

City of Alexandria, Virginia

MEMORANDUM

DATE: MARCH 17, 2008
TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL
FROM: JAMES K. HARTMANN, CITY MANAGER
SUBJECT: BUDGET MEMO #33 : IMPACT OF RAISING BUSINESS LICENSE TAX LIMITS

This is in response to a request from Councilmember Krupicka regarding the budgetary impact of imposing a flat fee on businesses with gross receipts up to \$150,000 and also up to \$200,000. Councilmember Krupicka also wanted to know how many businesses would be affected by the increase in limits. Currently, businesses with gross receipts of greater than \$10,000 but less than \$100,000 pay a flat gross receipts tax of \$50. If the gross receipts threshold was increased, staff is assuming that the \$50 flat fee would continue.

Table 1 shows the effect of increasing the limit.

Table 1. Revenue loss to City of increasing the limit at which businesses can pay the flat fee of \$50

Table with 5 columns: Gross Receipts, # of Businesses, Current Tax, Tax at flat \$50, Revenue Reduction. Rows include Under \$150K and Under \$200K.