



AGENDA

SPECIAL MEETING OF THE SANTA FE SPRINGS CITY COUNCIL

**April 20, 2022
5:00 P.M.**

***Juanita Martin, Councilmember
John M. Mora, Councilmember
Jay Sarno, Councilmember
Joe Angel Zamora, Mayor Pro Tem
Annette Rodriguez, Mayor***

Council Chambers
11710 Telegraph Road
Santa Fe Springs, CA 90670

You may attend the City Council meeting telephonically or electronically using the following means:

Electronically using Zoom: Go to Zoom.us and click on "Join A Meeting" or use the following link:

<https://zoom.us/j/521620472?pwd=U3cyK1RuKzY1ekVGZFdkQXNZVzh4Zz09>

Zoom Meeting ID: 521620472

Password: 659847

Telephonically: Dial: 888-475-4499

Meeting ID: 521620472

Public Comment: The public is encouraged to address City Council on any matter listed on the agenda only. If you wish to address the City Council, please use the "Raise Hand" function via Zoom once the Mayor opens Public Comment during the meeting. You may also submit comments in writing by sending them to the City Clerk's Office at cityclerk@santafesprings.org. All written comments received by 12:00 p.m. the day of the City Council Meeting will be distributed to the City Council and made a part of the official record of the meeting. Written comments will not be read at the meeting, only the name of the person submitting the comment will be announced.

Pursuant to provisions of the Brown Act, no action may be taken on a matter unless it is listed on the agenda, or unless certain emergency or special circumstances exist. The City Council may direct staff to investigate and/or schedule certain matters for consideration at a future City Council meeting.

Americans with Disabilities Act: In compliance with the ADA, if you need special assistance to participate in a City meeting or other services offered by this City, please contact the City Clerk's Office. Notification of at least 48 hours prior to the meeting or time when services are needed will assist the City staff in assuring that reasonable arrangements can be made to provide accessibility to the meeting or service.

Please Note: Staff reports, and supplemental attachments, are available for inspection at the office of the City Clerk, City Hall, 11710 E. Telegraph Road during regular business hours 7:30 a.m.-5:30 p.m., Monday-Thursday and every other Friday. Telephone: (562) 868-0511.

City of Santa Fe Springs
Special Meeting

April 20, 2022

1. CALL TO ORDER

2. ROLL CALL

Juanita Martin, Councilmember
John M. Mora, Councilmember
Jay Sarno, Councilmember
Joe Angel Zamora, Mayor Pro Tem
Annette Rodriguez, Mayor

3. PUBLIC COMMENTS *This is the time when comments may be made by members of the public on matters on the agenda only. The time limit for each speaker is three minutes unless otherwise specified by the Mayor.*

CITY COUNCIL

CONSENT AGENDA

4. Agreement with TBWBH Props & Measures for Public Outreach and Consulting Services Related to a Potential Business Operation Tax Measure (City Manager)

Recommendation:

- Approve the agreement with TBWBH Props & Measures in a final form approved by the City Attorney's office and;
- Authorize the City Manager to execute the agreement.

5. STUDY SESSION

Presentation of Potential Changes to the City's Business Operation Tax Ordinance (Finance)

Recommendation:

- Provide direction regarding potential changes to the City's Business Operation Tax Ordinance.

6. CLOSED SESSION

PUBLIC EMPLOYMENT

(Pursuant to California Government Code Section 54957(b)(1))

TITLE: City Manager Evaluation

7. CLOSED SESSION REPORT

8. ADJOURNMENT

I, Janet Martinez, City Clerk for the City of Santa Fe Springs, do hereby certify under penalty of perjury under the laws of the State of California, that the foregoing agenda was posted at the following locations; City's website at www.santafesprings.org; Santa Fe Springs City Hall, 11710 Telegraph Road; Santa Fe Springs City Library, 11700 Telegraph Road; and the Town Center Plaza (Kiosk), 11740 Telegraph Road, not less than 24 hours prior to the meeting.



