



July 24, 2024

Sharon Ranals, City Manager
Members of the South San Francisco City Council
City of South San Francisco
400 Grand Avenue
South San Francisco, CA 94080

Dear City Manager Ranals and Esteemed City Council Members,

On behalf of the South San Francisco Chamber of Commerce, I am writing to express our position regarding the proposed updates to the Business License Tax. We understand the necessity of modernizing the current tax model to address the existing budget deficit and ensure our tax rates are competitive with neighboring cities.

Pros:

- **Modernization and Fairness:** Updating the tax model to ensure that our tax system reflects the modern business landscape, promoting fairness across all business types.
- **Financial Stability:** Addressing the city's budget deficit is crucial for maintaining essential public services and infrastructure, which benefits both businesses and residents.
- **Competitive Alignment:** Aligning our tax rates with those of neighboring cities helps keep South San Francisco competitive, encouraging business retention and attraction.

Cons:

- **Impact on Small Businesses:** Significant tax increases can disproportionately affect small businesses, potentially hindering their growth and sustainability. It is important to implement changes in a way that does not overly burden these vital contributors to our local economy.
- **Biotech Industry Concerns:** South San Francisco's economy heavily relies on the biotech industry. Substantial tax hikes could deter new businesses from establishing operations here, impacting local employment and economic growth.

Suggestions:

- **Gradual Implementation:** To mitigate the impact on businesses, especially small and medium-sized businesses, we recommend implementing tax increases gradually over a period of 2-5 years.
- **Attracting New Businesses:** Expanding the tax base by attracting new businesses can provide additional revenue without placing a heavy burden on existing businesses. This initiative should target a diverse range of industries.

- **Public-Private Partnerships:** Exploring partnerships that generate revenue and create opportunities for local businesses can help address the deficit while fostering economic growth.
- **Operational Efficiency:** Identifying areas within city operations where efficiency improvements can reduce costs is essential for sustainable financial management.

Additional Concerns:

There has not been an opportunity to fully understand the impact of this ballot measure on the business community. We cannot take a position on the majority of this proposed tax increase in its current form, and encourage waiting to put this measure on the ballot to allow the business community time to fully discuss and understand the impact on both small and large businesses in South San Francisco. The process has been rushed and there has been a lack of transparency as this tax increase has been developed; therefore, we strongly request the city hold business community town halls and listening sessions to ensure our business community fully understands how they will be impacted by the proposed increase in the business license tax.

In conclusion, while we recognize the need for the City to address its budget deficit by increasing the business license tax, we advocate for a balanced approach that supports both the City's financial health and the business community's growth and sustainability. We look forward to continuing our collaboration with the City to foster a thriving economic environment in South San Francisco.

Thank you for considering our input.

Sincerely,



Mary Prem
CEO, South San Francisco Chamber of Commerce