

MEASURE BT

CITY ATTORNEY'S IMPARTIAL ANALYSIS

Measure BT would adopt an Ordinance amending various sections of the El Segundo Municipal Code dealing with business license taxes (“BLTs”). Specifically, the Ordinance would:

Modify the BLT credit. Currently, businesses that generate sales tax receive a credit toward the BLT in an amount up to 40% of their last year’s sales tax. The Ordinance would limit the BLT credit for such businesses to a three-year period and an overall cap of \$25,000.

Change the tax method for apartment operators and hotels/motels. Currently, apartment complex owners are charged an annual BLT of \$32.80 for up to the first three units and \$11.30 for each additional unit. The Ordinance would increase the BLT to \$150 for the first three units and \$150 for each additional unit. Hotels/motels are currently charged a flat rate ranging from \$111.30 to \$432.60 annually, depending on the number of rooms. The Ordinance would increase the BLT to \$150 for up to the first three rooms and \$150 for each additional room.

Adjust the BLT rates for approximately 50 business types listed in the El Segundo Municipal Code. The Ordinance would set the base BLT for these business at \$150 per year. Some of the classified businesses currently pay a BLT less than \$150 and some pay more than \$150. Therefore, the Ordinance would increase taxes for some businesses and decrease taxes for others.

Increase the rates for unclassified businesses (those not specifically listed in the El Segundo Municipal Code). Unclassified businesses are taxed based on the number of employees and the floor area occupied by the business. Currently, the rates are \$111.30 per year for the first ten employees and \$137.80 for each additional employee, plus \$0.27 for each square foot of floor area over 5,000. The Ordinance would increase the BLT to \$150 per year for the first five employees and \$138 for each additional employee. The Ordinance would also transition to progressive tax rates on floor area, ranging from \$0.26 per square foot for businesses between 2,001 and 5,000 square feet to \$0.30 per square foot for businesses occupying more than 250,000 square feet.

Eliminate the exemption for nonprofit/charitable organizations and instead impose a flat BLT of \$150 per year.

Modify the formula for calculating the annual consumer price index (“CPI”) adjustment for all BLT rates. Currently, all BLT rates are adjusted each year based on the most recent ten-year average annual increase in the CPI for consumers in the greater Los Angeles region. The Ordinance would change the annual adjustment to a rate equivalent to the most recent five-year average annual increase in the CPI.

The tax rates set forth in the Ordinance are maximum rates. The El Segundo City Council may, by resolution, suspend or reduce any of the BLTs.

The BLT is a general tax, the proceeds of which are placed in the general fund to be used for any lawful City purpose.

The El Segundo City Council placed Measure BT on the ballot. It takes a simple majority of the votes cast to pass Measure BT.

The above statement is an impartial analysis of Measure BT. If you desire a copy of the ordinance or measure, please contact the City Clerk's office at (310) 524-2308 and a copy will be mailed at no cost to you, or you may access the text from the City's website at <https://www.elsegundo.org/government/departments/city-clerk/election>.



ARGUMENT AND REBUTTAL FORM

ELECTION DATE: November 8, 2022 MEASURE I.D. (if any): BT

JURISDICTION: City of El Segundo

(Please mark (x) in the appropriate box)

<input checked="" type="checkbox"/> Argument in Favor	<input type="checkbox"/> Argument Against
<input type="checkbox"/> Rebuttal to Argument Against	<input type="checkbox"/> Rebuttal to Argument in Favor

Statements will be printed in uniform type, style and spacing according to the County's system requirements. When preparing your statement, please use block paragraphs and single space format. Text submitted indented or centered will be typeset in block paragraph form. **Entire statements in all capital letters, bold and italics (or any combination of enhancements) are not acceptable. Indentations cannot be accommodated.** Words to be printed in **boldface type**, underscored and/or CAPITALIZED are to be clearly indicated. All statements should be checked by the authors for spelling and punctuation as the elections official is not permitted to edit any material contained therein. **NOTE:** Rebuttal arguments are not direct arguments. For example, a rebuttal to a direct argument in favor of a measure is NOT a direct argument against a measure. Please also note that rebuttal arguments are allowed only when both a direct argument for AND against a measure are filed.

