

**CITY OF BELMONT
CITY COUNCIL AND BELMONT FIRE
PROTECTION DISTRICT BOARD OF
DIRECTORS**



www.belmont.gov

CITY COUNCIL SPECIAL MEETING AGENDA

Tuesday, June 28, 2022

6:00 PM

City Council Chambers

City Hall, One Twin Pines Lane, Belmont, California

TELECONFERENCE PARTICIPANTS

Some Members may Participate Virtually
Being held under Gov. Code 54953(e) and
Belmont City Council Resolution 2022-052

The meeting will be broadcast live to Belmont residents on Comcast Cable Channel 27, streamed live via the City's website at www.Belmont.gov. The public may also attend the meeting in the City Council Chambers and address the council from the chambers. Social distancing must be practiced, and seating will be limited.

PUBLIC COMMENT:

To maximize time for live public comment, we encourage members of the public to provide comments by joining the City Council meeting via Zoom : For web, visit <https://belmont-gov.zoom.us/> select "Join" and enter Meeting ID: 95745673035. Use the Raise Hand feature to request to speak. You may rename your profile if you wish to remain anonymous.

For dial- in comments, call *67 1-(669) 900-6833 (your phone number will appear on the live broadcast if *67 is not dialed prior to the phone number), enter Meeting ID: 95745673035, and press *9 to request to speak. All public comments are subject to a 3-minute time limit unless otherwise determined by the Mayor.

If you wish to submit written public comment, you may send an email to cclerk@belmont.gov before the council considers the item. Please indicate the agenda item topic or agenda item number you wish to comment on in your email's subject line. Any public comment regarding agenda items that are received from the publication of the agenda through the meeting date will be made part of the meeting record, but will not be read during the Council meeting.

1. ITEMS OF BUSINESS

Persons wishing to orally address the Council on the items of business listed below will be given an opportunity to do so before or during the Councils consideration of the item.

2. STUDY SESSION

A. Business License Tax Modernization Study Session

Recommendation: Receive an update on the Business License Tax modernization effort, consider proposed and alternative models, and provide direction on the next steps

Attachment(s):

[Staff Report](#)

[Presentation](#)

[Comment Summary](#)

[FAQ](#)

[Proposed Business Categories](#)

3. ADJOURNMENT

If you need assistance to participate in this meeting, please contact the City Clerk at (650) 595-7413. The speech and hearing-impaired may call (650) 637-2999 for TDD services. Notification in advance of the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting.

Meeting information can also be accessed via the internet at: www.belmont.gov. All staff reports will be posted to the web in advance of the meeting, and any writings or documents provided to a majority of the City Council/District Board or Commission regarding any item on this agenda will be made available for public inspection in the City Clerk's Office, One Twin Pines Lane, during normal business hours and at the Council Chambers at City Hall, Second Floor, during the meeting.



STAFF REPORT

Meeting Date: June 28, 2022
Agency: City of Belmont
Staff Contact: Grace Castaneda, Finance Director, gcastaneda@belmont.gov
Jennifer Rose, Housing & Economic Development Manager, jrose@belmont.gov
Karen Clark, Administrative Assistant, kclark@belmont.gov
Agenda Title: Business License Tax Modernization Study Session
Agenda Action: Discussion & Direction

Recommendation

Receive an update on the Business License Tax modernization effort, consider proposed and alternative models, and provide direction on the next steps.

Strategic Focus Area

Fiscal and Organizational Sustainability

Background

The City of Belmont requires all persons or businesses who conduct business in Belmont to obtain a business license and pay a business tax, regardless of trade, profession, or occupation. Belmont's Business License Tax (BLT) structure was last updated in 1990 which is now outdated, idiosyncratic business tax structure to meet the City's modern needs. It places most of the tax burden on Belmont's smaller businesses and operators. The BLT currently generates approximately \$1.1 million annually, or 4% of General Fund revenue.

Through disciplined leadership and guidance, the City is presently on stable financial footing in the near-term. However, given the current events, fiscal challenges remain which requires Belmont to continue its fiscal vigilance, be intentional and thoughtful about how to continue to provide high-quality services which the community is accustomed to, while allocating resources to align with City Council's vision and goals to continue with the effective use of local tax dollars.

An area of Council Strategic Focus Area has been Fiscal and Organizational Sustainability with the goal of providing long-term financial stability to strengthen organizational development and effectiveness to continue providing quality of life services to the residents and businesses.

Staff's evaluation of the BLT has determined that the current business tax structure, with over twenty business license categories, is both outdated and unfair to small businesses. It has also become so complex that City staff is forced to make interpretations and decisions that strained our resources and becomes difficult to apply consistently.

An objective of City Council has been to evaluate and propose a business tax structure that is both progressive and fair, meaning it would progressively increase tax rates for businesses with higher gross



receipts. This change would increase fairness, support our small, local businesses, and raise annual revenue for vital city services.

Since 2019, the following steps have been taken towards modernizing the tax structure:

1. November 2019: City Council authorized agreements with Management Partners and HdL Companies to review and provide recommendations to modernize the tax structure.
2. May 2020: The City conducted a series of focus groups with Belmont businesses to review BLT options and gather feedback on ways the update might better serve businesses.
3. June 2020: Staff presented City Council with several options for updating the BLT and took no action at that time so as to minimize any tax structural changes during the pandemic.
4. January 2021: As part of the annual Strategic Planning Workshop, City Council reaffirmed the Strategic Objectives of “maximizing existing sources of revenue” and “Identifying new revenue sources to maintain financial stability.”
5. March 2021: A survey was administered, indicating that the community was supportive of modernizing the tax structure to be more equitable to businesses of all sizes, and to provide the City with a locally-controlled source of General Fund revenue.
6. May 2021: Staff worked with HdL Companies and Management Partners to incorporate feedback from City Council and business focus groups, culminating in a presentation to City Council that provided modernization and equity to Belmont businesses via a gross receipts-based tax structure.
7. May 2022: Study session with City Council to present proposed rates and business categories.
8. June 2022: Three community business forums conducted to gather feedback on the proposed tax structure.

