



Memorandum

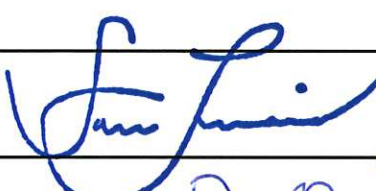
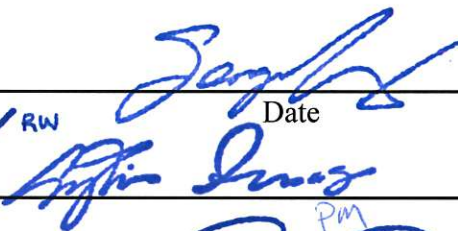
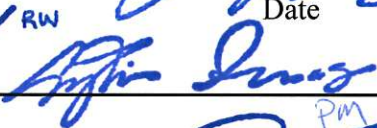
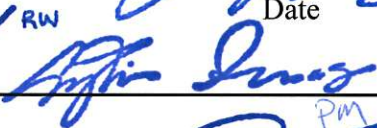

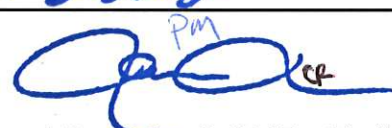
TO: CITY COUNCIL

FROM: Mayor Sam Liccardo
Councilmember Sergio Jimenez
Councilmember Raul Peralez
Councilmember Sylvia Arenas
Councilmember Don Rocha

SUBJECT: TELECOMMUNICATIONS USERS TAX
CAP EXTENSION

DATE: December 15, 2017

Approved

 RW
 Date


 PH
 PM
12.15.17

RECOMMENDATION

Approve recommendations outlined in the staff report dated December 8, 2017 with direction to the City Manager to modify recommendation (1) to extend the Cap Program to five years through December 31, 2022, and comply with legal requirements to allow eligible new entrants to apply for the program.

BACKGROUND

In preparation for this Council deliberation, our staff has reviewed Council deliberations of February 24, 2009 and September 25, 2012 to best understand the basis for which the Telecommunications Users Tax Cap Program was established, and why a subsequent extension was approved.

The staff presentation on the 2009 meeting informs the Council that the City established the Cap Program to mitigate the disproportionate tax burden on large San José businesses as a result of broadening the tax base through the November 2008 passage of Measure K, which the business community supported in part on reliance of the City’s representations. Then-Councilmembers Ash Kalra and Pete Constant each agreed on the importance of Measure K’s approach to preserving revenue without unfairly burdening some businesses over others, and the Council strongly affirmed this approach in advance of that election. At the 2012 hearing, Mayor Reed emphasized the complexity for global companies with multiple origins of telecommunications to calculate the tax liability accurately, concluding, “it’s a lot easier to pay the cap.” Councilmember Kalra agreed that the Council should not cause any dramatic impacts on our major employers.

Reversing course appears to pull the rug out from under the settled expectations of all of the participants in those deliberations, and we affirm this direction.

BROWN ACT: The signers of this memorandum have not had, and will not have, any private conversation with any other member of the City Council, or that member's staff, concerning any action discussed in the memorandum, and that each signer's staff members have not had, and have been instructed not to have, any such conversation with any other member of the City Council or that member's staff.