ALL AUTHORS MUST SIGN ON THE REVERSE SIDE

Please attach typed statement to this form. Statements should be typed in upper and lower case letters. Statement will be typeset in the Official Sample Ballot Booklet using a standard font and size determined by the County. However, statements can be submitted using any standard font.

DECLARATION BY AUTHOR(S) OF ARGUMENTS OR REBUTTALS
(Elections Code Section 9600)

All arguments concerning measures filed pursuant to Division 9 of the Elections Code shall be accompanied by the following declaration to be signed by each author of the argument/rebuttal. Names and titles listed will be printed in the Voter Information portion of the Official Sample Ballot Booklet in the order provided below.

The undersigned author(s) of the: Argument in Favor Rebuttal to Argument Against
 Argument Against Rebuttal to Argument in Favor

of ballot measure Business License Tax BT at the General Municipal
(name and/or letter) (title of election)

election for the City of El Segundo to be held on
November 8, 2022 hereby state that such argument is true and correct to the
(date)

best of his/her/their knowledge and belief.

1.	<u>Drew Boyles</u> Printed Name	<u>BT</u> Signature
	<u>Mayor</u> Title to Appear on Argument	<u>8/19/22</u> Date
2.	<u>Chris Pimentel</u> Printed Name	<u>CP</u> Signature
	<u>Mayor Pro Tem</u> Title to Appear on Argument	<u>8/10/22</u> Date
3.	<u>Carol Pirsztuk</u> Printed Name	<u>CP</u> Signature
	<u>Council Member</u> Title to Appear on Argument	<u>8-19-22</u> Date
4.	<u>Scot Nicol</u> Printed Name	<u>SN</u> Signature
	<u>Council Member</u> Title to Appear on Argument	<u>8/19/22</u> Date
5.	<u>Lance Giroux</u> Printed Name	<u>LG</u> Signature
	<u>Council Member</u> Title to Appear on Argument	<u>8/18/22</u> Date

IMPORTANT FILING INFORMATION: I, Tracy Weaver am the designated filer of the above titled argument/rebuttal. Please notify me of any questions pertaining to this filing. Below is my contact information.
Mailing Address: 350 Main Street E-Mail Address: tweaver@elsegundo.org
Contact Numbers: 310.524.2305 Daytime Evening Fax

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Argument in Favor of Business License Tax Measure BT

1971, 51 years ago, under Ordinance No. 776, was the last time the El Segundo Business License Tax (BLT) had a major update. The only other changes to the BLT were done 26 years ago in 1996 under Ordinance No. 1252. Today the business community looks very different from that of 1971. Though aerospace and light manufacturing businesses continue to thrive in El Segundo, the business community has become more diverse. Companies in bioscience, technology, financial, entertainment, toys, hospitality, and many other industries now call El Segundo home.

The El Segundo City Council is bringing to the voters an opportunity for residents to vote on a measure that would adopt an Ordinance amending various sections of the Municipal Code dealing with business license taxes (“BLTs”). The city developed the Ordinance to anticipate El Segundo’s future business landscape to ensure it remains relevant for the next 10-20 years.

The Ordinance will modernize, simplify, and streamline the current outdated tax structure. Fundamental changes include:

- Adding a sunset provision to the current business attraction incentive.
- Setting the base BLT for all businesses at \$150 per year.
- Align the apartment and hotels/motels businesses to the base BLT structure.
- Modifying the formula for calculating the annual consumer price index (“CPI”) adjustment for all BLT rates.

The tax rates set forth in the Ordinance is maximum rates. The City Council may, by resolution, suspend or reduce any of the BLTs.

The BLT is a general tax, and the proceeds will go to the general fund to be used for any lawful City purpose. The BLT changes are anticipated to generate an additional \$3M in General Fund revenues per year for the city of El Segundo.