Analysis

The proposed Business License Tax (BLT) structure received general support from City Council in May 2021. The tax structure incorporated feedback from Council and business focus groups, including concerns regarding the inequity of the current tax structure for small businesses. In response, the proposed tax structure was based on gross estimated receipts and designated businesses into four classifications, with those generating less than \$10,000 in gross receipts exempted from paying the tax (though they would still be required to register with the City). HdL Companies estimated that the proposed tax structure would generate \$1.1-1.5 million annually, compared to the current \$1.1 million. This proposed tax structure was re-affirmed during the Council Study Session in May 2022.

To invite additional feedback on the proposed gross receipts-based tax structure, three community business forums were conducted in June 2022. At these meetings, staff heard from businesses who would see an increase as well as a decrease in BLT under the new model. Attendees also expressed concerns about the timing of the update considering current economic conditions. A written summary of attendee feedback is attached to this staff report. Staff also consolidated questions generated during these meetings into a “Frequently Asked Questions” document, attached to this staff report and available at www.belmont.gov/businesslicenseupdate. In addition, this web page contains full video recordings of all three meetings.

Based on the feedback received at the June 2022 business forums, staff worked with HdL Companies to generate an alternative tax model for Council consideration. In addition, staff now proposes a three-year



phased implementation, which would take into consideration the economic impact of the new model on some businesses, allowing for a more gradual increase. It should be noted, however, that a phased implementation could result in less revenue than is currently being collect in BLT for the first year and potentially the second year. Previously proposed and alternative tax rates by business type are presented below, with changes highlighted in yellow.

Proposed Rates by Business Type (Tax Rates Per \$1,000)

	RESTAURANT	GENERAL BUSINESS	CONTRACTOR, NON-PROF. SVCS., OTHER	BUSINESS, PROF. SVCS.	PROPERTY RENTAL	CANNABIS*	EST. REV (PROPOSED STRUCTURE)	EST. REV. (CURRENT STRUCTURE)
Current Proposal (Presented 5/10/2022)	\$1.50 (0.15%)	\$1.50 (0.15%)	\$2.00 (0.20%)	\$3.00 (0.30%)	\$3.00 (0.30%)	Up to \$100.00 (10%)	\$1.1-1.5M**	\$1.1M
Alternative Proposal	\$1.00 (0.10%)	\$1.50 (0.15%)	\$2.00 (0.20%)	\$2.50 (0.25%)	Resid.: \$2.00 Retail: \$2.00 Other: \$3.00	Up to \$100.00 (10%)	\$0.9-1.3M	\$1.1M
Alternative Proposal Year 1 Rate (Phased over 3 Years)	\$0.50	\$1.00	\$1.50	\$1.50	Resid.: \$1.50 Retail: \$1.50 Other: \$2.00	N/A	N/A	N/A

*Cannabis businesses are currently not a permitted Land Use

**Increased to reflect Bay Area CPI adjustment; a gross receipts tax model is dynamic & will fluctuate with economic trends

The current and alternative BLT proposals provide:

- Tax relief to our smallest businesses – It is estimated that over 70% of businesses will pay less than the current rates.
- Create a progressive tax system ensuring a fairer structure - with lower effective tax rates for businesses bringing in less gross receipts than for larger firms. This is a more equitable system, modeled after many other California cities.
- Maintain locally-controlled annual revenue for city services like street & sidewalk repair, public safety, and other community priorities.

Staff now asks Council to consider the following.

- Does Council wish to revise the proposed tax structure to the alternative proposed structure, and potentially include a phased implementation for all businesses?
- Would the revised tax structure still meet the following Guiding Principles identified by the May 2020 Business Focus Groups?
 - Fairness: Address inequities in the current tax structure
 - Adaptability: Reflect current and future business trends
 - Comparability: Similar structure used in surrounding peer agencies
 - Simplicity: Simple for businesses to understand



- Streamlined: Reduce stumbling blocks to administer the tax ordinance with quick processing times
- Does Council wish to proceed with ballot placement?

Alternatives

1. Provide alternative policy direction on modifications to the proposed tax rate structure
2. Take no action

Attachments

- A. Presentation
- B. Comment Summary from Community Business Forums
- C. Frequently Asked Questions
- D. Proposed Business Categories

Fiscal Impact

☐ No Fiscal Impact

☒ Funding Source Confirmed:

Business License Tax provides the City with an important source of locally-controlled General Fund revenue. A phased implementation of the alternative proposed tax structure takes into consideration the economic impact of the new model on some businesses, but could result in less revenue than is currently being collected in Business License Tax during the first year of implementation.

