

## Revenue Projection Models for Potential Restructuring of Business License Tax

### General Assumptions:

1. There are 5,385 active business licenses in Mountain View (combine multiple locations).
2. About 3,661 businesses have self reported approximately 64,442 employees working in Mountain View as of 4/20/18.
3. There are 1,724 businesses with a business license not located in Mountain View.
4. For modeling purposes, we used the CAFR for the number of employees for the top ten employers.
5. Combined several businesses with different locations but with the same owner.
6. Non-profits, including qualified medical facilities, are exempt from the tax and therefore not included.
7. These are estimates, based on business license data as of 4/20/18, or the CAFR. Numbers are likely to shift once companies are being taxed on a per employee basis.
8. There is no cap on any of the models.

### Definitions:

Progressive Models: employer pays for all employees, except the first 50, at each incremental rate as the number of employees increases.

3X Sunnyvale Model: for businesses with employees up to 1,000, we used the Sunnyvale rate times three, except for businesses with one employee, we used a flat rate of \$100 instead of \$111. For businesses with over 1,000 employees, we applied a per employee rate.

Progressive-Subcommittee Draft Model: employer pays for all employees, except the first 50, the per employee rate is at a flat \$50 from 51-500 employees, and at an incremental rate as the number of employees increases starting at 501 employees.

### Summary of Models

Model	Type	\$5M Models			\$10M Models		
		Base Rate	Flat Rate Employees	Largest Employer	Base Rate	Flat Rate Employees	Largest Employer
Model 1	Progressive with 1 Base Rate	\$200	50	\$2.2M	\$300	50	\$5.4M
Model 2	Progressive with 3 Base Rates	\$100, \$200, \$300	50	\$2.3M	\$100, \$200, \$300	50	\$5.5M
Model 3	Flat Rate 3X Sunnyvale	\$0	1,000	\$2.3M	\$0	1,000	\$5.8M
Model 4	Progressive-Subcommittee Draft Model	\$100, \$200, \$400	50	\$2.8M	\$100, \$200, \$400	50	\$6.6M

Note: Rate increases could be phased in, if desired.

<b>Models with \$5M Revenue Target</b>							
<b>Cost to Employers Comparing Potential Mountain View (MV) Revenue Models to Nearby Cities</b>							
<b>#Emp</b>	<b>MV Model 1</b>	<b>MV Model 2</b>	<b>MV Model 3</b>	<b>MV Model 4</b>	<b>Sunnyvale Model</b>	<b>San Jose Model</b>	<b>Redwood City Model</b>
1	\$200	\$100	\$100 <sup>(1)</sup>	\$100	\$37	\$195	\$105
2	\$200	\$200	\$186	\$200	\$62	\$195	\$147
26	\$200	\$300	\$1,115	\$400	\$372	\$915	\$1,155
51	\$275	\$375	\$2,044	\$450	\$681	\$2,155	\$2,205
101	\$4,030	\$4,130	\$3,902	\$2,950	\$1,301	\$5,145	\$4,305
251	\$16,035	\$16,135	\$9,477	\$10,450	\$3,159	\$12,645	\$5,256
501	\$37,290	\$37,390	\$18,768	\$22,975	\$6,256	\$30,135	\$5,256
1,001	\$82,295	\$82,395	\$90,090	\$60,500	\$11,769	\$60,135	\$5,256
5,001	\$462,295	\$462,400	\$500,100	\$460,525	\$11,769	\$150,000	\$5,256
Cap	None <sup>(2)</sup>	None <sup>(2)</sup>	None <sup>(2)</sup>	None <sup>(2)</sup>	\$11,769	\$150,000	\$5,256

Notes:

Models 1-4 generate approximately \$5 million (excluding additional revenue anticipated for out of town businesses).

1. The actual rate would be \$111 if increased by three times the Sunnyvale rate.
2. Largest employer's cost is approximately \$2.2 million for Model 1, \$2.3 million for Model 2, \$2.3 million for Model 3, and \$2.8 million for Model 4.

