

**SPECIAL CITY
COUNCIL BUDGET
WORK SESSION**

FEBRUARY 28, 2026

**DOCUMENTS
RECEIVED AFTER
PUBLISHED AGENDA**

Item #1

WS 26-005

**Budget Work
Session**

Business License Tax Modernization

Comparison of Neighboring Jurisdictions

Estimated Business Taxes by City:

	Large Retail	Small Retail	Restaurant	Professional Services Firm	Large Professional Services Firm	Small Contractor	Large Contractor	Manufacturer	Auto Dealer	Residential Rental (50 Units)	Grocery	Hotel/Motel (84 rooms)
Employees	200	5	25	20	150	5	55	90	30	N/A	60	15
Gross Receipts	\$400,000,000	\$1,500,000	\$1,900,000	\$10,000,000	\$70,000,000	\$2,000,000	\$18,000,000	\$30,000,000	\$20,000,000	\$1,700,000	\$10,000,000	\$2,500,000
Estimated Business Tax by City:												
Hayward:												
Current Law	\$107,999	\$404	\$512	\$13,267	\$93,067	\$80	\$167	\$133	\$2,243	\$566	\$1,143	\$674
Match Neighbors	\$197,000	\$450	\$570	\$15,000	\$105,000	\$1,000	\$13,875	\$8,690	\$7,500	\$3,400	\$3,500	\$750
7x Revenue	\$939,000	\$1,500	\$1,900	\$16,250	\$132,500	\$4,000	\$39,250	\$18,698	\$30,500	\$5,100	\$6,750	\$2,500
San Leandro	\$10,711	\$435	\$1,489	\$2,811	\$19,971	\$699	\$5,979	\$4,914	\$1,752	\$961	\$3,333	\$962
Fremont	\$100,030	\$405	\$505	\$13,030	\$91,030	\$295	\$1,895	\$9,030	\$5,030	\$2,240	\$2,530	\$2,530
Pleasanton	\$120,000	\$450	\$570	\$3,000	\$21,000	\$600	\$5,400	\$9,000	\$6,000	\$510	\$3,000	\$750
Alameda	\$160,000	\$600	\$760	\$4,000	\$28,000	\$800	\$7,200	\$4,845	\$8,000	\$1,000	\$4,000	\$420
Emeryville	\$400,000	\$1,500	\$1,900	\$10,000	\$70,000	\$2,000	\$18,000	\$30,000	\$20,000	\$1,700	\$10,000	NA *
Berkeley	\$480,000	\$1,800	\$2,280	\$36,000	\$252,000	\$3,600	\$32,400	\$14,536	\$24,000	\$48,960	\$6,000	\$27,025
Oakland	\$969,050	\$1,450	\$1,890	\$45,600	\$343,100	\$3,900	\$48,350	\$17,599	\$34,875	\$23,715	\$8,825	\$4,950
Richmond	\$1,228,600	\$2,000	\$2,640	\$43,500	\$372,000	\$4,500	\$61,650	\$34,300	\$58,750	\$48,960	\$11,850	\$6,000

* Emeryville requires hotels to pay \$1.00 per thousand dollars of gross receipts only for revenue not subject to its 12% transient occupancy tax. Industry sources indicate 95% of self-service hotel revenues are room revenues.

(<https://wolfgramm.com/education/understanding-the-economics-of-hotels/>)

Business License Tax Modernization: “Match Neighbors”

