

**Chapter 7.71**  
**TRANSPORTATION NETWORK COMPANY USER TAX**

**7.71.010. Title**

This chapter shall be known as the “Transportation Network Company User Tax Ordinance.”

**7.71.020. Definitions**

Except as where context otherwise requires, the definitions given in this section govern the construction of this chapter:

- A. “City” means the City of Berkeley.
- B. “Digital Network” means an online-enabled application software, website, or system offered, utilized, or controlled by a Transportation Network Company that enables the prearrangement of transportation services by Drivers with Users.
- C. “Driver” means a person who receives connections to potential Users through a Digital Network and uses a vehicle to offer or provide Prearranged Transportation Services to those Users.
- D. “Exempt Trip” means any Trip for a Government Healthcare Payor or WAV Trip.
- E. “Originate” refers to the location where a passenger of a Prearranged Transportation Service is picked up by a Driver. It does not refer to the location of the User who arranges the Prearranged Transportation Service, if different.
- F. “Person” or “people” mean any non-exempt individual, firm, partnership, joint venture, association, social club, fraternal organization, joint stock company, corporation, estate, trust, business trust, receiver, trustee, syndicate, or any other group or combination acting as a unit.
- G. “Pooled Prearranged Trip” means a prearranged trip which, prior to its commencement, a User requests through the transportation network company's digital network to share the ride with one or more passenger for whom a separate fare will be charged and for which the fare is calculated, in whole or in part, based on the User's request for the ride to be shared with other passengers, regardless of whether other passengers actually share all or a part of the ride.
- H. “Prearranged Trip” means the transportation of one or more passengers in a single vehicle at the same time by a Driver that is arranged through a Digital Network for which a fee is charged.

I. "Prearranged Transportation Service" means a "Prearranged Trip" or a "Pooled Prearranged Trip."

J. "Tax", "Transportation Network Company User Tax", or "TNC User Tax" means the tax imposed by this chapter.

K. "Transportation Network Company" or "TNC" means an organization, including, but not limited to, a corporation, limited liability company, partnership, sole proprietor, or any other entity, that provides Prearranged Transportation Services for compensation using a Digital Network to connect Users with Drivers.

L. "Trip for a Government Healthcare Payor" means a Prearranged Trip that is paid for or reimbursed by a state, or federal government healthcare payor. The term includes trips paid or reimbursed under the Medi-Cal program.

M. "User" means a person who uses a Digital Network to connect with a Driver to request and pay for Prearranged Transportation Service. A User may or may not be a passenger.

N. "WAV Trip" means a Prearranged Trip that is provided in a wheelchair accessible vehicle as defined in section 5431.5 of the Public Utilities Code.

**7.71.030. Imposition and Rate of Tax**

A. For each Prearranged Trip that Originates in the City that is not part of a Pooled Prearranged Trip there is imposed a tax of 50 cents on the User. There is no additional tax on guests of a User who arranges a Prearranged Trip.

B. For each Pooled Prearranged Trip there is imposed a tax of 25 cents on each User who arranges each Prearranged Trip that Originates in the City and which comprises part of the Pooled Prearranged Trip. There is no additional tax on guests of a User who arranges a Prearranged Trip that comprises part of a Pooled Prearranged Trip.

C. The tax constitutes a debt owed by the User to the City, which is extinguished only by payment to the TNC at the time of payment for the Prearranged Transportation Service.

D. While the tax imposed by this section is in effect, Drivers shall not be required to pay Berkeley business license fees under Chapter 9.04 of the Berkeley Municipal Code for carrying on the business of being a Driver in the City.

E. No Tax shall be imposed under this section for any Exempt Trip.

F. The City Council may by Ordinance adopt further exemptions, waivers, discounts, or rebates for the tax, including, but not limited to, exemptions, waivers, discounts, or rebates for low-income discount programs or free donated trips, programs to help youth get to or from school, and may adopt regulations and procedures for implementing the tax,

including but not limited to the exemptions and tax rate reductions in subsection E of this section.

G. Annually in May, the City Council may increase the previous year's tax by up to the greater of the cost of living in the immediate San Francisco Bay Area or per capita personal income growth in the state, as verified by official United States Bureau of Labor statistics. If either index referred to above is discontinued, the City shall use any successor index specified by the applicable agency, or if there is none, the most similar existing index then in existence.

