

San Joseans for a World-Class City



IMPACT OF SAN JOSE'S GROSS RECEIPTS TAX

IMPACT of San Jose's gross receipts tax on Retail and Wholesale businesses, as well as Manufacturing; Transportation and Warehousing; Information; Biotechnology; Clean Technology; and Food Services: **Modest, and only asks mid to large businesses to pay their fair share.**

| Business Gross Receipts | Annual Tax Impact | Annual Tax Impact |
|--|--|-------------------|
| Under \$1 million gross receipts within the City | \$0 GRT (with 10 workers, currently paying \$36 of business tax [\$18 x 2 workers])* | \$36 REDUCTION |
| \$1 million gross receipts within the City | \$600 GRT – \$36 (with 10 workers, currently paying \$36 of business tax) | \$564 INCREASE |
| \$10 million gross receipts within the City | \$6,000 GRT – \$1,656 (with 100 workers, currently paying \$18 x 92 workers) | \$4,344 INCREASE |
| \$100 million gross receipts within the City | \$60,000 GRT – \$17,856 (with 1,000 workers, currently paying \$18 x 992) | \$42,144 INCREASE |

* Note: San Jose's current business tax is \$150 plus \$18 per employee over 8 employees; the proposed GRT keeps the \$150 base tax, but eliminates the per employee tax over 8.

THE GROSS RECEIPT TAX TAXES MID TO LARGE BUSINESSES, NOT INDIVIDUALS

In its 2012, the Silicon Valley Community Foundation released its report entitled "The City of San José's Budget Crisis." To deal with our budget crisis, San Jose reduced city services significantly. Most recently, two local taxes have been discussed to deal with the crisis. The first is a 1/4 cent sales tax in the city of San Jose and the second is a 1/2 cent sales tax in Santa Clara County. Both taxes hit individual consumers. In addition, a third tax is being discussed, and it is a parcel tax on property owners. **Thus, the question is not whether we raise taxes, but who pays and how much.**

| Tax on Individuals | Annual Tax Impact on a Family of Four |
|---|---------------------------------------|
| 1. 1/4 cent city sales tax; about \$30 per person* | \$120 INCREASE |
| 2. 1/2 cent county sales tax; about \$60 per person | \$240 INCREASE |
| 3/4 cent (if both pass); about \$90 per person | \$360 INCREASE |
| 3. Parcel tax increase on every property owner | \$12 INCREASE |

* Based on the assumption that the 1/4 cent sales tax will generate \$38 million, which is then divided by the number of San Jose residents (998,537). Also, based on the assumption that visitors and non-residents will pay approximately 20% of the local sales tax, about \$8 of the \$38 generated.