Match Neighbors vs. Current Law

TAX CATEGORY	Payers	Gross Receipts (2026 \$)*	Match Neighbors		Tax Rates by Bracket			Tax Revenue (2026 \$)		Avg Tax Rate (per \$1,000)		
			Min tax	Alt Payroll Tax	\$0 mil - \$5 mil	\$5 mil - \$25 mil	\$25 mil +	Current Law	Match Neighbors	Current Law	Match Neighbors	
Retail Sales	1,341	\$2,917,255,148	\$60	\$0.70	\$0.30	\$0.40	\$0.50	\$694,021	\$1,244,578	\$0.24	\$0.43	
Grocers	58	\$311,466,346	\$60	\$0.70	\$0.30	\$0.40	\$0.50	\$36,695	\$119,991	\$0.12	\$0.39	
Automobile Sales	103	\$671,723,379	\$60	\$0.70	\$0.30	\$0.40	\$0.50	\$71,859	\$297,804	\$0.11	\$0.44	
Wholesale Trade/Warehouse	701	\$4,646,990,288	\$60	\$0.70	\$0.50	\$0.60	\$0.70	\$549,313	\$2,873,243	\$0.12	\$0.62	
Manufacturing (Value Add)	365	\$1,474,924,344	\$60	\$0.70	\$0.60	\$0.80	\$1.00	\$390,021	\$1,270,765	\$0.26	\$0.86	
Business/Personal Svcs	1,537	\$920,476,690	\$60	\$0.70	\$0.50	\$1.00	\$1.50	\$169,286	\$685,548	\$0.18	\$0.74	
Professional Svcs	1,376	\$1,419,045,992	\$60	\$0.70	\$1.50	\$1.50	\$1.50	\$1,027,473	\$2,246,783	\$0.72	\$1.58	
Contractors	2,107	\$700,214,941	\$60	\$0.70	\$0.50	\$0.88	\$1.25	\$191,275	\$396,625	\$0.27	\$0.57	
Hotel/Motel	19	\$28,944,004	\$60	\$0.70	\$0.30	\$0.40	\$0.50	\$8,282	\$9,215	\$0.29	\$0.32	
Utility Companies	8	\$145,564,178	\$60	\$0.70	\$0.50	\$0.88	\$1.25	\$1,075	\$161,871	\$0.01	\$1.11	
Trucking/Transportation	320	\$576,448,601	\$60	\$0.70	\$0.30	\$0.40	\$0.50	\$111,582	\$234,878	\$0.19	\$0.41	
Data Centers	6	\$34,574,216	\$60	\$0.70	\$2.50	\$2.50	\$2.50	\$2,359	\$86,491	\$0.07	\$2.50	
Miscellaneous	44	\$17,208,925	\$60	\$0.70	\$2.50	\$2.50	\$2.50	\$3,481	\$45,296	\$0.20	\$2.63	
Commercial Rental	1,107	\$740,542,575	\$60	\$0.70	\$2.00	\$2.25	\$2.50	\$221,232	\$1,534,887	\$0.30	\$2.07	
Residential Rental (4+ Units)	515	\$282,637,889	\$60	\$0.70	\$2.00	\$2.25	\$2.50	\$86,982	\$586,496	\$0.31	\$2.08	
Residential Rental (1-3 Units)	4,858	\$154,719,415	\$60	\$0.70	\$2.00	\$2.25	\$2.50	\$0	\$326,960	\$0.00	\$2.11	
Total	14,466	\$15,042,736,931	Total Estimated Base Taxes (excluding penalties)					\$3,564,937	\$12,121,430	\$0.24	\$0.81	
							Estimated Penalties		\$95,866	\$325,963		
							Total Estimated Business Tax Revenue		\$3,660,804	\$12,447,393		

* Represents estimated gross receipts for payers not currently reporting gross receipts

Business License Tax Modernization: “7X Revenue”