<b>Models with \$10M Revenue Target</b>							
<b>Cost to Employers Comparing Potential Mountain View (MV) Revenue Models to Nearby Cities</b>							
<b>#Emp</b>	<b>MV Model 1</b>	<b>MV Model 2</b>	<b>MV Model 3</b>	<b>MV Model 4</b>	<b>Sunnyvale Model</b>	<b>San Jose Model</b>	<b>Redwood City Model</b>
1	\$300	\$100	\$100 <sup>(1)</sup>	\$100	\$37	\$195	\$105
2	\$300	\$200	\$186	\$200	\$62	\$195	\$147
26	\$300	\$300	\$1,115	\$400	\$372	\$915	\$1,155
51	\$400	\$450	\$2,044	\$450	\$681	\$2,155	\$2,205
101	\$5,420	\$7,960	\$3,902	\$2,950	\$1,301	\$5,145	\$4,305
251	\$23,445	\$31,980	\$9,477	\$10,450	\$3,159	\$12,645	\$5,256
501	\$59,725	\$77,000	\$18,768	\$23,100	\$6,256	\$30,135	\$5,256
1,001	\$147,255	\$177,020	\$240,240	\$123,150	\$11,769	\$60,135	\$5,256
5,001	\$967,290	\$1,057,040	\$1,250,250	\$1,123,200	\$11,769	\$150,000	\$5,256
Cap	None <sup>(2)</sup>	None <sup>(2)</sup>	None <sup>(2)</sup>	None <sup>(2)</sup>	\$11,769	\$150,000	\$5,256

Notes:

Models 1-4 generate approximately \$10 million (excluding additional revenue anticipated for out of town businesses).

1. The actual rate would be \$111 if increased by three times the Sunnyvale rate.
2. Largest employer's cost is approximately \$5.4 million for Model 1, \$5.5 million for Model 2, \$5.8 million for Model 3, and \$6.6 million for Model 4.

**Business License Revenue Model 1a - "Progressive without Cap & One Base Rate"**

						Incremental		Estimated		Range	
		# Businesses	%	# Employees	%	Tax/Fee	Revenue	Low	High		
Base Rate	\$200										
Range											
1	Base Rate	1,990	54.36%	1,990	3.09%	\$0	\$398,000	\$200	\$200		
2-25	Base Rate	1,461	39.91%	9,381	14.56%	\$0	\$292,200	\$200	\$200		
26-50	Base Rate	95	2.59%	3,467	5.38%	\$0	\$19,000	\$200	\$200		
51-100	Base Rate + Employee Count	58	1.58%	4,366	6.78%	\$75	\$121,550	\$275	\$3,950		
101-250	Base Rate + Employee Count	39	1.07%	6,213	9.64%	\$80	\$339,090	\$4,030	\$15,950		
251-500	Base Rate + Employee Count	7	0.19%	2,476	3.84%	\$85	\$173,360	\$16,035	\$37,200		
501-1,000	Base Rate + Employee Count	4	0.11%	2,901	4.50%	\$90	\$229,890	\$37,290	\$82,200		
1,001-5,000	Base Rate + Employee Count	6	0.16%	10,324	16.02%	\$95	\$903,980	\$82,295	\$462,200		
5,001+	Base Rate + Employee Count	1	0.03%	23,324	36.19%	\$95	\$2,202,980	\$462,295	No Cap		
Cap	None <sup>(1)</sup>										
Out of Area <sup>(2)</sup>	Base Rate	1,724				\$200	\$344,800	\$200	\$200		
<b>Total MV Businesses &amp; Employees</b>		<b>3,661</b>	<b>100%</b>	<b>64,442</b>	<b>100%</b>		<b>\$5,024,850</b>				

1. Largest company would pay \$2.2M.

2. This is an estimate based on a flat fee. Staff recommends a new model for out of town businesses based on the number of employees and days worked in Mountain View, like San Jose (which will generate more revenue).

**Business License Revenue Model 1b - "Progressive without Cap & One Base Rate"**

						Incremental		Estimated		Range	
		# Businesses	%	# Employees	%	Tax/Fee	Revenue	Low	High		
Base Rate	\$300										
Range											
1	Base Rate	1,990	54.36%	1,990	3.09%	\$0	\$597,000	\$300	\$300		
2-25	Base Rate	1,461	39.91%	9,381	14.56%	\$0	\$438,300	\$300	\$300		
26-50	Base Rate	95	2.59%	3,467	5.38%	\$0	\$28,500	\$300	\$300		
51-100	Base Rate + Employee Count	58	1.58%	4,366	6.78%	\$100	\$164,000	\$400	\$5,300		
101-250	Base Rate + Employee Count	39	1.07%	6,213	9.64%	\$120	\$484,260	\$5,420	\$23,300		
251-500	Base Rate + Employee Count	7	0.19%	2,476	3.84%	\$145	\$268,370	\$23,445	\$59,550		
501-1,000	Base Rate + Employee Count	4	0.11%	2,901	4.50%	\$175	\$395,875	\$59,725	\$147,050		
1,001-5,000	Base Rate + Employee Count	6	0.16%	10,324	16.02%	\$205	\$1,768,720	\$147,255	\$967,050		
5,001+	Base Rate + Employee Count	1	0.03%	23,324	36.19%	\$240	\$5,364,810	\$967,290	No Cap		
Cap	None <sup>(1)</sup>										
Out of Area <sup>(2)</sup>	Base Rate	1,724				\$300	\$517,200	\$300	\$300		
<b>Total MV Businesses &amp; Employees</b>		<b>3,661</b>	<b>100%</b>	<b>64,442</b>	<b>100%</b>		<b>\$10,027,035</b>				

