



CITY OF PERRIS

CITY COUNCIL AGENDA SUBMITTAL

MEETING DATE:

June 13, 2023

SUBJECT:

Consider a Business License Tax on Distribution Facilities and Industrial Businesses (as defined) and Adoption of Resolutions Submitting this Business License Tax to the City's Voters at a Special Election on November 7, 2023.

REQUESTED ACTION:

That the City Council consider adopting the following resolutions:

1. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PERRIS, CALIFORNIA, CALLING FOR AND GIVING NOTICE OF THE HOLDING OF A SPECIAL MUNICIPAL ELECTION TO BE HELD ON TUESDAY, NOVEMBER 7, 2023, FOR THE SUBMISSION TO THE QUALIFIED VOTERS OF THE CITY A PROPOSED ORDINANCE ADDING CHAPTER 3.42 TO TITLE 3 OF THE CITY OF PERRIS MUNICIPAL CODE ESTABLISHING A SPECIAL BUSINESS LICENSE TAX ON DISTRIBUTION FACILITIES AND CERTAIN INDUSTRIAL BUSINESSES; AND REQUESTING THE BOARD OF SUPERVISORS OF THE COUNTY OF RIVERSIDE TO CONSOLIDATE THE SPECIAL MUNICIPAL ELECTION ON NOVEMBER 7, 2023 WITH THE ELECTION TO BE HELD ON THE SAME DATE AND/OR TO RENDER SPECIFIED SERVICES TO THE CITY RELATING TO THE CONDUCT OF THE SPECIAL ELECTION AS NECESSARY.

2. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PERRIS, CALIFORNIA, AUTHORIZING THE DRAFTING OF DIRECT ARGUMENTS, SETTING PRIORITIES FOR FILING WRITTEN ARGUMENT(S) AND DIRECTING THE CITY ATTORNEY TO PREPARE AN IMPARTIAL ANALYSIS, REGARDING A CITY MEASURE, WHICH PROPOSES A SPECIAL BUSINESS LICENSE TAX ON DISTRIBUTION CENTERS AND CERTAIN INDUSTRIAL BUSINESSES, SUBMITTED AT THE SPECIAL MUNICIPAL ELECTION ON NOVEMBER 7, 2023

3. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PERRIS, CALIFORNIA, PROVIDING FOR THE FILING OF REBUTTAL ARGUMENTS REGARDING A CITY

MEASURE, WHICH PROPOSES A SPECIAL BUSINESS LICENSE TAX ON DISTRIBUTION CENTERS AND CERTAIN INDUSTRIAL BUSINESSES, SUBMITTED AT THE SPECIAL MUNICIPAL ELECTION ON NOVEMBER 7, 2023

CONTACT: Ernie Reyna, Deputy City Manager

BACKGROUND/DISCUSSION:

On May 30, 2023, staff presented the Council with four additional options for tax rate modeling based on previous direction at the March 14 meeting, including existing buildings, buildings under construction, entitled projects, projects in process and industrial-zoned undeveloped lands, and other uses, such as outdoor truck yards and manufacturing plans, such as cement yards. The Council then directed staff to move forward with implementing a business license tax with a rate of \$0.107 per square foot and instructed staff to bring back the necessary documents at the June 13, 2023, City Council meeting in order to place the item on the November 7, 2023, ballot as a special tax.

NEXT STEPS:

I. Proposed Business License Tax

The City is permitted to submit a business license tax upon businesses operating within its jurisdiction. Currently, the City's distribution facilities and industrial businesses pay a business license fee of \$100 per year. The proposed business license tax would be in addition to that.

Attached to this report is an ordinance that, if approved by the voters, would enact a business license tax upon "distribution facilities" and "industrial businesses" of \$0.107 per square foot for space principally utilized for distribution facility or industrial business purposes. This tax rate would be annually adjusted based upon increases in CPI. In the event that CPI does not change or decreases, the tax rate would remain unchanged that year. The proposed tax would be a special tax and the collected revenues would be used solely on the construction, improvement, operation, maintenance, repair and/or restoration of Perris public roads, including truck routes, collector streets, and arterial streets identified in the City of Perris General Plan Circulation Map and any City of Perris specific plan circulation maps. For the purposes of this ordinance, "distribution facility" and "industrial business" are defined as follows:

"Distribution facility" shall mean a business consisting primarily of receiving, temporarily storing, and subsequently distributing goods, wares, or merchandise of any kind to wholesalers or retailers.

"Industrial business" shall mean a business consisting primarily of indoor or outdoor storage of large trucks or a business consisting primarily of indoor or outdoor manufacturing with large truck activity.