Source:

Staff

Purpose:

Discretionary Action

Public Outreach:

Posting of Agenda

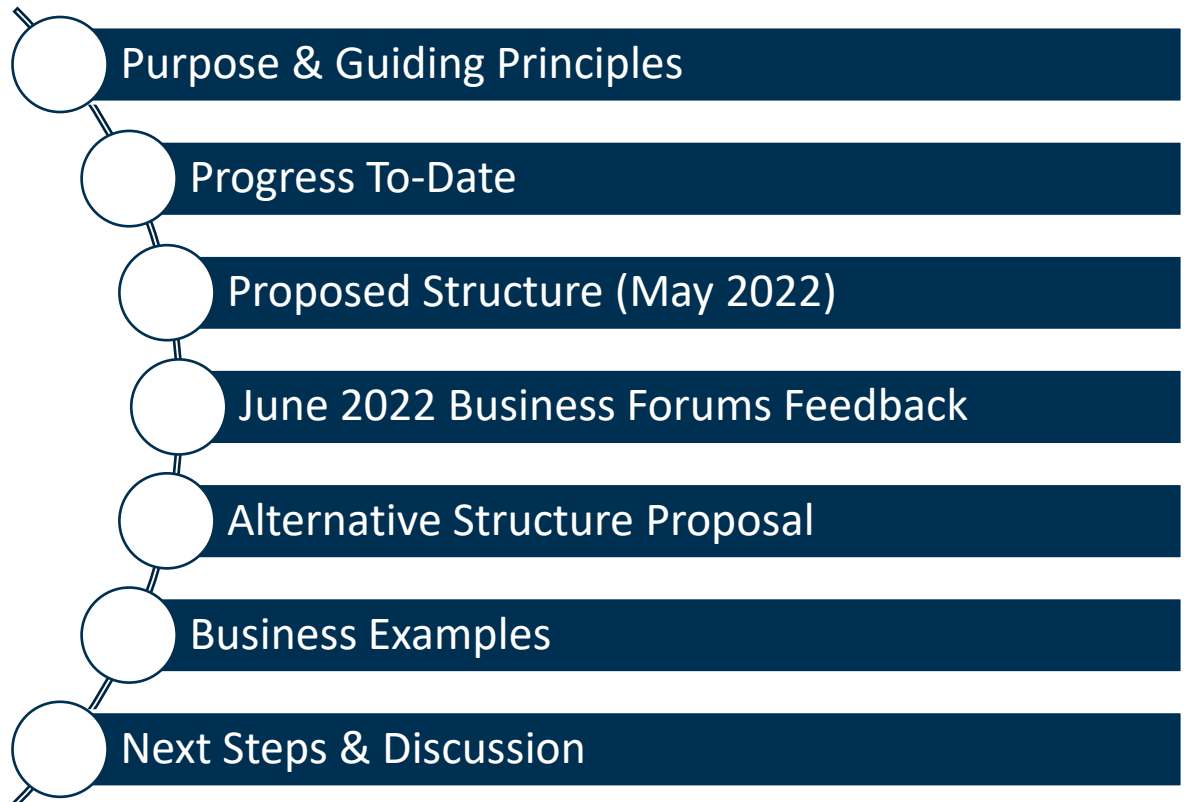
CITY OF BELMONT

BUSINESS LICENSE TAX MODERNIZATION & FAIRNESS UPDATE

City Council
June 28, 2022



OVERVIEW

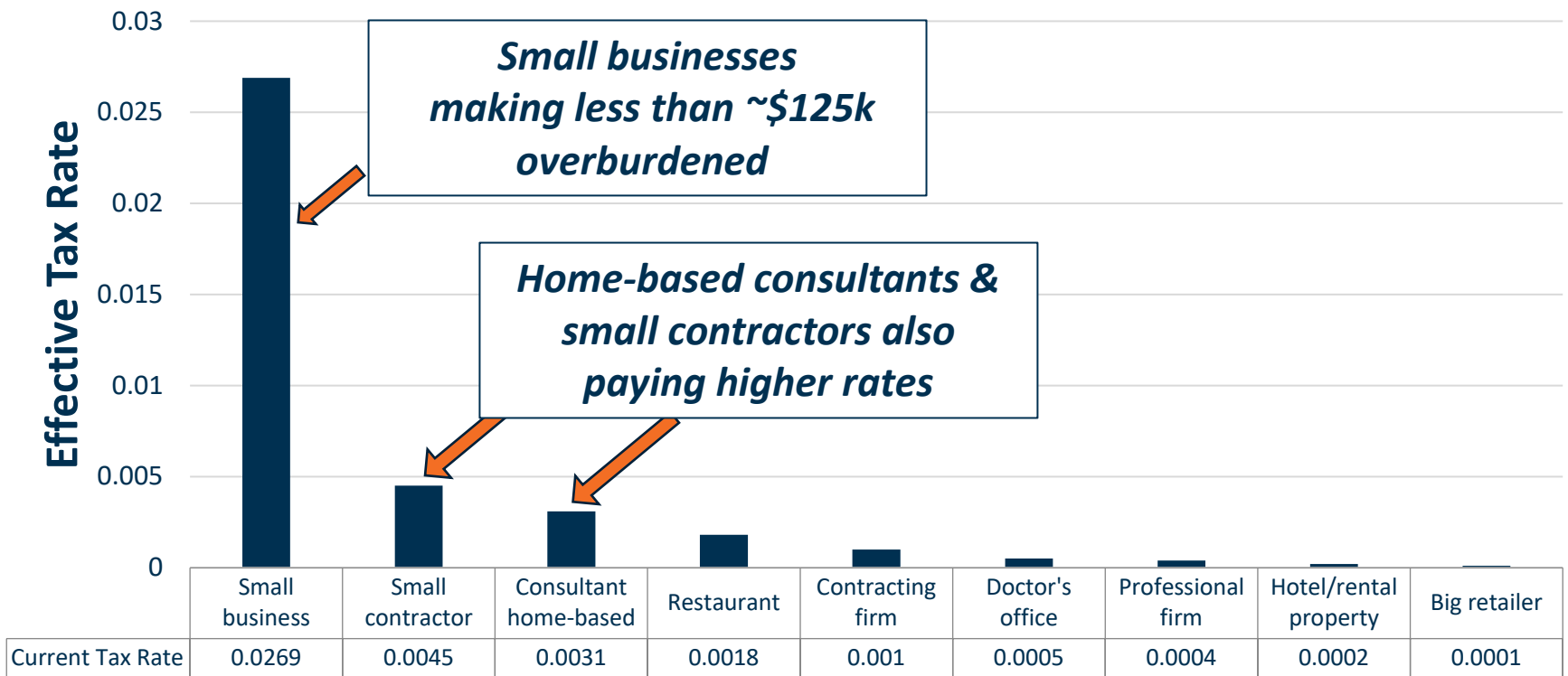


WHY UPDATE OUR BUSINESS LICENSE TAX?



- Council & businesses believe the ***tax structure is outdated & inequitable***
- Council values the business community & wants to improve the City's ability ***to be “business-friendly” to grow a robust local economy***, with Guiding Principles reflecting identified community values
- Council directed staff to evaluate alternatives to update the tax that ***minimize fiscal impacts to businesses***

