



CITY OF MARTINEZ

**CITY COUNCIL AGENDA
May 4, 2011**

TO: Mayor and City Council
FROM: Kristine Sosa, Accountant
SUBJECT: Local Government Sharing Agreement with Franchise Tax Board
DATE: April 26, 2011

RECOMMENDATION:

Adopt a resolution authorizing the City Manager to enter into an agreement with the State Franchise Tax Board to exchange tax data specific to business license information for tax administration purposes.

BACKGROUND:

The Franchise Tax Board (FTB) has expanded its City Business Tax Program. Through data sharing, the Local Government Sharing Program can increase the City's business license revenue by locating individuals and businesses that may have a business tax filing requirement with the State, but not a City business license. In addition, FTB can find self-employed individuals who have a City business license, but may not be filing State income tax returns.

Annually, the City will supply the FTB with data of all businesses located in Martinez that hold a current business license. In return, the FTB will provide the City with data on businesses in Martinez that indicate a business on their personal or corporate income tax return. The City will follow-up with those businesses to recoup lost business license revenue. All information exchanged by both agencies under this agreement is strictly confidential and only one City employee is designated to administer the program with FTB. At no time, will the City or FTB reproduce, publish, sell, or release any information for any purpose.

FISCAL IMPACT:

The City is looking to increase its business license revenue. At this time, it is not known how much revenue will be received due to this agreement. Several cities currently participate in this program and have seen significant increase in revenue.

ACTION:

Adopt a resolution authorizing the City Manager to execute a contract with the Franchise Tax board.

Attachment: Resolution

A handwritten signature in black ink, appearing to read "Philip V. Vire". The signature is written in a cursive style with a large initial "P".

APPROVED BY: City Manager

RESOLUTION NO. -11

AUTHORIZING THE CITY MANAGER TO EXECUTE A LOCAL
GOVERNMENT SHARING PROGRAM AGREEMENT WITH THE
STATE OF CALIFORNIA FRANCHISE TAX BOARD

WHEREAS, the City of Martinez administers a Business License Tax Program; and

WHEREAS, the State of California Franchise Tax Board, through the Local Government Sharing Program, will enhance the City of Martinez Business License Tax Program; and

WHEREAS, the information from the Franchise Tax Board will permit the City of Martinez to identify potential unrealized Business License Tax revenue from businesses that are not in compliance with Title 5, Business Taxes and Regulations, of the Martinez Municipal Code.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Martinez that the City Manager is authorized to execute the necessary contract with Franchise Tax Board Agreement, to enable the City of Martinez to participate in the Local Government Sharing Program.

* * * * *

I HEREBY CERTIFY that the foregoing is a true and correct copy of a resolution duly adopted by the City Council of the City of Martinez at a Regular Meeting of said Council held on the 4th day of May, 2011, by the following vote:

AYES:

NOES:

ABSENT:

RICHARD G. HERNANDEZ, CITY CLERK
CITY OF MARTINEZ