



Legislation Text

File #: RES. 2021-R048, **Version:** 1

To request that the Chief Administrative Officer cause to be prepared a report on the impact of Ord. No. 2019-276, concerning the creation of a new business, profession, and occupation license tax category for technology businesses and a new license tax for such businesses.

WHEREAS, Ordinance No. 2019-276 (hereinafter referred to as the “Ordinance”), introduced to the City Council on October 14, 2019, amends sections 26-872, concerning definitions related to license taxes, and 26-989, concerning licenses taxes for personal services businesses, of the Code of the City of Richmond (2020), as amended, and amends Chapter 26, Article XV, Division 2 of the Code of the City of Richmond (2020), as amended, by adding therein a new section numbered 26-1003.1, concerning the license tax for technology businesses, for the purpose of creating a new business, profession, and occupation license category called “technology business” and imposing a new license tax on such businesses; and

WHEREAS, the Ordinance further establishes (i) a license tax equal to \$0.10 per \$100 of gross receipts of the technology business for persons engaging in biotechnology, research and development, and information services; (ii) a license tax equal to \$0.03 per \$100 of gross receipts of the technology business for federal contractors engaged in research and development services, and (iii) a license tax equal to \$0.03 per \$100 of gross receipts of the technology business for persons engaged in computer services; and

WHEREAS, upon information and belief of the Council, the Ordinance, if adopted, may have an unknown fiscal impact, including the effect of increasing the tax rates of existing or new businesses currently classified in another category, which may fully or partially offset the imposition of a lower tax rate, or decreasing the tax rates of other such businesses; and

WHEREAS, the Council believes that it is in the best interests of the citizens of the City of Richmond that the Council request that the Chief Administrative Officer cause to be prepared a report on the impact of the

Ordinance, if adopted, that includes how the creation of a business, profession, and occupation license category for technology businesses may affect existing and new businesses currently classified in another category, an evaluation of the potential fiscal implications of the Ordinance with regard to General Fund revenues on and after the Ordinance is adopted, and the impact that the business, professional, and occupational license tax rates set forth in the Ordinance may have on equity amongst affected businesses;

NOW, THEREFORE,

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF RICHMOND:

That the Council hereby requests that the Chief Administrative Officer cause to be prepared a report on the impact of the Ordinance, if adopted, that includes how the creation of a business, profession, and occupation license category for technology businesses may affect existing and new businesses currently classified in another category, an evaluation of the potential fiscal implications of the Ordinance with regard to General Fund revenues on and after the Ordinance is adopted, and the impact that the business, professional, and occupational license tax rates set forth in the Ordinance may have on equity amongst affected businesses, which also provides for the following:

1. An assessment of the number of existing businesses that would qualify for the proposed reduced business, profession, and occupation tax rate.
2. An assessment of the number of new or expanded technology businesses that would qualify for any reduced business, profession, and occupation tax rates.
3. An assessment of the potential impact that any reduced business, profession, and occupation tax rates would have on General Fund revenues over a multiyear period.
4. As assessment of whether growth in other General Fund revenue sources over a multiyear period will fully or partially offset any projected revenue loss.
5. Evaluation of the impact that the Ordinance is likely to have on equity in the application of any reduced business, profession, and occupation tax rates.

BE IT FURTHER RESOLVED:

That the Council hereby requests that the Chief Administrative Officer cause the report for which this resolution calls to be provided to the Council by no later than November 1, 2021, and cause updates to such report to be provided to the Council by no later than November 1 of each year thereafter.