CURRENT EFFECTIVE TAX RATES



GUIDING PRINCIPLES

IDENTIFIED BY MAY 2020
BUSINESS FOCUS GROUPS



FAIRNESS

- Address inequities in existing tax structure

ADAPTABILITY

- Reflect current and future business trends

COMPARABILITY

- Similar structure used in surrounding peer agencies

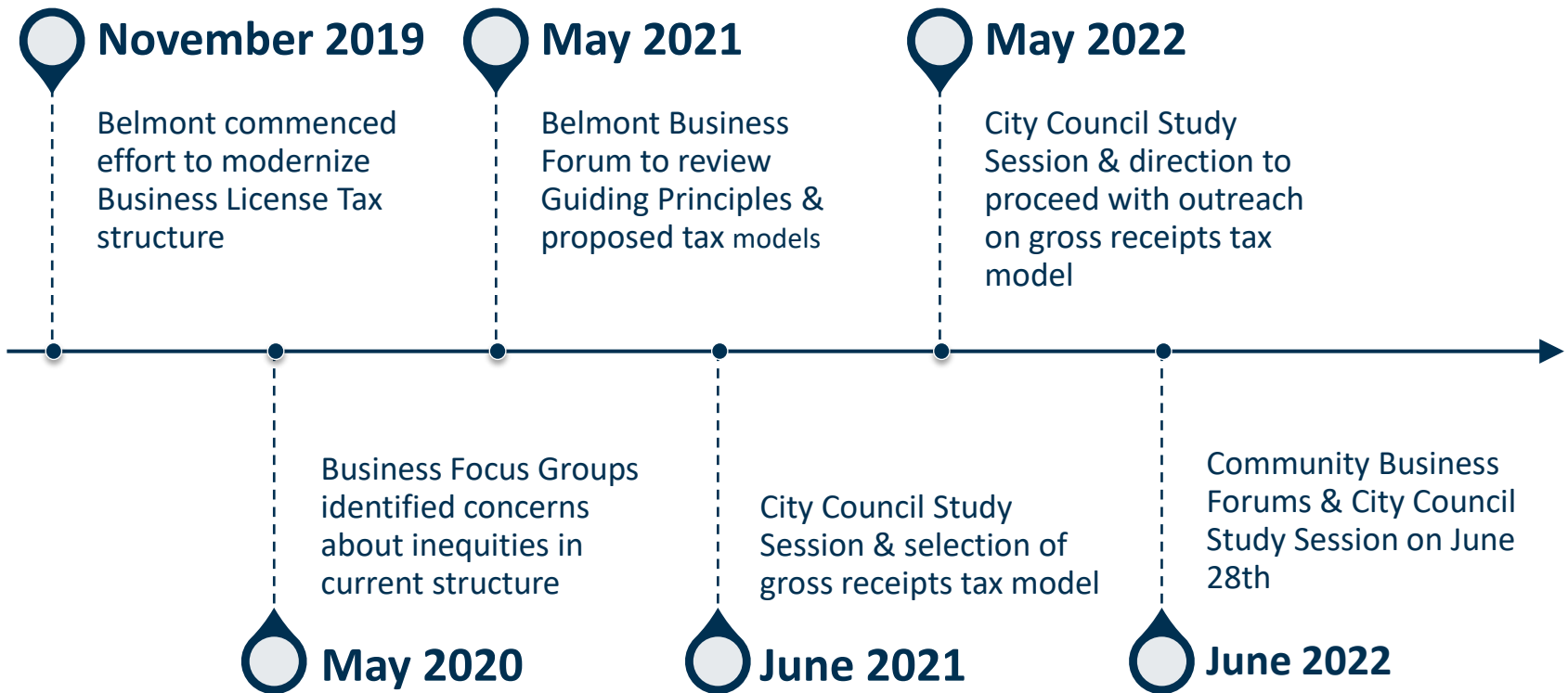
SIMPLICITY

- Simple for businesses to understand

STREAMLINED

- Reduce stumbling blocks to administer tax ordinance; quick processing times

PROGRESS TO-DATE



COMPARISON CITIES

BUSINESS LICENSE TAX



CITY	TAX TYPE	ADOPTED	MIN TAX	TOTAL LICENSES	EST. REVENUE
Belmont (Current)	Flat Rate/EE	1990	\$376	1,831	\$1.1 M
Belmont (Proposed)	Gross Receipts	1990	\$15	1,831	\$1-1.5 M*
Burlingame	Flat Rate	2001	\$100	13,138	\$.8 M
Foster City	Gross Receipts	2013	\$100	3,714	\$1.8 M
Los Gatos	Flat Rate/ Gross Receipts	1997	\$75	10,113	\$1.5 M
Menlo Park	Flat Rate	1975	\$25	4,500	\$1.6 M
Millbrae	EE/ Gross Receipts	2004	\$27	3,722	\$.4 M
Redwood City	Employee	2018	\$68	16,175	\$2.7 M
San Carlos	Employee	2003	\$148	9,881	\$1 M
San Mateo	Gross Receipts	1984	\$31	104,570	\$6 M

RECENT TREND TOWARDS GROSS RECEIPTS MODELS



CITY	LAST UPDATE	TAX RATE (Per \$1,000)*
Marina	2016	\$2.00: All Businesses
