

REPLACEMENT

COUNCIL AGENDA: 08/05/08

ITEM: 3.7



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: 3-Year General Fund Structural
Deficit Elimination Plan
Stakeholder Group

SUBJECT: SEE BELOW

DATE: July 29, 2008

Approved

Date

**SUBJECT: 3-YEAR GENERAL FUND STRUCTURAL DEFICIT ELIMINATION PLAN
STAKEHOLDER GROUP RECOMMENDATION TO PLACE A MEASURE ON THE
NOVEMBER 2008 BALLOT TO INCREASE CITY GENERAL FUND REVENUES BY
INCREASING BOTH THE CARD ROOM BUSINESS TAX AND THE NUMBER OF
CARD ROOM TABLES**

RECOMMENDATION

That the City Council place a measure on the November 2008 ballot that would increase the card room business tax rate *only* if the number of card room tables permitted was also increased.

BACKGROUND

The 3-Year General Fund Structural Deficit Elimination Plan Stakeholder Group was appointed by the City Council in April to develop *Advantages and Concerns* for items under consideration by the City Council and to provide additional ideas for solving the structural deficit. The Stakeholder Group has considered a variety of revenue strategies. It has followed with interest the Council discussions at a Study Session on May 16, 2008 and a Special Council Meeting on June 19, 2008 regarding possible ballot measures that, if passed, would provide increased general fund revenue.

The Stakeholder Group has discussed both an increase in the Card Room business tax rate and combining the increase in the tax rate with an increase in the number of tables that the two operators are allowed. At its June 23, 2008 meeting, a near unanimous majority of the members of the Stakeholder Group strongly recommended that the City Council only proceed with placing a measure on the ballot that would increase the tax rate if the number of tables allowed was also increased. This would benefit the City's General Fund by maximizing the increased revenues while at the same time providing the card room operators with the opportunity for limited expansion if they so choose.

The Stakeholder Group felt strongly that as a matter of fairness, the card rooms should be allowed options to increase revenue to offset the burden imposed by additional taxation.

PETE CONSTANT, CHAIR
3-Year General Fund Structural Deficit
Elimination Plan Stakeholder Group