

City of Alexandria, Virginia

MEMORANDUM

DATE: MARCH 14, 2008

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: PAUL FRIEDMAN, CHAIR
AD HOC COMMERCIAL TRANSPORTATION TAX OPTION STUDY
COMMITTEE

SUBJECT: ADDENDUM TO THE AD HOC COMMERCIAL TRANSPORTATION TAX
OPTION STUDY COMMITTEE REPORT

In follow up to our report, there are two items the Ad Hoc Committee would like to bring to your attention.

1. At the bottom of typed page 11 (handwritten page 13) of the report, it says that the gross receipts tax applies to retailers making "less than" \$100,000 in gross receipts, whereas it should say "more than."
2. While our report did not formally make a recommendation on how much business license tax relief to provide to retailers if Council established an add-on commercial real estate tax of at least 2 cents, the consensus of our Ad Hoc Committee was that the current threshold of \$100,000 of gross receipts should be raised to \$1,000,000 before the gross receipts rate of \$0.20 is applied. This would provide the following business license tax relief:

Gross Receipts	Business License Tax	Business License Tax Savings
\$ 100,000	\$50	N/A
\$ 200,000	\$50	\$ 350
\$ 500,000	\$50	\$ 950
\$ 750,000	\$50	\$1,450
\$1,000,000	\$50	\$1,950

Restructuring the business license tax in this manner would benefit 463 retailers, at a tax relief cost of \$0.3 million.