



City of Santa Ana
20 Civic Center Plaza, Santa Ana, CA 92701
Staff Report
July 19, 2022

TOPIC: Resolution Authorizing a Non-Financial Agreement with the California Franchise Tax Board for exchange of Business License Tax Data

AGENDA TITLE:

Resolution Authorizing a Reciprocal Agreement with the California Franchise Tax Board for the Exchange of Business License Tax Data

RECOMMENDED ACTION

1. Adopt a Resolution authorizing a reciprocal agreement with the California Franchise Tax Board for the exchange of business license tax data.
2. Authorize the City Manager to execute a non-financial reciprocal agreement with the California Franchise Tax Board for the exchange of business license tax data for a term beginning July 19, 2022 through December 31, 2024, subject to non-substantive changes approved by the City Manager and City Attorney.

DISCUSSION

The City of Santa Ana Municipal Code ("SAMC") Chapter 21, known as the Business License Tax Code, is intended to provide a revenue for the general operation of the City by the levy of a business license tax on all business transactions or activities carried on or occurring within Santa Ana and is not intended for regulation.

The data exchange program with the California Franchise Tax Board ("FTB"), which began because of the enactment of Senate Bill 1146 on September 26, 2008, enables both Santa Ana and the FTB to share information and identify non-compliant businesses. The City has been participating in the data exchange program since 2009, and has conducted audits of business license data to ensure the City receives the revenue it is legally entitled to collect.

The Agreement with the FTB is good for two years and seven months at a time, and it is time to renew. Under the terms of the Agreement with the FTB, Santa Ana will be required to send data to the FTB annually each June. The data required includes ownership name, address information, Employer ID number, and business start date. The FTB will send the City similar information from their database each year in December, as well as information on taxpayers who file business related income tax returns. Under the terms

of this Agreement, the data exchange will continue through December 2024. Neither the FTB nor the City of Santa Ana would be reimbursed for the cost of providing data and neither party will be charged for receiving data from the other agency. Should the City wish to discontinue participating in the data exchange program, the Agreement may be terminated with thirty days (30) written notice to the FTB.

Staff recommends the adoption of a Resolution authorizing a reciprocal agreement with the California Franchise Tax Board for the continued exchange of business data.

ENVIRONMENTAL IMPACT

There is no environmental impact associated with this action.

FISCAL IMPACT

There is no fiscal impact associated with this Ordinance adoption.

EXHIBIT(S)

1. Resolution
2. FTB Agreement

Submitted By: Kathryn Downs, FMSA Executive Director

Approved By: Kristine Ridge, City Manager