Sausalito	2018	Range: \$1.00-\$4.00 \$1.00: General Retail/Hotel \$2.00: Commercial/Residential Rental \$3.00: Service & Professional \$4.00: Contractors
Belmont (Proposed May 2022)	N/A	Range: \$1.50-\$3.00* \$1.50: General Business (Retail/Restaurant/etc.) \$2.00: Contractors & Non-Professional Services \$3.00: Businesses, Professional Services, & Property Rental

*Higher rate proposed for cannabis businesses, which are currently not a permitted Land Use

Other considerations this year:

- Oakland – November ballot placement to move to gross receipts model
- Foster City – considering raising/eliminating cap on gross receipts tax

JUNE 2022 BUSINESS FORUMS

HIGHLIGHTS



➤ ***Application process***

- Able to handle multiple business types/transaction sites
- Burdensome for businesses to calculate?

➤ ***Comments on proposed model/rates***

- Encourages small business
- Concern for large businesses leaving
- Ignores high overhead, forcing businesses like restaurants to pass increases to customer

➤ ***Suggestions***

- Consider tiered approach or cap
- Tax net revenue, not gross receipts

PROPOSED RATES BY BUSINESS TYPE

TAX RATES PER \$1,000



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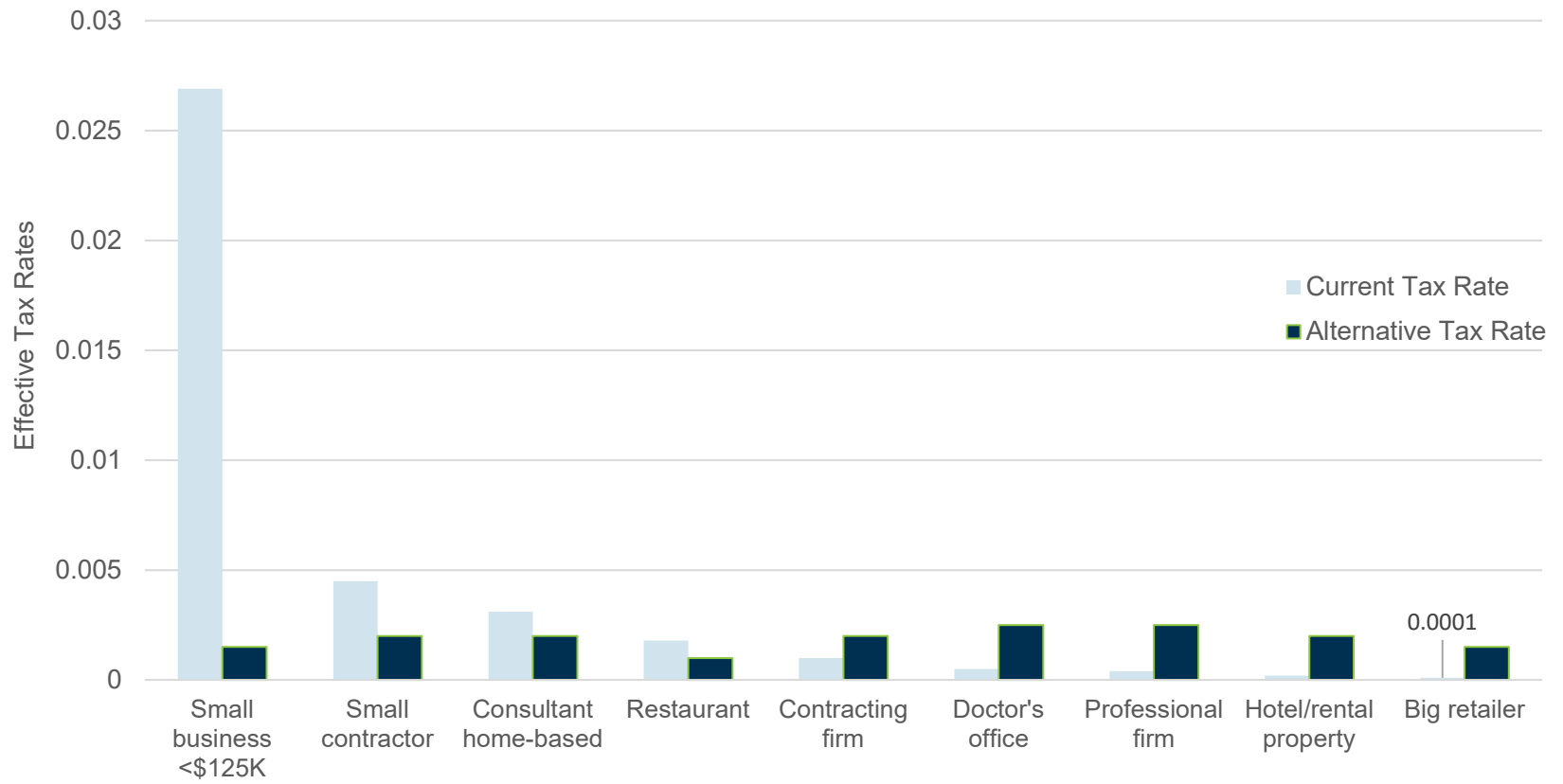
IMPACT OF ALTERNATIVE RATES ON SAMPLE BUSINESSES