**7.71.040. Collection and Remittance of Tax by Transportation Network Company**

Every TNC engaged in business in the City shall at the time of collecting payment for a Prearranged Transportation Service originating in the City, collect the tax from the User and remit the tax to the City on a quarterly basis. In all cases in which the tax is not collected by the TNC, the TNC shall be liable to the City for the amount of tax due. A TNC is engaged in business in the City if it facilitates a trip for a User that Originates in the City.

**7.71.050. Registration of Transportation Network Company**

A. Within thirty (30) days after the effective date of this chapter, or within thirty (30) days after commencing business, whichever is later, every TNC engaged in business in the City must register with the Finance Department of the City, using a form provided by the Director of Finance.

B. Each TNC registration shall set forth the name under which the TNC transacts or intends to transact business, the location of its primary place or places of business, and such other information to facilitate the collection of the tax as the Director of Finance may require. The registration shall be signed by the owner if a natural person; in the case of an association or partnership, by a member or partner; in the case of a corporation, by an executive officer or some person specifically authorized by the corporation to sign the registration. The Director of Finance shall within thirty (30) days after such registration issue without charge a certificate of authority to each registrant to collect the tax from a User. Such certificates shall be non-assignable and nontransferable and shall be surrendered immediately to the Director of Finance upon the cessation of business in the City or upon its sale or transfer.

**7.71.060 Duties of the Director of Finance**

It shall be the duty of the Director of Finance to collect and receive all taxes imposed by this chapter and to keep an accurate record thereof. Said Director of Finance is charged with the enforcement of this chapter, except as otherwise provided herein, and may prescribe, adopt, and enforce those rules and regulations necessary or advisable to effectuate the purposes of this chapter, including provisions for the re-examination and correction of declarations, returns, and payments; the exclusive discretionary authority to waive penalties; and the authority to defer the payment due dates as prescribed herein. In individual cases, the Director of Finance may make findings of fact in support of decisions, determinations, and rulings enforcing this chapter. The Director of Finance may prescribe the extent to which any ruling or regulation shall be applied without retroactive effect.

**7.71.070. Determinations, Returns, and Payments**

A. **Due Date of Taxes.** All taxes imposed by this chapter and collected by any TNC or required to be collected by any TNC are due and payable to the Director of Finance for each taxable quarter on or before the last day of the month immediately following each respective quarterly period.

B. **Return—Time for Filing.** On or before the last day of the month immediately following each quarterly period, a return for the preceding quarterly period must be filed with the Director of Finance, in such form as the Director of Finance may prescribe.

C. **Contents of Return.** Returns must show the amount of tax collected for the related period and such other information as required by the Director of Finance. The Director of Finance may require returns to show the total number of Prearranged Trips and Pooled Prearranged Trips originating within the City upon which tax was collected or otherwise due, the total number of Prearranged Trips and Pooled Prearranged Trips originating in the City for such period, and an explanation in detail of any discrepancy between the amounts.

D. **Delivery for Return and Remittance.** The return shall be transmitted with the remittance of the amount of the tax due to the Director of Finance at the Finance Department on or before the date provided in this chapter.

**7.71.080. Penalties and Interest**

A. **Original Delinquency.** Any TNC that fails to remit any tax imposed by this chapter within the time required shall pay a penalty of ten (10) percent of the amount of the tax in addition to the amount of the tax.

B. **Continued Delinquency.** Any TNC that fails to remit any delinquent remittance on or before a period of 30 days following the date on which the remittance first became delinquent shall pay a second delinquency penalty of ten (10) percent of the amount of the tax in addition to the amount of the tax and the 10% penalty first imposed

C. **Fraud.** If the Director of Finance determines that the nonpayment of any remittance due under this chapter is due to fraud, a penalty of twenty-five (25) percent of the amount of the tax shall be added thereto in addition to the penalty stated in subdivisions A and B of this section.

D. **Interest.** In addition to any penalties imposed, any TNC that fails to remit any tax imposed by this chapter shall pay interest at the rate of one percent per month or fraction thereof on the amount of the tax, exclusive of penalties, from the date on which the remittance first became delinquent until paid.