"Large truck" is defined as follows:

“Large truck” shall mean a truck, tractor, trailer, or other vehicle exceeding a maximum gross weight limit of 5 tons.

The City Council is asked to take the actions necessary (see below) to submit this special business license tax measure at a rate of \$0.107 cents per square foot. This tax would continue to be imposed for 30 years.

II. Three Election Resolutions

A. Generally.

Three election resolutions concerning the proposed business license tax are presented for consideration by the City Council.

The first resolution orders the submission of the proposed business license tax to the voters at the November 7, 2023, election and requests that the County Board of Supervisors consolidate the same with the election occurring on the same date.

The second resolution authorizes the drafting of the arguments for the ballot measure by members of the city council, as well as directing the City Attorney to prepare an impartial analysis of the ballot measure. The second resolution further establishes priorities under State law for choosing among multiple arguments. As part of the second resolution, it is recommended that the City Council designate no more than 2 of its members to draft the arguments.

The third resolution provides for the filing of rebuttal arguments to the primary written arguments. The rebuttal arguments are prepared by the opposite authors of the primary written arguments.

B. Ballot Label/Question

The first resolution includes a “ballot label” (sometimes called the “ballot question”) which describes the proposed tax ordinance, and which is the question presented to the voters. Ballot labels are limited to 75 words or less. The Council may revise the language used for the ballot label within the following state law restrictions:

i. “If the proposed measure imposes a tax or raises the rate of a tax, the ballot shall include in the statement of the measure to be voted on the amount of money to be raised annually and the rate and duration of the tax to be levied.” (Election Code section 13119(b).)

ii. “The statement of the measure shall be a true and impartial synopsis of the purpose of the proposed measure and shall be in language that is neither argumentative nor likely to create prejudice for or against the measure.” (Election Code section 13119(c).)

iii. The ballot label must be in the form of “Shall the measure ... be adopted?”

This proposed tax is a special tax, and the revenue must be used for the specified purpose. Therefore, the ballot label must include a reference to the specified use.

C. Argument Authorization.

The second resolution authorizes the drafting of the direct arguments for the ballot measure by members of the City Council, and further establishes the priorities if multiple arguments are submitted (whether in favor or against). It is recommended that the City Council designate no more than 2 of its members to draft the arguments.

Once the direct arguments are drafted in compliance with applicable legal requirements, they must be submitted to the City Clerk by the date and time as set by the City Clerk consistent with the Elections Code. This deadline is 14 days after the call of the special election, which is June 27.

D. Rebuttals.

Rebuttal arguments are optional under state law and are allowed at the discretion of the City Council. If the City Council does not desire to authorize rebuttal arguments, then Council should not approve this third election resolution. Rebuttal arguments are due 10 days after direct arguments are due. Further, rebuttal arguments may only be drafted/submitted by those drafting direct arguments. For example, if Person A drafted an argument against and Person B drafted the argument in favor, then only Person A may draft a rebuttal to Person B's argument in favor.

III. Procedural Requirements

A majority of vote of all members of the City Council is required to pass the resolution in order to submit the proposed tax to the voters. Because this is a special tax, passage of the tax will require 2/3 approval of the voters (Gov. Code Section 53722).

COSTS

For this proposed revenue tax measure to be placed on the November special election, the County of Riverside has estimated the cost to be approximately \$105,000.

RECOMMENDATION

It is recommended that the City Council adopt the three resolutions approving the business license tax rate at \$0.107 and placing the item on the November 7, 2023, ballot. As part of the 2nd resolution regarding direct arguments, it is also recommended that the Council select no more than two members of the City Council to draft the arguments for the ballot measure, which are due to the City Clerk 14 days after the approval of these resolutions on June 27, 2023, and direct staff to amend the 2nd resolution so that it is consistent with Council's selection.

BUDGET (or FISCAL) IMPACT: The cost of the election will be approximately \$105,000. If approved, this proposed tax would generate approximately \$4,019,315 per year and this revenue must be used for the purposes specified in the tax. The revenues generated from this proposed tax would be placed in a Special Revenue Fund and not the General Fund.

Prepared by:

REVIEWED BY:

City Attorney _____

Assistant City Manager _____

Deputy City Manager _____

- Attachments:
- 1: Resolution Calling an Election and Submitting the Business License Tax to the City's Voters
 - 2: Resolution Authorizing Arguments and Directing the City Attorney to Draft an Impartial Analysis of the Business License Tax
 - 3: Resolution Authorizing Rebuttal Arguments relating to the Business License Tax
 4. Staff Report Dated May 30, 2023
 5. Truck Routes and Collector / Arterial Street Exhibit
 6. Notice of Business License Tax Public Hearing

Consent:

Public Hearing: X

Business Item:

Presentation:

Other: