complex second-order or higher effects (e.g. an increase in local sales tax revenue from new residents or jobs in a large development) need not be included, to maintain feasibility for staff.

In order to make more informed decisions and plan for the long-term future of the City, the City Council and Commissions should be given ballpark estimates of likely new first order tax revenues (or reductions in taxes) in staff reports, if decisions will affect \$50,000 or more in potential City revenue.

ENVIRONMENTAL SUSTAINABILITY

None

FISCAL IMPLICATIONS

No direct implications; potentially more long-term revenue from new information.

CONTACT

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