

Reducing business tax up to South Tahoe voters in November



By Kathryn Reed

Taxes, if voters think it's a good idea, will go down next year for most businesses in South Lake Tahoe.

The City Council on Tuesday unanimously agreed to put on the Nov. 2 ballot the proposal to reduce the business license fee by 10 percent and raise the cap to \$10,000. This means 3,417 businesses will see their annual fee go down and 50 are expected to pay more.

Because it's a tax issue the people must vote on it. It will take 50 percent plus one vote to be approved.

Equitability is the reason the council wants to do this. As is stands, some small and large businesses are paying about the same with the cap at \$3,000. That threshold is below what many cities charge.

Plus, a 10 percent cut could be significant for businesses that are barely paying rent, let alone annual bills. Business licenses are due every summer and are based on the gross income of a business. The rates cannot increase more than 3 percent a year based on the Consumer Price Index. That is a current criteria and one that will remain in the ballot language.

Councilman Bill Crawford said when he was on the board the first time there was a push to do much the same thing but the council never brought it to voters. That was back when the city had four times as many car dealerships. They were rather vocal opponents to raising the cap.

The city expects to collect an additional \$101,593 per year with the scenario that will be before voters.

It will most likely cost between \$12,000 and \$17,000 for the city to place it on the ballot.

Meyers resident Kenny Curtzwiler was the only person to speak during the public comment period. He brought up the issue of Heavenly Mountain Resort not paying taxes on its lift tickets from the gondola or scenic rides.

It's a service and not a product is why sales tax is not collected. The city doesn't have an amusement tax, which those sales could fall under.

Still, the council seemed a bit baffled as to why the resort doesn't have a business license to operate the gondola.

The city's Redevelopment Agency and Heavenly have an agreement dating to before construction started at Heavenly Village in the mid-1990s that prohibits the city from assessing certain fees or taxes on lift tickets until the city's Redevelopment Agency pays off its \$112 million debt it incurred to build Heavenly Village, where the gondola terminal is. That debt is scheduled to be repaid in 2039.

Heavenly does have a business license for the California Lodge as well as its separate retail shops in town. Why the Saddle Road operation has a business license is unknown because it is in El Dorado County and not in the city limits. The maintenance yard is in the lower lot, which is in the city limits.

"When they report revenue we have no way to know where it comes from," said Christi Bozes, South Lake Tahoe accounting technician. This means a business like Heavenly with more than one outlet can combine the revenues into one pot so ticket sales at one location are not isolated. So, even though the gondola does not have a business license, this does not mean Heavenly is not paying its share of taxes from revenue generated at that location.

Heavenly spokesman Russ Pecoraro was not in his office when reached after 5pm Tuesday and therefore didn't have all the facts at his finger tips.

Pecoraro and city councilmembers said more details about Heavenly and what it pays to the city will be forthcoming this week.

In other action the council:

- Listened to a presentation by Lake Tahoe Visitors Authority Executive Director Carol Chaplin about the Amgen Tour of California starting in South Lake Tahoe in 2011. The council unanimously supports the effort to make this a reality.
- Approved the Ski Run BID to carry on for another year. It was a 4-0 vote, with Councilman Bill Crawford explaining how a May 25 meeting between him and the BID board resolved most of the issues that precluded him from voting yes last month. Councilman Hal Cole no longer owns property in the area so he could vote.
- The taxi ordinance is going to be reworked by staff based on comments from three people in the industry who basically said the same thing at previous meetings. Those remarks were not incorporated into the final document. This will cost the city, aka taxpayers, staff time as well as a couple hundred dollars to post the necessary documents to notify people about the next hearing.