E. **Penalties Merged with Tax.** Every penalty imposed and such interest as accrues under the provisions of this section shall become a part of the tax herein required to be paid.

**7.71.090. Deficiency Determinations**

A. **Recomputation of Tax—Authority to Make—Basis of Recomputation.** If the Director of Finance is not satisfied with the return or returns of the tax or the amount of the tax paid to the City by a TNC, he or she may compute and determine the amount required to be paid based upon the facts contained in the return or returns or upon any information within the Director of Finance's possession or that may come into his or her possession. One or more deficiency determinations may be made of the amount due for one or more periods.

B. **Penalties and Interest on Deficiency.** Penalties and interest under Section 7.71.080 shall be applied to any additional amount of tax determined to be due in a deficiency determination under subdivision A of this section. Interest shall be calculated from the original due date of the additional amount of tax determined to be due.

C. **Offsetting of Overpayments.** In making a deficiency determination, the Director of Finance may offset overpayments for a period or periods against underpayments for another period or periods or against penalties and interest on the underpayments.

D. **Notice of Director of Finance's Determination—Service of.** The Director of Finance shall give to the TNC written notice of the deficiency determination. The notice may be served personally or by certified mail, return receipt requested; if by certified mail, service shall be made by depositing the notice in the United States mail, in a sealed envelope with postage paid, addressed to the TNC at its business address as it appears in the records of the Director of Finance. In case of service by mail or any notice required by this chapter, the service is complete at the time of the deposit of the notice in the United States Post Office, without extension of time for any reason.

E. **Time Within Which Notice of Deficiency Determination Is to Be Mailed.** Except in the case of fraud, intent to evade this chapter or authorized rules and regulations, or failure to make a return, every notice of a deficiency determination shall be mailed within three years after the last day of the calendar month following the quarterly period for which the deficiency determination applies or within three years after the return for the period to which the deficiency determination applies was filed, whichever period expires later. The time to issue a notice of deficiency determination under this section shall be tolled during the pendency of an audit of a TNC under Section 7.71.120.

**7.71.100. Determinations If No Return Made**

A. **Estimate—Computation of Tax Penalty.** If any TNC fails to make a return, the Director of Finance shall estimate the number of Prearranged Trips and Pooled Prearranged Trips originating in the City subject to the tax. The estimate shall be made for the period or periods for which the TNC failed to make a return and shall be based upon any information that is in the Director of Finance's possession or may come into his or her possession.

B. **Penalties and Interest.** Penalties and interest under Section 7.71.080 shall be applied to the tax determined to be due in subdivision A of this section. Interest shall be calculated from the original due date of the amount of tax determined to be due.

C. Manner of Computation—Offsets—Interest. In making a determination, the Director of Finance may offset overpayments for a period or periods against underpayments for another period or periods or against penalties and interest on the underpayments.

D. Giving Notice—Manner of Service. After making the determination, the Director of Finance shall give the TNC written notice of the estimate, determination, penalty, and interest. The notice shall be served personally or by mail in the manner prescribed for service of notice of a deficiency determination.

E. Time to Make a Determination. The Director of Finance may make a determination in accordance with this Section at any time within three years of a return being due. The time to issue a determination under this section shall be tolled during the pendency of an audit of a TNC under Section 7.71.120.

**7.71.110. Administrative appeal to the City Manager from Director of Finance decision.**

A. Petition for Redetermination. Any TNC against whom a determination is made under this chapter may appeal such decision to the City Manager by filing a verified appeal with the City Manager within thirty (30) days after receipt of service upon the TNC of notice thereof. If a petition for redetermination is not filed in writing with the City Manager, City Hall, 2180 Milvia St. Berkeley, California 94704, within the 30-day period, the determination becomes final at the expiration of the period.

B. Consideration of Petition—Hearing. If a petition for redetermination is filed within the 30-day period, the City Manager shall reconsider the determination and, if the TNC has so requested in its petition, shall grant the TNC an oral hearing, and shall give the TNC at least ten days notice of the time and place of hearing. The City Manager may designate one or more deputies for the purpose of conducting hearings and may continue a hearing from time to time as may be necessary.

C. Determination of Petition. The City Manager or their designee may decrease or increase the amount of the determination before it becomes final, but the amount may be increased only if a claim for the increase is asserted by the City Manager or their designee at or before the hearing.