	ALTERNATIVE TAX RATE (Per \$1,000)	CURRENT TAX	ALTERNATIVE TAX	DIFFERENCE (SAVINGS)
Fourplex Landlord: 1 Employee/\$150,000	\$2.00	\$341	\$300	(\$41)
Art Instructor: Sole Proprietor/\$55,000	\$2.00	\$341	\$110	(\$231)
Small Contractor: 1 Employee/\$80,000	\$2.00	\$446	\$160	(\$286)
Massage Therapist: Sole Proprietor/\$200,000	\$2.00	\$4,514	\$400	(\$4,114)
Bookkeeping Business: 1 Employee/\$200,000	\$2.50	\$376	\$500	\$124
Small Restaurant: 8 Employees/\$1 M	\$1.00	\$621	\$1,000	\$379
Large Retailer: 40 Employees/\$14M	\$1.50	\$1,741	\$21,000	\$19,259

EFFECTIVE TAX RATES

CURRENT VS. ALTERNATIVE

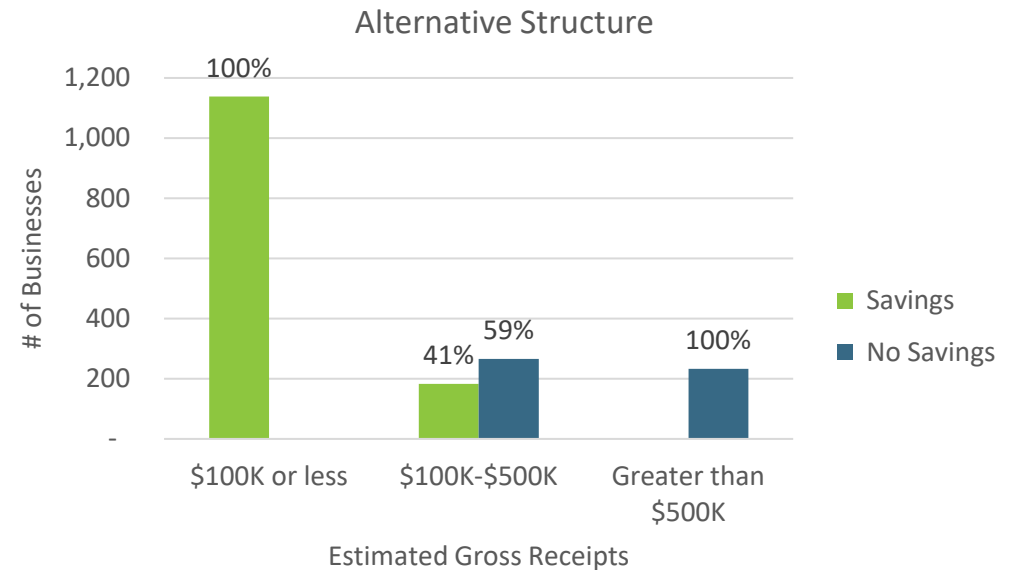


ALTERNATIVE STRUCTURE

ESTIMATED SAVINGS



Gross Receipts	% of Businesses
\$100K or less	63%
\$100K - \$500K	25%
Greater than \$500K	13%
Total	100%



Over 70% of Belmont businesses will realize savings from the current tax structure

SUMMARY



The current and alternative BLT proposals provide:

- Tax relief to our smallest businesses - It's estimated that over 70% of businesses will pay less than the current rates.
- Create a progressive tax system ensuring a fairer structure - with lower rates for businesses bringing in less gross receipts than for larger firms. This is a more equitable system, modeled after many other California cities.
- Maintain locally-controlled annual revenue for city services like street & sidewalk repair, public safety and other community priorities.

NEXT STEPS



JUNE 2022

- City Council review of community feedback

JULY 2022

- City Council consideration of draft BLT ballot measure

SUMMER 2022

- Council committee prepares ballot measure argument/rebuttals

FALL 2022

- Outreach & education to business community, stakeholders & Chamber of Commerce

NOV 2022

- November 8th voter election

COUNCIL DISCUSSION



- ***Does Council wish to revise the proposed tax structure?***
 - Alternative Structure
 - Phased Implementation
- ***Does the revised structure still meet Guiding Principles?***
- ***Does Council wish to proceed with ballot placement?***



**Comment Summary from Community
Business Forums on the Business License
Tax Modernization & Fairness Update
(June 14th-June 16th, 2022)**

