



Date: August 17, 2020

To: Thomas B. Modica, City Manager *T.M.*

From: John Gross, Director of Financial Management *J.G.*

For: Mayor and Members of the City Council

Subject: **Restaurant Business License and Fees (and other Businesses)**

At its August 4, 2020 meeting, the City Council requested the City Manager to evaluate the feasibility of implementing a temporary suspension of the health, fire, and business licensing renewal fees for restaurants, and other businesses, impacted by the COVID-19 pandemic. This memorandum provides an update on this request.

Staff have preliminarily gathered data to provide a breakdown of the taxes and fees paid by businesses in the City. The table below illustrates the taxes and fees collected from business in Long Beach for Fiscal Year 2019 (FY 19). Finding non-grant funding to provide grants to reimburse businesses for the taxes or to waive fees is expected to be an issue as it is not clear how much operating or emergency reserves the City will have available if it does not further reduce services.

Taxes and Fees Collected from Businesses - FY 19 Actual						
	Non-Rest.	Restaurants Non-Full Service	Restaurants Full Service	Home Bus.	Non-LB Bus	Total
Taxes	9,766,988	202,924	484,994	1,267,200	2,560,079	14,282,185
Health Fees	3,553,550	226,192	1,156,482	7,247	0	4,943,472
Fire Fees	1,009,530	113,280	175,440	0	0	1,298,250
Other Fees	1,118,545	56,258	119,520	220,076	275,686	1,790,085
BID Assessments	1,263,015	77,682	130,870	3,638	0	1,475,206
<b>Total</b>	<b>\$16,711,628</b>	<b>\$676,337</b>	<b>\$2,067,306</b>	<b>\$1,498,161</b>	<b>\$2,835,765</b>	<b>\$23,789,197</b>
Business Licenses Issued	21,855	432	869	5,422	7,002	35,580
Average cost per license	\$765	\$1,566	\$2,379	\$276	\$405	\$669

To allow time for staff to prepare a full report and for City Council to review it, the City will extend the current deferral of penalties with regard to payment of any business license bill issued after March 16, 2020 to October 31, 2020. A business may elect to pay a bill (and quite a few seem to be doing so), but even if a bill is not paid, no penalty will accrue until after October 31, 2020. The effect of this deferral is that businesses will be able to pay their bills without penalty as late as October 31, 2020. This deferral will also include Health fees that were billed in July 2020. The Health bills will also have no penalty if not paid until after October 31, 2020.

The City will be soon issuing a press release announcing this accommodation (no penalties until after October 31, 2020) unless there is any concern expressed by the City Council in the next few days. If there is concern about this interim course of action, staff will hold off announcing and agendize the matter for the next available meeting.

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**Staff will be coming back to the City Council as soon as possible with additional information and recommendations. In the meantime, this action provides cash drain relief for all businesses who choose to take advantage of it.**

**Please do not hesitate to contact me at (562) 570-6427, if you have any questions or concerns.**

**CC: CHARLES PARKIN, CITY ATTORNEY  
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DEPARTMENT HEADS**