



City of Grover Beach

FREQUENTLY ASKED QUESTIONS ABOUT MEASURE M-18 ("BUSINESS TAX CERTIFICATE")

Q: *What is Measure M-18?*

A: Measure M-18 is a measure placed by the Grover Beach City Council on the November 2018 ballot which would change how businesses pay the City's Business Tax Certificate known as "BTC." Under this measure, businesses would pay a BTC rate to the City based on square footage of the business compared with the flat rate currently in place for all businesses regardless of size.

Q: *What are the reasons for changing the BTC rate?*

A: The annual BTC rate is a flat rate of \$55 that has not changed in several decades despite the cost increase in providing City services. Under the current flat rate structure, larger businesses with more employees and greater sales activity pay the same amount as small retailers or home-based businesses. Measure M-18 would provide variation of the BTC rate paid by businesses by establishing a range from \$60 to \$950 based on building square footage where larger businesses would pay more than smaller businesses. Many businesses in the city would pay a small increase in the BTC rate from what they are paying now given the number of small businesses in the city.

Q: *How would the new BTC rates compare with other cities?*

A: BTC rates are set using a variety of approaches including flat rate, number of employees, gross receipts, and other methods. In nearby cities, Arroyo Grande bases its rate by the number of employees while Pismo Beach and San Luis Obispo both use gross receipts. Basing the rate based on square footage is a unique approach developed in consultation with the South County Chambers of Commerce that keeps the City's business taxes competitive with other cities. Such an approach does not require a business to communicate business revenues to the City while still creating variability in payment amounts based on size of business.

Q: *Who would pay this new BTC rate?*

A: Measure M-18 affects all businesses working in Grover Beach including those located both inside and outside the city. Home-based businesses and businesses based outside the city would pay a flat rate of \$60 while businesses located within the city would pay based on a range of \$60 to \$950 based on building square footage.

Q: *How much funding would Measure M-18 generate and what would it be spent on?*

A: Measure M-18 would generate an estimated \$90,000 annually in addition to the approximately \$88,000 generated by the current BTC rate. Funding from Measure M-18 would provide ongoing funding for core services such as maintaining fire, emergency medical, and police services, fixing streets and sidewalks, and maintaining parks and city facilities. The City Council would establish priorities for Measure M-18 expenditures as part of the City's budget process.

Q: *Where can I get more information?*

A: For more information on Measure M-18 and other election information, please visit the City's website at www.groverbeach.org.