- Support for the change as a sole proprietor; believe it will allow more small businesses to open in Belmont
- Confusion over why hotels/hospitality should be subjected to the Transient Occupancy Tax *and* higher Business License Tax rates
- Inquiry as to what the City provides businesses in exchange for paying the Business License Tax
- Inquiry as to whether the proposed changes to Transient Occupancy Tax and Business License Tax would be separate ballot measures
- How to apply for Business License Tax when operating multiple businesses and/or operating in multiple cities
- Why not update the Transient Occupancy Tax only?
- Concern over what information must be disclosed during the application process (e.g., most recent tax return?) and how that information could be used
- Concern over businesses leaving Belmont if their taxes were increased
- Call for comparison table showing rates and models of other San Mateo County cities
- Concern for administrative burden of calculating gross receipts
- Concern that business-to-business transactions were being taxed multiple times because these transactions were not exempt from the gross receipts model
- Concern for impact on businesses with rising expenses and steep overhead (e.g., restaurants), and this resulting in having to pass costs along to the consumer
- Discouraged use of the words "modernize," "fairness," and "equity," as they didn't sound appropriate when discussing businesses paying the City part of their profits
- Concern that an example of a business grossing \$100,000 was not realistic for any full-time business with employees
- Concern that large retailers would leave Belmont with rate increases
- Possible consideration for a tiered approach or cap?
- Why not tax net revenue vs. gross receipts?

Belmont Business License Tax Modernization & Fairness Update

Frequently Asked Questions

(As of June 17, 2022)

Why is the City of Belmont pursuing a Business License Tax update?

During [engagement meetings conducted over the past two years](#), the Belmont City Council and Belmont businesses have expressed that the current Business License Tax structure is outdated and inequitable. The City's current Tax was adopted in 1990 and applies a significantly higher effective tax rate to smaller businesses. The City strives to be business-friendly while supporting a robust local economy; therefore, the City Council has directed staff to explore options for modernizing the current Tax structure while minimizing the fiscal impact on local businesses.

Who needs a Business License?

Business License Tax is an annual tax for doing business within the City of Belmont. The Belmont Municipal Code requires that you obtain a business license when you conduct any business activity within the City - even if your business is located outside the city limits or you have a business license from another city. A Belmont business license is required regardless of the trade, profession, or occupation and regardless of whether the business is temporary or permanent. [Belmont Municipal Code Section 12-4](#) establishes exemptions for certain businesses, including but not limited to charitable and non-profit organizations, businesses making less than \$1,500 annually, and qualified builder-owners. A full list of exemptions can be found in [Belmont Municipal Code Section 12-4](#).

Are any small businesses or non-profits exempt from the proposed Belmont Business License Tax?

Under the proposed gross receipts model being considered by the City of Belmont, the following businesses would be exempt from the proposed Belmont business license tax:

- 1) Any business exempt from the tax by the laws of the United States or the State of California.
- 2) Any business with gross receipts for the previous tax year of less than \$10,000, except for the first tax year of operation in the city for which this exemption applies if gross receipts for the first tax year are less than \$10,000.

What is the proposed "gross receipts-based" tax model, and why was it selected?

Taxing gross receipts is common in California, with over 60% of cities using a taxing structure incorporating gross receipts. The gross receipts method provides a more equitable tax rate as all businesses pay a tax on the amount they earn, rather than a fixed amount independent of earnings. The City's currently proposed model would reduce the number of business categories from thirty-five to four, taxing each category at a different rate. The proposed categories and

rates can be found at www.belmont.gov/businesslicenseupdate (click on “[Draft Proposed Business License Tax Rates 5/10/22](#)”).

What are gross receipts?

“Gross receipts” are the total compensation received or receivable from all sales and the total compensation received or receivable from any act or service, for which a charge is made, or credit allowed, whether or not such act or service is done as part of or in connection with the sale of materials, goods, wares, or merchandise. The following are included in “gross receipts:” all receipts, cash, credits, and property of any kind or nature, without any deduction for the cost of property sold, materials, labor, service, interest, losses, or any other expenses.

How does the City determine what my gross receipts are and what information do businesses need to provide?

Under the proposed gross receipts model, an application for a Belmont Business License must include the following information:

- The name and address of the business;
- The nature of the business’s activities (sufficient for the City to determine the business classification and category); and
- A statement of the business gross receipts for the previous tax year. This is a self-reported value; you are *not* required to submit a copy of your State or Federal income tax return.

Is my business information confidential?

Gross receipts information is confidential and the City is prohibited from revealing the information to anyone not charged with administration and enforcement of the Belmont Business License Ordinance. Business names, location, phone number, and owners’ names are subject to the California Public Records Act.

Can the City of Belmont use business profits or adjusted net revenues to calculate the Business License Tax instead of gross receipts?

Revenue and Taxation code section 17041.5 prohibits cities from taxing net or adjusted income as opposed to gross receipts. Personal income is not the same as business gross receipts. Individuals should not confuse personal income tax with the business license tax. The City of Belmont is not taxing personal income: it is taxing business activities.

My business is located in the City of Belmont, but I conduct business or earn revenue from work conducted outside of the Belmont City limits.

How would the City determine my gross receipts in this scenario?

The Belmont Business License Tax would only apply to revenue earned from work conducted within the City of Belmont. A business that contends a portion of their gross receipts should not

be subject to the Belmont Business License Tax because it was not earned off work conducted within the City may apply to the City for an apportionment of the tax imposed.

I live in Belmont, but my business is conducted outside of the City limits. Would the Belmont Business License Tax apply to me?

The Belmont business license tax would only apply to revenue earned from work conducted within the City of Belmont. A business that contends a portion of their gross receipts should not be subject to the Belmont Business License Tax because it was not earned off work conducted within the City may apply to the City for an apportionment of the tax imposed. A home office conducting business that earns gross receipts is subject to registration and payment of applicable Belmont Business License Tax.