7x Revenue vs Current Law

TAX CATEGORY	Payers	Gross Receipts (2026 \$)*	7x Revenue		Tax Rates by Bracket			Tax Revenue (2026 \$)		Avg Tax Rate (per \$1,000)	
			Min tax	Alt Payroll Tax	\$0 mil - \$5 mil	\$5 mil - \$25 mil	\$25 mil +	Current Law	7x Revenue	Current Law	7x Revenue
Retail Sales	1,341	\$2,917,255,148	\$60	\$1.50	\$1.00	\$1.70	\$2.40	\$694,021	\$4,959,468	\$0.24	\$1.70
Grocers	58	\$311,466,346	\$60	\$1.50	\$0.50	\$0.85	\$1.20	\$36,695	\$243,267	\$0.12	\$0.78
Automobile Sales	103	\$671,723,379	\$60	\$1.50	\$1.00	\$1.70	\$2.40	\$71,859	\$1,316,026	\$0.11	\$1.96
Wholesale Trade/Warehouse	701	\$4,646,990,288	\$60	\$1.50	\$1.00	\$1.25	\$1.50	\$549,313	\$5,982,171	\$0.12	\$1.29
Manufacturing (Value Add)	365	\$1,474,924,344	\$60	\$1.50	\$1.25	\$1.75	\$2.25	\$390,021	\$2,771,701	\$0.26	\$1.88
Business/Personal Svcs	1,537	\$920,476,690	\$60	\$1.50	\$1.00	\$1.50	\$2.00	\$169,286	\$1,196,754	\$0.18	\$1.30
Professional Svcs	1,376	\$1,419,045,992	\$60	\$1.50	\$1.50	\$1.75	\$2.00	\$1,027,473	\$2,591,108	\$0.72	\$1.83
Contractors	2,107	\$700,214,941	\$60	\$1.50	\$2.00	\$2.25	\$2.50	\$191,275	\$1,425,318	\$0.27	\$2.04
Hotel/Motel	19	\$28,944,004	\$60	\$1.50	\$1.00	\$1.50	\$2.00	\$8,282	\$29,889	\$0.29	\$1.03
Utility Companies	8	\$145,564,178	\$60	\$1.50	\$1.50	\$1.50	\$1.50	\$1,075	\$223,008	\$0.01	\$1.53
Trucking/Transportation	320	\$576,448,601	\$60	\$1.50	\$0.75	\$1.13	\$1.50	\$111,582	\$609,482	\$0.19	\$1.06
Data Centers	6	\$34,574,216	\$60	\$1.50	\$2.50	\$2.50	\$2.50	\$2,359	\$86,560	\$0.07	\$2.50
Miscellaneous	44	\$17,208,925	\$60	\$1.50	\$2.50	\$2.50	\$2.50	\$3,481	\$46,919	\$0.20	\$2.73
Commercial Rental	1,107	\$740,542,575	\$60	\$1.50	\$3.00	\$3.50	\$4.00	\$221,232	\$2,382,453	\$0.30	\$3.22
Residential Rental (4+ Units)	515	\$282,637,889	\$60	\$1.50	\$3.00	\$3.50	\$4.00	\$86,982	\$930,551	\$0.31	\$3.29
Residential Rental (1-3 Units)	4,858	\$154,719,415	\$60	\$1.50	\$3.00	\$3.50	\$4.00	\$0	\$464,158	\$0.00	\$3.00
Total	14,466	\$15,042,736,931	Total Estimated Base Taxes (excluding penalties)					\$3,564,937	\$25,258,835	\$0.24	\$1.68
							Estimated Penalties	\$95,866	\$679,247		
							Total Estimated Business Tax Revenue	\$3,660,804	\$25,938,082		

* Represents estimated gross receipts for payers not currently reporting gross receipts

