CITY OF BEVERLY HILLS
STAFF REPORT

Meeting Date: August 19, 2008

To: Honorable Mayor and City Council

From: Dr. Scott G. Miller, Chief Financial Officer and Director of Administrative Services

Subject: **CHIEF FINANCIAL OFFICER MEMORANDUM TO INCREASE BUSINESS TAX RATES AND AMEND THE COMPREHENSIVE SCHEDULE OF TAXES, FEES & CHARGES FOR THE FISCAL YEAR 2008-2009**

Attachments:

INTRODUCTION

On May 20, 2008, the Schedule of Taxes, Fees & Charges was approved and increased the majority of fees by the November 2007 Consumer Price Index (CPI) of 4.2%. Taxes and utilities were to be addressed separately from the rest of the fees. Staff is now recommending that the certain Business Tax rates be increased by the same November 2007 Consumer Price Index (CPI) measure.

DISCUSSION

In accordance with Municipal Code 3-1-1001, the Director of Finance Administration has the authority to adjust taxes or fees imposed under the provisions of the chapter which are a fixed amount by the Consumer Price index, All Urban Consumers, Los Angeles-Anaheim-Riverside Area, rounded to the nearest one dollar. As such, the Director of Finance Administration is authorized to increase the following from the current rate by the CPI:

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Type of Tax	RATE	
	Current	With CPI
Classification A - Business Services		
Base Tax and first 2,080 hours of employee payroll	222.36	232.00
Each additional hour of employee payroll	0.04658	0.04854
Classification C - Professionals		
Base and first 2,080 hours of professional payroll or billed hours	1,236.02	1,288.00
Each additional hour of professional/semiprofessional payroll or billed hours	0.59424	0.61920
Each hour of non-professional employee payroll	0.11938	0.12439
Classification - Oil Wells		
Outside City:		
First 10,000 barrels	18,181.55	18,945.00
Per each additional barrel	0.13	0.14
Inside City:		
First 10,000 barrels	3,650.75	3,804.00
Per each additional barrel	0.34	0.35
New Business Tax Processing (per application)	15.00	16.00
Business Tax Renewal Processing (per renewal)	7.00	7.00
Condominium Conversion Tax		
Per conversion for buildings having two or more dwelling units	6,683.60	6,964.00
Dwelling Unit Tax		
Each unit	979.70	1021.00
Plus each bedroom	195.00	203.00
Park and Recreation Construction Tax		
Per square foot of floor area	6.70	7.00

FISCAL IMPACT

Adoption of these tax rates will raise the Fiscal Year 07-08 rates by the CPI of 4.2%. The majority of the other fees and charges have already been increased by the same CPI factor.

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RECOMMENDATION

Receive and file.

Scott G. Miller
Chief Financial Officer/Director of
Administrative Services