1. Largest company would pay \$5.4M.

2. This is an estimate based on a flat fee. Staff recommends a new model for out of town businesses based on the number of employees and days worked in Mountain View, like San Jose (which will generate more revenue).

**Business License Revenue Model 2a - "Progressive without Cap & Three Base Rates"**

								Range	
		# Businesses	%	# Employees	%	Incremental Tax/Fee	Estimated Revenue	Low	High
Base Rate 1	\$100								
Base Rate 2-25	\$200								
Base Rate 26-50	\$300								
Range									
1	Base Rate	1,990	54.36%	1,990	3.09%	0	\$199,000	\$100	\$100
2-25	Base Rate	1,461	39.91%	9,381	14.56%	0	\$292,200	\$200	\$200
26-50	Base Rate	95	2.59%	3,467	5.38%	0	\$28,500	\$300	\$300
51-100	Base Rate + Employee Count	58	1.58%	4,366	6.78%	\$75	\$127,350	\$375	\$4,050
101-250	Base Rate + Employee Count	39	1.07%	6,213	9.64%	\$80	\$342,990	\$4,130	\$16,050
251-500	Base Rate + Employee Count	7	0.19%	2,476	3.84%	\$85	\$174,060	\$16,135	\$37,300
501-1,000	Base Rate + Employee Count	4	0.11%	2,901	4.50%	\$90	\$230,290	\$37,390	\$82,300
1,001-5,000	Base Rate + Employee Count	6	0.16%	10,324	16.02%	\$95	\$904,580	\$82,395	\$462,300
5,001+	Base Rate + Employee Count	1	0.03%	23,324	36.19%	\$100	\$2,294,700	\$462,400	No Cap
Cap	None <sup>(1)</sup>								
Out of Area <sup>(2)</sup>	Base Rate	1,724				\$200	\$344,800	\$200	\$200
<b>Total MV Businesses &amp; Employees</b>		<b>3,661</b>	<b>100%</b>	<b>64,442</b>	<b>100%</b>		<b>\$4,938,470</b>		

1. Largest company would pay \$2.3M.

2. This is an estimate based on a flat fee. Staff recommends a new model for out of town businesses based on the number of employees and days worked in Mountain View, like San Jose (which will generate more revenue).

**Business License Revenue Model 2b - "Progressive without Cap & Three Base Rates"**

								Range	
		# Businesses	%	# Employees	%	Incremental Tax/Fee	Estimated Revenue	Low	High
Base Rate 1	\$100								
Base Rate 2-25	\$200								
Base Rate 26-50	\$300								
Range									
1	Base Rate	1,990	54.36%	1,990	3.09%	0	\$199,000	\$100	\$100
2-25	Base Rate	1,461	39.91%	9,381	14.56%	0	\$292,200	\$200	\$200
26-50	Base Rate	95	2.59%	3,467	5.38%	0	\$28,500	\$300	\$300
51-100	Base Rate + Employee Count	58	1.58%	4,366	6.78%	\$150	\$237,300	\$450	\$7,800
101-250	Base Rate + Employee Count	39	1.07%	6,213	9.64%	\$160	\$674,280	\$7,960	\$31,800
251-500	Base Rate + Employee Count	7	0.19%	2,476	3.84%	\$180	\$353,280	\$31,980	\$76,800
501-1,000	Base Rate + Employee Count	4	0.11%	2,901	4.50%	\$200	\$487,400	\$77,000	\$176,800
1,001-5,000	Base Rate + Employee Count	6	0.16%	10,324	16.02%	\$220	\$2,012,080	\$177,020	\$1,056,800
5,001+	Base Rate + Employee Count	1	0.03%	23,324	36.19%	\$240	\$5,454,560	\$1,057,040	No Cap
Cap	None <sup>(1)</sup>								
Out of Area <sup>(2)</sup>	Base Rate	1,724				\$200	\$344,800	\$200	\$200
<b>Total MV Businesses &amp; Employees</b>		<b>3,661</b>	<b>100%</b>	<b>64,442</b>	<b>100%</b>		<b>\$10,083,400</b>		