Business License Tax Modernization

Summary of Business Tax Rate Comparison

Summary of Business License Tax Rates by Business Category: Hayward vs. Other Nearby Jurisdictions								
City	Retail	Grocery	Auto Dealers	Professional Services	Contractors	Manufacturers	Residential Landlords	Commercial Landlords
Hayward	\$0.27 per thousand gross receipts \$0.11 per thousand for certain retailers (grocers, gas stations, etc.)	\$0.11 per thousand Minimum \$16.00	\$0.11 per thousand Minimum \$16.00	\$100 plus \$1.33 per thousand gross receipts over \$100K Minimum \$21.35	Up to 3 employees = \$53.35 flat 4-6 employees = \$80.00 flat 7-10 employees = \$106.70 flat 11+ employees = \$106.70 + \$1.35 per employee > 10	Per employee rates: 1-8 = \$33.35 9-25 = \$66.70 26-100 = \$133.35 101 or more = \$200.00	Up to 3 units: \$0 4+ units: \$0.27 per thousand gross receipts	\$0.27 per thousand gross receipts
San Leandro	\$171.00 plus \$52.70 per each owner & employee	\$171.00 plus \$52.70 per each owner & employee	\$171.00 plus \$52.70 per each owner & employee	\$171.00 plus \$132.00 per each owner & employee	\$171.00 plus \$105.60 per each owner & employee	\$171.00 plus \$52.70 per each owner & employee	\$171.00 plus \$15.80 per each unit or space	\$171.00 plus \$26.80 per 1,000 sq ft
Fremont	\$30.00 plus \$0.25 per thousand gross receipts (\$0.30 if in residential district)	\$30.00 plus \$0.25 per thousand gross receipts (\$0.30 if in residential district)	\$30.00 plus \$0.25 per thousand gross receipts (\$0.30 if in residential district)	\$30.00 plus \$1.30 per thousand gross receipts	\$95.00 plus \$0.10 per thousand gross receipts	\$30.00 plus \$0.30 per thousand gross receipts	Up to 4 units: \$0 5+ units: \$30.00 plus \$1.30 per thousand gross receipts	\$30.00 plus \$1.30 per thousand gross receipts
Pleasanton	Minimum \$25.00 \$0.30 per thousand gross receipts	Minimum \$25.00 \$0.30 per thousand gross receipts	Minimum \$25.00 \$0.30 per thousand gross receipts	Minimum \$25.00 \$0.30 per thousand gross receipts	Minimum \$25.00 \$0.30 per thousand gross receipts	Minimum \$25.00 \$0.30 per thousand gross receipts	Minimum \$25.00 \$0.30 per thousand gross receipts	Minimum \$25.00 \$0.30 per thousand gross receipts
Alameda	Minimum \$119.00 \$0.40 per thousand gross receipts	Minimum \$119.00 \$0.40 per thousand gross receipts	Minimum \$119.00 \$0.40 per thousand gross receipts	Minimum \$119.00 \$0.40 per thousand gross receipts	Minimum \$119.00 \$0.40 per thousand gross receipts	Minimum \$119.00 \$0.40 per thousand value added	\$20.00 per unit	Minimum \$119.00 \$20.00 per 1,000 sq ft
Berkeley	Minimum \$51.00 \$1.20 per thousand gross receipts	Minimum \$51.00 \$0.60 per thousand gross receipts (Both retail and wholesale grocers)	Minimum \$51.00 \$1.20 per thousand gross receipts	Minimum \$51.00 \$3.60 per thousand gross receipts	Minimum \$51.00 \$1.80 per thousand gross receipts	Minimum \$51.00 \$1.20 per thousand value added	Minimum \$77.00 per bldg 1-4 units: \$10.81 per thousand 5+ units: \$28.80 per thousand gross receipts	Minimum \$77.00 per bldg \$10.81 per thousand gross receipts
Oakland	Minimum \$60.00 Progressive: \$0.90 to \$2.50 per thousand gross receipts (Grocery, Auto Dealers differ)	Minimum \$60.00 Progressive: \$0.50 to \$2.50 per thousand gross receipts	Minimum \$60.00 Progressive: \$1.20 to \$2.50 per thousand gross receipts	Minimum \$60.00 Progressive: \$3.60 to \$5.00 per thousand gross receipts	Minimum \$60.00 Progressive: \$1.80 to \$5.00 per thousand gross receipts	Minimum \$60.00 Progressive: \$0.90 to \$2.50 per thousand gross receipts	Minimum \$13.95 \$13.95 per thousand gross receipts	Minimum \$13.95 \$13.95 per thousand gross receipts
Emeryville	Minimum \$25.00 Maximum \$450,998 \$1.00 per thousand gross receipts	Minimum \$25.00 Maximum \$450,998 \$1.00 per thousand gross receipts	Minimum \$25.00 Maximum \$450,998 \$1.00 per thousand gross receipts	Minimum \$25.00 Maximum \$450,998 \$1.00 per thousand gross receipts	Minimum \$200.00 Maximum \$450,998 \$1.00 per thousand gross receipts	Minimum \$25.00 Maximum \$450,998 \$1.00 per thousand gross receipts	Minimum \$25.00 Maximum \$450,998 \$1.00 per thousand gross receipts	Minimum \$25.00 Maximum \$450,998 \$3.50 per thousand gross receipts
Richmond*	Progressive: \$1.20 to \$3.20 per thousand gross receipts (Grocery, Auto Dealers differ)	Progressive: \$0.60 to \$2.00 per thousand gross receipts	Progressive: \$1.20 to \$5.00 per thousand gross receipts	Progressive: \$3.60 to \$6.80 per thousand gross receipts	Progressive: \$1.80 to \$3.00 per thousand gross receipts	Progressive: \$1.20 to \$5.00 per thousand gross receipts	1-4 units: \$10.81 per thousand 5+ units: \$28.80 per thousand gross receipts (various reductions/exemptions for new construction and major renovations, non-profits, rent controlled units, owner living on site, etc.)	1-4 units: \$10.81 per thousand 5+ units: \$28.80 per thousand gross receipts (various reductions/exemptions (new construction and major renovations, non-profits, rent controlled, owner living on site, etc.)

