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South Bay Development

TMG Partners

July 30, 2018
Transmitted via EMAIL

Mayor Darcy Paul & Council
City of Cupertino
10300 Torre Avenue
Cupertino, CA 95104-3202

Dear Mayor Paul & Council Members,

NAIOP Silicon Valley is the Commercial Real Estate Development Association representing developers, owners and related professionals in office, industrial and mixed-use real estate throughout Silicon Valley with over 175 local professional real estate members. NAIOP advocates for responsible, sustainable development that creates jobs and benefits throughout the Silicon Valley region in which our members work and live.

On behalf of NAIOP Silicon Valley I am writing to voice our opposition to the proposed business tax under consideration by the city council at the July 31st special meeting. NAIOP has serious concerns and reservations about the City of Cupertino's lack of transparency and community engagement in the development of this newly proposed business license tax restructuring.

Per the city's staff report it is noted that with the limited timeframe for outreach, only approximately 30 businesses were engaged with to review the proposed business license tax restructuring and fiscal implications. Additionally, at both business outreach forums, attendees expressed that they believed the proposal's process was being rushed and required more time for the City to effectively engage with all stakeholders! The abbreviated community engagement process demands that the city council implement a more robust stakeholder engagement process prior to any formal action by the city.

While it has been indicated that the increased business tax revenues will fund transportation improvement projects, there is no guarantee that the funds will be used for that purpose. The revenue measure resolution is drafted to direct tax monies into the city's general fund, which can be spent at the discretion of the current and future City Councils. Even if the Council adopts a resolution, it is not legally binding and future City Councils can change their spending priorities at any time for any reason. Without a clear link as to how increased revenue will fund the stated transportation improvement projects, there is no relationship between the tax and its justification.

For these reasons, we urge the Mayor and City Council to take a more thoughtful and inclusive process for broad-based stakeholder engagement and not place the business headcount tax on the November 2018 ballot. By partnering with the business community, there are more options to deliver essential city services and critical transportation projects that Cupertino residents deserve.

Respectfully,

Patricia E. Sausedo, Exec. Director
NAIOP Silicon Valley

Cc: Clerk of the Board



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Established in 1978 by
David Packard

30 July 2018

Mayor Darcy Paul and Members of the City Council
City of Cupertino
10300 Torre Avenue
Cupertino, CA 95014-3202

Re: Cupertino Business License Tax on Jobs

The Honorable Mayor Paul and Members of the Cupertino City Council:

I am writing on behalf of the Silicon Valley Leadership Group ("SVLG") to express opposition to the proposed business tax on jobs that is being considered by the Cupertino City Council tomorrow.

SVLG has over 350 members that comprise a diverse group of companies within Silicon Valley, including some with their headquarters in Cupertino.

SVLG opposes this business license tax based on jobs for several reasons. Most importantly, new taxes should identify the specific purposes for the tax, and should be for a fixed term of years needed to raise the funds to accomplish those objectives. To achieve the two-thirds vote of the electorate that is required to pass a special tax, collaboration with stakeholders, including the business community that will pay those taxes, should be thorough and comprehensive. The proposal in its current form is a general tax that does not bind future City Councils, despite the intentions of the current Council, and there is no time limit on the tax.

SVLG also believes that taxes should be capped at a reasonable level for any one company. This avoids a disproportionate level of tax for any specific company, but it also protects the City from undue reliance upon one large taxpayer that might encounter economic difficulties in the future, even if they are quite successful currently.

In addition, when a tax is based on headcount of employees within Cupertino with larger employers paying higher amounts per employee, it is a tax on jobs. The jobs affected include those of smaller businesses that are beneficiaries of the economic activity of larger companies. Such activity includes not only more business for restaurants, dry cleaners and retail stores, but also for hotels and other businesses in the hospitality industry that accommodate travelers to meetings at larger employers.

For these reasons, SVLG respectfully opposes the proposed business license tax based on headcount.

Respectfully submitted,

Dan Kostenbauder

Vice President, Tax Policy
Silicon Valley Leadership Group

July 30, 2018

Mayor Darcy Paul & Council
City of Cupertino
10300 Torre Avenue
Cupertino, CA 95104

Dear Honorable Mayor and Council Members;

I am writing to you on behalf of the Sobrato Organization, as a longstanding member of the community and commercial landlord we are concerned about the proposed restructuring of the business license tax at the special meeting on July 31st. We understand the genesis of this tax is traffic congestion, which we are sympathetic to. However, the tax as currently proposed unfairly punishes local businesses and is not guaranteed to be used to address the stated goal being used to justify the tax.

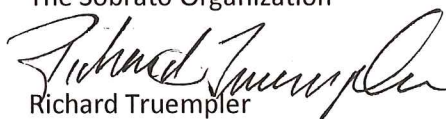
While it has been stated that the increased business tax revenues will fund transportation improvement projects, there is no guarantee that the funds will be used for that purpose now or in the future. The revenue measure resolution is drafted to direct these new revenues into the City's general fund, which can be spent at the discretion of the current and future City Councils. Even if the Council adopts a resolution, it is not legally binding, and future City Councils can change their spending priorities at any time for any reason without addressing the stated goal of the proposed tax.

Without a plan as to how to spend the revenues to accomplish the goal of reducing traffic congestion, the new tax unfairly punishes local businesses for being successful without justification. One of the goals of government should be to encourage employment, which this proposal will have the exact opposite effect of. A per employee tax could serve as a deterrent to employment impacting entry level jobs the most and may encourage companies to fill labor needs through contracting or outsourcing as a way to avoid or minimize the tax.

As we are sympathetic to the quality of life issues surrounding traffic, we encourage the City to develop a long-term strategy with broad-based community outreach, including regional partners, for solutions that also include the consideration of zoning policies. We have found one of the most potent ways to reduce traffic congestion, and greenhouse gas emissions while strengthening a City's economic base is to encourage denser housing near employment.

We appreciate the ability to comment on this issue, and we are happy to discuss should you have any questions.

Best Regards
The Sobrato Organization


Richard Truempier
Vice President, Development

