



CITY OF DUNWOODY
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MEMORANDUM

To: Mayor and City Council
From: Chris Pike, Finance Director
Date: November 16, 2009
Subject: **DISCUSSION OF THE BUSINESS LICENSE ORDINANCE**

ITEM DESCRIPTION

To discuss fees related to the occupation tax program of the City

BACKGROUND

On October 19, 2009, Council instructed staff to evaluate options to move to a flat gross receipts tax rate for all businesses. Council's instructions including staff preparing a schedule that showed the various tax collections at differing rates. Staff has initiated discussions with the Dunwoody Chamber of Commerce regarding the occupation tax rates and will continue to share information with them throughout the process.

We currently have six tax classes; each class with a different gross receipts charge and different per employee charge. Special rules apply to practitioners (such as doctors, lawyers, CPA's, etc), banks, and insurance companies. This discussion will not address these exceptions, but rather will focus on the "normal" procedures for most businesses.

ISSUES

If the City adopted a rate structure identical to Fulton, Sandy Springs, and Johns Creek, the revenues would have been around \$3.7 million in 2009.

Although there is no requirement to keep the base gross receipts taxed at \$20,000, the following assume the same base of \$20,000 taxed at \$50 and \$14 for each employee.

<u>Cents per \$1000 in Gross Receipts</u>	<u>Estimated 2010 Revenues</u>
78	2,381,787.92
100	2,732,453.87
125	3,273,389.33
143.5 **	3,673,681.45

** This is the flat rate needed to approximate the Sandy Springs structure.

RECOMMENDED ACTIONS

Staff's recommendation is to establish a flat rate of \$1.25 per \$1000 in gross receipts above the \$20,000 base to be achieved over a three year period with the flat rate being \$0.78 in 2010, \$1.00 in 2011, and \$1.25 in 2012. This will allow the businesses to gradually adjust and budget to this new number. It should be noted that over 60% of Dunwoody businesses will have no increase in their tax rate during 2010 as most businesses are already at the \$0.78 tax rate. Council's direction is requested.