* Richmond allows small businesses to pay an alternative annual fee of \$100 if their annual gross receipts are less than \$250,000. This applies to all business categories except Cannabis firms and Residential and Commercial Landlords.

Alternative Bases (when Gross Receipts Not Used)

- per employee
- per value added
- per residential unit
- per sq ft

From: BC4AD

Sent: Saturday, February 28, 2026 8:26 AM

To: List-Mayor-Council <List-Mayor-Council@hayward-ca.gov>

Subject: Council meeting 2/28/26 item WS 26-005

CAUTION:This is an external email. Do not click on links or open attachments unless you know the content is safe.

Dear City Council,

First I'd like to say I appreciate everything staff have done, we know this is a very important but also difficult project. I'd also like to show appreciation to the city manager, she inherited this mess and is trying to essentially right the ship with a skeleton crew. And thank you to everyone sacrificing their weekend and showing up to do this important work.

Having said that, I'd like to offer my public comment:

With regard to the Business Tax, our group would support something between Livermore & San Jose \$3.58 range. We feel this is better long term as these rates don't get updates frequently and we would appreciate a one and done approach to save on staff time. Inflation isn't going away anytime soon, so it is prudent to capture anticipated future inflation and not just look back at previous inflation.

We absolutely support capturing streaming services within UUT. We would also ask has staff considered bringing a raise to the voters? Perhaps .5-1.5% increase? And finally are we capturing solar within UUT?

With regard to traffic codes, we reject red light cameras and speed cameras for the city. After the ICE & Flock debacles, we do not want any more of this type of infrastructure in the city. The city of Fremont has been caught shaving seconds of yellow lights in order to try and increase citations. This isn't about public safety. In fact, studies show red light

cameras can increase accidents because drivers that are scared and can't afford fines will slam on the brakes suddenly causing the driver behind them to crash into them.

Not to mention the increased burden on the understaffed police department. And finally, the revenue from citations does not go only to the city, it is split with the state and the third party vendors who get the majority of the pie.

Finally, these systems are expensive. Hearings officers are expensive, averaging over \$400 per hour. The cost to install red light cameras in the San Francisco Bay Area is expensive and is handled by Verra Mobility or Redflex, who often provide a full turnkey service including equipment, installation, maintenance, calibration, and citation processing as programs are usually leased or contracted rather than city owned.

San Jose Red Light Camera Pilot (most recent Bay Area installation): Four intersections (one approach each) with a total one-year pilot budget of \$733,000 (city general funds). This covers installation (completed fall 2025), equipment, maintenance/calibration by vendor Verra Mobility, citation processing, and evaluation. That works out to roughly \$183,000 per intersection for the first full year of the program.

San Francisco (ongoing program + expansion): Cameras are leased and maintained by Verra Mobility. The city currently enforces 19 approaches at 13 intersections and is expanding by 8 more approaches (to 27 total at 21 intersections). Fiscal analysis shows: Annual professional services: \$800,000–\$1,100,000

- One-time “Other” costs: \$2.8 million (likely tied to expansion/infrastructure)

- Plus staff and operations (total annual ~\$1.22M–\$1.52M).

On the one hand we are firing city staff and here we're looking to add significant costs that makes no sense and is bad public policy.

<https://www.scientificamerican.com/article/red-light-cameras-may-not-make-streets-safer/>

<https://arstechnica.com/tech-policy/2014/12/major-chicago-study-finds-red-light-cameras-not-safer-cause-more-rear-end-injuries/>

We do not support digital billboards. They are tacky and do not generate sufficient revenue but they do create an ugly and distracting look. The other revenue measures more than make up for what we need.

