

## Revenue Projection Models for Potential Employee Based Business License Tax

### General Assumptions:

1. There are about 3,800 active business licenses in Cupertino.
2. Data on the number of employees was estimated based on data from the CA Employment Development Department and the U.S. Census Bureau's 2016 Zip Business Patterns.
3. There are about 2,200 business licenses where the business location is outside of Cupertino.
4. Businesses with different locations but the same owner were combined.
5. Non-profits and other exempt businesses are exempt from the tax and therefore not included.
6. These are estimates based on the last two years of business license data. Numbers are likely to shift if an employee based tax is imposed.
7. There is no cap on any of the models.

### Models:

The models provided below are all progressive models where the employer pays for all employees, except the first 99, at incremental rates that progressively increase with the number of employees. The models were varied based on the per employee rates with Model 1 having the least aggressive rates and Model 5 having the most aggressive.

<b>Model 1: Per Employee Rates Up To \$150</b>						
Employee Range	# Businesses	% of Businesses in Tier	Estimated # Employees	Base Rate	Employee Rate	Total BL Tax
1-9	3,128	89.4%	3,400	150	\$ -	\$ 469,200
10-49	300	8.6%	4,000	250	\$ -	\$ 75,000
50-99	40	1.1%	2,400	500	\$ -	\$ 20,000
100-249	25	0.7%	3,350	500	\$ 50.00	\$ 56,250
250-499	5	0.1%	1,350	500	\$ 75.00	\$ 47,625
500-999	1	0.0%	500	500	\$ 100.00	\$ 26,725
1,000-4,999		0.0%		500	\$ 125.00	\$ -
5,000+	1	0.0%	24,000	500	\$ 150.00	\$ 3,426,550
Total	3,500	100.0%	39,000			\$ 4,121,350

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<b>Model 2: Per Employee Rates Up To \$300</b>						
Employee Range	# Businesses	% of Businesses in Tier	Estimated # Employees	Base Rate	Employee Rate	Total BL Tax
1-9	3,128	89.4%	3,400	150	\$ -	\$ 469,200
10-49	300	8.6%	4,000	250	\$ -	\$ 75,000
50-99	40	1.1%	2,400	500	\$ -	\$ 20,000
100-249	25	0.7%	3,350	500	\$ 50.00	\$ 55,000
250-499	5	0.1%	1,350	500	\$ 100.00	\$ 50,000
500-999	1	0.0%	500	500	\$ 150.00	\$ 33,000
1,000-4,999		0.0%		500	\$ 200.00	\$ -
5,000+	1	0.0%	24,000	500	\$ 300.00	\$ 6,608,000
<b>Total</b>	<b>3,500</b>	<b>100.0%</b>	<b>39,000</b>			<b>\$ 7,310,200</b>

<b>Model 3: Per Employee Rates Up To \$425</b>						
Employee Range	# Businesses	% of Businesses in Tier	Estimated # Employees	Base Rate	Employee Rate	Total BL Tax
1-9	3,128	89.4%	3,400	150	\$ -	\$ 469,200.00
10-49	300	8.6%	4,000	500	\$ -	\$ 150,000.00
50-99	40	1.1%	2,400	500	\$ -	\$ 20,000.00
100-249	25	0.7%	3,350	500	\$ 75	\$ 78,125.00
250-499	5	0.1%	1,350	500	\$ 100	\$ 68,875.00
500-999	1	0.0%	500	500	\$ 200	\$ 36,775.00
1,000-4,999		0.0%		500	\$ 300	\$ -
5,000+	1	0.0%	24,000	500	\$ 425	\$ 9,411,500.00
<b>Total</b>	<b>3,500</b>	<b>100.0%</b>	<b>39,000</b>			<b>\$ 10,234,475.00</b>

<b>Model 4: Per Employee Rates Up To \$1,000</b>						
Employee Range	# Businesses	% of Businesses in Tier	Estimated # Employees	Base Rate	Employee Rate	Total BL Tax
1-9	3,128	89.4%	3,400	150	\$ -	\$ 469,200
10-49	300	8.6%	4,000	500	\$ -	\$ 150,000
50-99	40	1.1%	2,400	500	\$ -	\$ 20,000
100-249	25	0.7%	3,350	500	\$ 50	\$ 56,250
250-499	5	0.1%	1,350	500	\$ 100	\$ 50,250
500-999	1	0.0%	500	500	\$ 250	\$ 33,100
1,000-4,999	-	0.0%	-	500	\$ 500	\$ -
5,000+	1	0.0%	24,000	500	\$ 1,000	\$ 21,158,100
<b>Total</b>	<b>3,500</b>	<b>100.0%</b>	<b>39,000</b>			<b>\$ 21,936,900</b>

## Revenue Projection Models for Potential Employee Based Business License Tax

Model 5: Per Employee Rates Up To \$1,500						
Employee Range	# Businesses	% of Businesses in Tier	Estimated # Employees	Base Rate	Employee Rate	Total BL Tax
1-9	3,128	89.4%	3,400	150	\$ -	\$ 469,200
10-49	300	8.6%	4,000	500	\$ -	\$ 150,000
50-99	40	1.1%	2,400	500	\$ -	\$ 20,000
100-249	25	0.7%	3,350	500	\$ 75	\$ 78,125
250-499	5	0.1%	1,350	500	\$ 100	\$ 68,875
500-999	1	0.0%	500	500	\$ 250	\$ 36,825
1,000-4,999	-	0.0%	-	500	\$ 750	\$ -
5,000+	1	0.0%	24,000	500	\$ 1,500	\$ 31,662,075
Total	3,500	100.0%	39,000			\$ 32,485,100