My business performs different types of work that may fall into more than one proposed business categories. How would the City determine which category should be used to calculate my gross receipts tax liability?

If a single integrated business has operations that could each fall within different business categories, the City may, at its discretion, tax each part under the applicable category, provided the business's gross receipts can be reasonably allocated between the different categories, or the City may tax the entire business under the single category that the City determines is the primary category for the business. If the City determines that the gross receipts cannot be reasonably allocated between the different parts of the business, then the entire business shall be taxed at the highest rate applicable to any of the business's parts.

Is there any maximum tax or "cap" proposed in the gross receipts Business License Tax model?

The City of Belmont is not currently proposing a maximum gross receipts tax amount or "cap" for any of the four proposed business categories.

Does the Business License Tax apply to short term rentals?

Owners/operators of short-term rental units are earning revenue based off business activity conducted in the City of Belmont and are therefore subject to the Belmont Business License Tax. Additionally, the Belmont Transient Occupancy Tax was amended to 2018 to clarify that the TOT applies to all short term rental stays of less than 30 days. Short term rental owners/operators are responsible for collecting the Transient Occupancy Tax from guests staying less than 30 days and must remit funds to the City of Belmont monthly.

Why are hotel and hospitality operators subject to both the Business License Tax and the Transient Occupancy Tax?

Hotel and hospitality operators, including operators of short-term rental properties, are conducting business activities and earning revenue in the City of Belmont, and are therefore subject to paying the Belmont Business License Tax, which is a tax on business activity. The

Belmont Transient Occupancy Tax, or hotel room tax, is a tax that is levied on hotel stays less than 30 days and is typically paid by hotel and short-term rental guests. The City is considering revisions to both taxes separately; please see the [meeting materials and recording from the City Council Study Session held May 10, 2022](#) for more information about the proposed changes.

What does the City of Belmont offer to businesses in exchange for payment of the Business License Tax?

The City of Belmont strives to champion business retention, attraction, and expansion for the mutual benefit of our residents and business partners. Our commitment is rooted in the City's Vision Statement, which identifies a thriving economy as a long-range goal, while our Strategic Plan lists Economic Development as a top priority. Efforts are underway to implement local business land use and housing policies to support a thriving local economy, downtown revitalization, and diverse housing choices. Belmont's Economic Development program is a collaborative effort between the City Manager, Finance, and Community Development Departments, and is funded by the Belmont General Fund, which receives revenues from taxes, including the Belmont Business License Tax.

I heard that the City of Belmont is considering both a Business License Tax update and a Transient Occupancy Tax update. Are these taxes being considered together?

The Belmont City Council is currently considering two *separate* potential tax measures:

- A proposed update to the Belmont Business License Tax that would utilize a gross receipts-based tax model.
- A proposed increase of the Belmont Transient Occupancy Tax, or hotel room tax, raising it from 12% to 14%.

While these measures are generally being considered by the Council at the same time, they are entirely independent from one another. For more information on the two potential tax modifications, please see the [meeting materials and recording from the City Council Study Session held May 10, 2022](#).

Proposed Business Types

General Business means the business of the sale of goods, including food, to ultimate consumers, usually in small quantities (“retail sales”); the sale of goods in quantity, as to retailers or jobbers, for resale (“wholesales”); operating an establishment where meals, prepared food, or beverages are served to customers (“restaurant”); or manufacturing, packing, or processing of any goods, wares, merchandise, or commodities at a fixed place of business within the city.

Contractor means a person conducting, managing, or carrying on the business of contractor, subcontractor, or builder; or engaging in the construction or repair of any buildings; or regularly employing help for building construction, sewer construction, plumbing construction, or general construction. “Contractor” does not include any business in the “Professional Services” classification, such as an architect or engineer.

Non-Professional Services means the business of offering services that are not professional services and do not fall within the definition of “contractors” including, but not limited to lawn services, gardening and landscaping services (but not landscape architects), hairstylists, beauticians or cosmetologists, aestheticians, massage therapists, arts instructors, tutoring, test preparation, sports trainers, translation and interpretation services.

Businesses and Services means the business of offering any professional, scientific, or technical service including, but not limited to legal advice and representation; accounting, bookkeeping, and payroll services; architectural, engineering, and specialized design services; computer services; consulting services; research and development services; advertising services; photographic services; veterinary services; and other professional, scientific, and technical services. Examples of persons engaged in professional services include, but are not limited to lawyers, physicians, dentists, chiropractors, physical therapists, psychiatrists, psychologists, therapists, marriage counselors, accountants, licensed financial planners, licensed investment counselors, real estate agents, real estate brokers, property management, engineers, architects, and landscape architects. The administrative offices or headquarters of a business are professional services.

Property Rental means the business of leasing or renting residential or commercial property, including a person engaged in the business of operating a hotel or apartment house or the leasing or renting of any residential property, dwelling unit, or room for dwelling, sleeping, or lodging and a person engaged in the business of leasing or renting any commercial property.

Cannabis Business means the activity of any person or collective in the city relating to cannabis, including but not limited to cultivation (including nurseries), transportation, distribution, manufacture, compounding, conversion, processing, preparation, testing, storage, packaging, delivery, and sales (including both wholesale and retail sales) of cannabis, cannabis products, or any accessories for the use of cannabis or cannabis products, whether or not carried on for gain or profit, whether for medical or recreational use, and whether or not such business is licensed by the State. A cannabis business does not include any business the only relationship of which to cannabis or cannabis products is the production or sale of cannabis accessories.