Southland mall: we wholeheartedly support efforts to engineer tourism. Southland mall is a unique property than can be turned into a Santana row type property. This is a longer conversation that will take strategic planning.

One of the things that the city has to do is implement the commercial vacancy tax. There are literally dozens of properties in the city that haven't been utilized in over 10 years. This is unacceptable as it they create blight and ward off other investment into the city. My vision for the program would not be for staff to constantly monitor this. Make it self reporting in the beginning under an honor system. Then after 3 years when the budget is fixed and more stable then you increase enforcement.

One major aspect that can make landowners activate properties is the threat of a sheriffs sale. The city absolutely could and should enforce this type of program. Bring this to the voters ASAP we would support this. There is a way to reduce the admin burden but we need this tax on the books.

Casinos: this is a nuanced and complex project. Yes, the governor has placed a moratorium and it is a shame prior councils were not creative enough in their vision. However, there are certain mechanisms that would be exempt from the moratorium that would take careful planning. A casino resort would be perfect for the southland property.

Tree planting: I've written before, can we have a tree inventory, especially on trees planted on mission blvd? Many trees are stunted and have not been growing compared to others.

We should demand warranty from whoever installed them. Given nature of tree growth the warranty have to be long.

Finally, do we have any conceptual design for the proposed public safety facility? We support a new facility but we can't have ugly designs. As a matter of fact some designs cost more than traditional architecture. We would like to see a traditional design that can help reduce costs associated with massive floor to ceiling glass panels. This reduction in costs can help give the department back some of the things that were scaled down.

Today architecture also includes cost-increasing elements, such as large glass sections or asymmetrical window placements. This is true for both everyday functional architecture, like apartment buildings, and public profile buildings.

However, it is mostly notable when it comes to profile buildings or so-called landmarks. Modernist architecture is based on the idea that it is the geometrical shape of the building that is the decoration. This leads to extremely expensive and dysfunctional buildings.

Take the Walkie-Talke building in London as an example. Costing over \$250 million, the curved glass skyscraper had a design that melted cars and even set buildings on fire. The owners had to pay compensation to the car owners and installed a temporary screen on the building to solve the problem.



\$274 MILLION



\$130 MILLION



Or the Walt Disney Concert Hall in Los Angeles, USA, by Frank Gehry. This modernist landmark was not only expensive to build at \$274 million but also caused unexpected problems. The concave surfaces received the burning sun rays and reflected them to the neighboring houses, causing glare and a significant temperature rise. The adjacent streets, also, suffered from glare which has raised the risks for traffic accidents. There was no option but to sandblast the facade. That operation alone cost about \$180,000.



Compare this to the reconstruction of Potsdam City Palace, Germany, a couple of years later. This is also a landmark building, attracting a large number of tourists daily. With \$130 million the cost was less than half, and this includes the costs for an exact reconstruction of a historic palace facade.



The Real Cost of Architecture ArchitectureMMXII

Traditional



Potsdamer Stadtschloss, Potsdam, Germany.
Built: 2013 Cost: €130M

Anti-Traditional



The Musée des Confluences, Lyon, France.
Built: 2014 Cost: €338M



Alte kommandantur, Berlin, Germany.
Built: 2013 Cost: €23M



Labels Berlin 2, Berlin, Germany.
Built: 2010 Cost: €85M

Thank you,

John

From: BC4AD

Subject: Re: Council meeting 2/28/26 item WS 26-005

Date: February 28, 2026 at 11:05:48 AM PST

To: Zach Ebadi <Zach.Ebadi@hayward-ca.gov>

CAUTION:This is an external email. Do not click on links or open attachments unless you know the content is safe.

Zach,

Please forward this comment at well:

With regard to the tax on large businesses or manufacturers, even if we bumped the tax up more than the proposal.. it is not feasible for large manufacturers to decide to move a whole production over \$30-40k annual tax. The risk of them moving would appear low and I'd ask the consultant to dig deeper on this.

Best,

John