D. Finality of Determination. The order or decision of the City Manager, or their designee upon a petition for redetermination becomes final thirty (30) days after service of notice thereof upon the petitioner. There is no appeal of the City Manager's decision (or his or her deputies designated for a redetermination) to the City Council; writs challenging the City Manager's decision must be filed with the appropriate court within ninety (90) days of the final date of such redetermination. (California Code of Civil Procedure § 1094.6.)

E. Tax a Debt. The amount of any tax, penalty, and interest imposed under the provisions of this chapter shall be deemed a debt to the City. Any TNC owing money to the City under the provisions of this chapter shall be liable to an action brought in the name of the City for the recovery of such amount. Such action must be filed within three

years of a determination under Sections 7.71.090 or 7.71.100 becoming final or a redetermination under Section 7.71.110 becoming final.

**7.71.120. Records and Audits**

A. It shall be the duty of every TNC engaged in business in the City to keep and preserve, for a period of five years, all records as may be necessary to determine the amount of tax the TNC may have been liable for the collection of and payment to the City, which records the Director of Finance shall have the right to inspect upon notice at a reasonable time.

B. The Director of Finance may conduct an audit, no more frequently than once annually, of any TNC engaged in business in the City to ensure compliance with the requirements of this chapter. The Director of Finance shall notify the TNC of the initiation of an audit in writing. The audit period of review shall not exceed three years. Upon completion of the audit, the Director of Finance may make determinations under Section 7.71.090 and/or Section 7.71.100 of any tax determined to be owed.

**7.71.130. Refunds**

Whenever any tax under this chapter has been paid more than once or has been erroneously or illegally collected or received by the City, it may be refunded only as provided in Chapter 7.20 of the Berkeley Municipal Code. Filing a claim for refund under Chapter 7.20 does not absolve a claimant of the requirement to exhaust the administrative remedies provided in this chapter.

**7.71.140. Violations**

Any TNC which fails or refuses to register as required herein, or to furnish any return required to be made or which fails or refuses to furnish any other data required by the Director of Finance, or which renders a false or fraudulent return or claim, or which fails to meet the substantive requirements of any other provision of this chapter may be charged with a civil penalty or an infraction.

**7.71.150. Sunset**

This tax will sunset in 20 years (on January 1, 2041).

Section 3. Severability. Should any provision of this Ordinance, or its application to any person or circumstance, be determined by a court of competent jurisdiction to be unlawful, unenforceable, or otherwise void, that determination shall have no effect on any other provision of this Ordinance or the application of this Ordinance to any other person or circumstance and, to that end, the provisions hereof are severable.

Section 4. California Environmental Quality Act Requirements. This Ordinance is exempt from the California Environmental Quality Act, Public Resources Code section 21000 et seq., under, including without limitation, Public Resources Code section 21065 and CEQA Guidelines sections 15378(b)(4) and 15061(b)(3), as it can be seen with certainty that there is no possibility that the activity authorized herein may have a significant effect on the environment and pursuant to Public Resources Code section

21080, subdivision (b)(8), and CEQA Guidelines section 15273 as the approval of government revenues to fund existing services.

Section 5. Increase appropriations limit. Pursuant to California Constitution Article XIII B, the appropriation limit for the City of Berkeley is hereby increased by the aggregate sum authorized to be levied by this general tax for each of the four fiscal years from 2021 through 2024.

Section 6. General Tax; Majority Approval; Effective Date. This Ordinance enacts a general tax for unrestricted general revenue purposes. Tax revenue collected pursuant to the Ordinance may be used by the City for any municipal governmental purpose. The Ordinance shall be effective only if approved by a majority of the voters voting thereon and after the vote is declared by the City Council. The effective date of this Ordinance shall be January 1, 2021 and shall remain in effect until January 1, 2041.

Section 7. Council Amendments. The City Council of the City of Berkeley is hereby authorized to amend Chapter 7.71 of the Berkeley Municipal Code as adopted by this Ordinance in any manner that does not increase the rate of the Transportation Network Company User Tax, except pursuant to the inflation factor described in section 7.71.030, or otherwise constitute a tax increase for which voter approval is required by Article XIII C of the California Constitution, including reducing the rate of the tax or even eliminating the tax.