1. Largest company would pay \$5.5M.

2. This is an estimate based on a flat fee. Staff recommends a new model for out of town businesses based on the number of employees and days worked in Mountain View, like San Jose (which will generate more revenue).

**Business License Revenue Model 3a - "3X Sunnyvale"**

						Incremental		Estimated		Range	
		# Businesses	%	# Employees	%	Tax/Fee	Revenue	Low	High		
Range											
1	Flat Rate	1,990	54.36%	1,990	3.09%	\$0	\$199,000	\$100 <sup>(1)</sup>	\$100 <sup>(1)</sup>		
2-25	Flat Rate	1,461	39.91%	9,381	14.56%	\$0	\$453,129	\$186	\$929		
26-50	Flat Rate	95	2.59%	3,467	5.38%	\$0	\$133,605	\$1,115	\$1,858		
51-100	Flat Rate	58	1.58%	4,366	6.78%	\$0	\$164,637	\$2,044	\$3,716		
101-250	Flat Rate	39	1.07%	6,213	9.64%	\$0	\$233,018	\$3,902	\$9,291		
251-500	Flat Rate	7	0.19%	2,476	3.84%	\$0	\$92,353	\$9,477	\$18,582		
501-1,000	Flat Rate	4	0.11%	2,901	4.50%	\$0	\$107,961	\$18,768	\$35,306		
1,001-5,000	Employee Count	6	0.16%	10,324	16.02%	\$90	\$929,160	\$90,090	\$450,000		
5,001+	Employee Count	1	0.03%	23,324	36.19%	\$100	\$2,332,400	\$500,100	No Cap		
Cap	None <sup>(2)</sup>										
Out of Area <sup>(3)</sup>	Base Rate	1,724				\$200	\$344,800	\$200	\$200		
<b>Total MV Businesses &amp; Employees</b>		<b>3,661</b>	<b>100%</b>	<b>64,442</b>	<b>100%</b>		<b>\$4,990,063</b>				

1. The actual rate would be \$111 if increased by three times the Sunnyvale rate.
2. Largest company would pay \$2.3M.
3. This is an estimate based on a flat fee. Staff recommends a new model for out of town businesses based on the number of employees and days worked in Mountain View, like San Jose (which will generate more revenue).

**Business License Revenue Model 3b - "3X Sunnyvale"**

						Incremental		Estimated		Range	
		# Businesses	%	# Employees	%	Tax/Fee	Revenue	Low	High		
Range											
1	Flat Rate	1,990	54.36%	1,990	3.09%	\$0	\$199,000	\$100 <sup>(1)</sup>	\$100 <sup>(1)</sup>		
2-25	Flat Rate	1,461	39.91%	9,381	14.56%	\$0	\$453,129	\$186	\$929		
26-50	Flat Rate	95	2.59%	3,467	5.38%	\$0	\$133,605	\$1,115	\$1,858		
51-100	Flat Rate	58	1.58%	4,366	6.78%	\$0	\$164,637	\$2,044	\$3,716		
101-250	Flat Rate	39	1.07%	6,213	9.64%	\$0	\$233,018	\$3,902	\$9,291		
251-500	Flat Rate	7	0.19%	2,476	3.84%	\$0	\$92,353	\$9,477	\$18,582		
501-1,000	Flat Rate	4	0.11%	2,901	4.50%	\$0	\$107,961	\$18,768	\$35,306		
1,001-5,000	Employee Count	6	0.16%	10,324	16.02%	\$240	\$2,477,760	\$240,240	\$1,200,000		
5,001+	Employee Count	1	0.03%	23,324	36.19%	\$250	\$5,831,000	\$1,250,250	No Cap		
Cap	None <sup>(1)</sup>										
Out of Area <sup>(2)</sup>	Base Rate	1,724				\$200	\$344,800	\$200	\$200		
<b>Total MV Businesses &amp; Employees</b>		<b>3,661</b>	<b>100%</b>	<b>64,442</b>	<b>100%</b>		<b>\$10,037,263</b>				

1. The actual rate would be \$111 if increased by three times the Sunnyvale rate.
2. Largest company would pay \$5.8M.
3. This is an estimate based on a flat fee. Staff recommends a new model for out of town businesses based on the number of employees and days worked in Mountain View, like San Jose (which will generate more revenue).

**Business License Revenue Model 4a - "Progressive-Subcommittee Draft Model"**

								Range	
		# Businesses	%	# Employees	%	Incremental Tax/Fee	Estimated Revenue	Low	High
Base Rate 1	\$100								
Base Rate 2-25	\$200								
Base Rate 26-50	\$400								
Range									
1	Base Rate	1,990	54.36%	1,990	3.09%	0	\$199,000	\$100	\$100
2-25	Base Rate	1,461	39.91%	9,381	14.56%	0	\$292,200	\$200	\$200
26-50	Base Rate	95	2.59%	3,467	5.38%	0	\$38,000	\$400	\$400
51-100	Base Rate + Employee Count	58	1.58%	4,366	6.78%	\$50	\$96,500	\$450	\$2,900
101-250	Base Rate + Employee Count	39	1.07%	6,213	9.64%	\$50	\$228,750	\$2,950	\$10,400
251-500	Base Rate + Employee Count	7	0.19%	2,476	3.84%	\$50	\$109,100	\$10,450	\$22,900
501-1,000	Base Rate + Employee Count	4	0.11%	2,901	4.50%	\$75	\$159,175	\$22,975	\$60,400
1,001-5,000	Base Rate + Employee Count	6	0.16%	10,324	16.02%	\$100	\$794,800	\$60,500	\$460,400
5,001+	Base Rate + Employee Count	1	0.03%	23,324	36.19%	\$125	\$2,750,900	\$460,525	No Cap
Cap	None <sup>(1)</sup>								
Out of Area <sup>(2)</sup>	Base Rate	1,724				\$200	\$344,800	\$200	\$200
<b>Total MV Businesses &amp; Employees</b>		<b>3,661</b>	<b>100%</b>	<b>64,442</b>	<b>100%</b>		<b>\$5,013,225</b>		

1. Largest company would pay \$2.8M.

2. This is an estimate based on a flat fee. Staff recommends a new model for out of town businesses based on the number of employees and days worked in Mountain View, like San Jose (which will generate more revenue).

**Business License Revenue Model 4b - "Progressive-Subcommittee Draft Model"**

								Range	
		# Businesses	%	# Employees	%	Incremental Tax/Fee	Estimated Revenue	Low	High
Base Rate 1	\$100								
Base Rate 2-25	\$200								
Base Rate 26-50	\$400								
Range									
1	Base Rate	1,990	54.36%	1,990	3.09%	0	\$199,000	\$100	\$100
2-25	Base Rate	1,461	39.91%	9,381	14.56%	0	\$292,200	\$200	\$200
26-50	Base Rate	95	2.59%	3,467	5.38%	0	\$38,000	\$400	\$400
51-100	Base Rate + Employee Count	58	1.58%	4,366	6.78%	\$50	\$96,500	\$450	\$2,900
101-250	Base Rate + Employee Count	39	1.07%	6,213	9.64%	\$50	\$228,750	\$2,950	\$10,400
251-500	Base Rate + Employee Count	7	0.19%	2,476	3.84%	\$50	\$109,100	\$10,450	\$22,900
501-1,000	Base Rate + Employee Count	4	0.11%	2,901	4.50%	\$200	\$271,800	\$23,100	\$122,900
1,001-5,000	Base Rate + Employee Count	6	0.16%	10,324	16.02%	\$250	\$1,818,400	\$123,150	\$1,122,900
5,001+	Base Rate + Employee Count	1	0.03%	23,324	36.19%	\$300	\$6,620,100	\$1,123,200	No Cap
Cap	None <sup>(1)</sup>								
Out of Area <sup>(2)</sup>	Base Rate	1,724				\$200	\$344,800	\$200	\$200
<b>Total MV Businesses &amp; Employees</b>		<b>3,661</b>	<b>100%</b>	<b>64,442</b>	<b>100%</b>		<b>\$10,018,650</b>		

1. Largest company would pay \$6.6M.

2. This is an estimate based on a flat fee. Staff recommends a new model for out of town businesses based on the number of employees and days worked in Mountain View, like San Jose (which will generate more revenue).