Janet Martinez, CMC, City Clerk

April 14, 2022
Date Posted



City of Santa Fe Springs

Special Meeting

April 20, 2022

CONSENT AGENDA

Agreement with TBWBH Props & Measures for Public Outreach and Consulting Services Related to a Potential Business Operation Tax Measure

RECOMMENDATION:

- Approve the agreement with TBWBH Props & Measures in a final form approved by the City Attorney's office and;
- Authorize the City Manager to execute the agreement.

BACKGROUND

Staff was directed to evaluate potential revenue raising measures to fund critical City services, including but not limited to infrastructure, with the possibility that a tax could be placed on the ballot for the next general municipal election of November 8, 2022. The City will need to begin conducting public outreach and polling for a potential proposed ballot measure. This work will require a high level of expertise and support and the City does not have such in-house resources. Therefore, staff is recommending to hire TBWBH Props & Measures (TBWBH) to provide such services.

TBWBH is a well-known consultant on revenue measures, having advised numerous governmental agencies, while FM3 will be working under TBWBH's agreement has extensive experience both statewide and nationwide on conducting polling surveys on voter's opinion on ballot measures. Both firms were selected due to their vast experience and how well they worked with staff and City Council in 2018 for Measure Y.

Raymond R. Cruz
City Manager

Attachment:
Agreement

MANAGEMENT CONSULTING AGREEMENT

THIS MANAGEMENT CONSULTING AGREEMENT ("Agreement") is made effective as of April 15, 2022 (the "Effective Date") by and between City of Santa Fe Springs ("Client") and TERRIS BARNES WALTERS BOIGON HEATH LESTER, INC., a California Corporation d/b/a TBWBH Props & Measures ("TBWBH/P&M").

RECITALS

- A. Client needs assistance evaluating the electoral feasibility of a Revenue Measure, developing a measure for the ballot and implementing a public outreach and communications program to raise awareness of the Client's funding needs.
- B. TBWBH/P&M is a professional consulting firm that provides ballot measure electoral feasibility, public outreach and communication consulting services.
- C. Client desires that TBWBH/P&M provide certain consulting services to Client with respect to a revenue measure related to provide additional revenue for the general fund ("Revenue Measure") pursuant to the terms and conditions set forth herein.

NOW THEREFORE, in consideration of the premises and mutual covenants contained herein, the parties agree as follows:

- 1. Engagement of TBWBH/P&M. During the term of this Agreement, Client hereby engages TBWBH/P&M to perform the following services (collectively, "Services"):
 - a. Feasibility Assessment. TBWBH/P&M shall perform any of the following services as needed to assess the electoral feasibility of the Revenue Measure for Client:
 - 1) Develop potential Revenue Measure strategies to meet Client's funding needs to be tested in polling;
 - 2) TBWBH/P&M shall supervise creation of new scientific survey of registered voters, to be conducted by FM3 Research ("Pollster"), including recommending draft language for questions and taking an active role in questionnaire development, targeting and related matters;
 - 3) Conduct a demographic analysis of voters within Client's jurisdiction and how they break into key sub-groups by age, ethnicity, political party, length of residency, and other key criteria;
 - 4) Analyze past election results in the jurisdiction and region to understand voter turnout trends and other relevant voting patterns;

- 5) Research other local tax proposals that may be heading to an upcoming ballot that could compete with Client's Revenue Measure; and
 - 6) Make a specific recommendation regarding the type of revenue measure to pursue, optimal election date, election type (polling place or mail-in), tax rate, tax structure and other important Revenue Measure features to the Client.
- b. Ballot Measure Development. Prior to Approval of a Revenue Measure by Client's governing body (the term "Approval" meaning the governing body having taken action to adopt a resolution or ordinance calling for an election with respect to the Revenue Measure), TBWBH/P&M shall perform the services described in items 1-8 below, as needed, to assist Client in preparing the Revenue Measure for the ballot, and within fourteen (14) days after Approval of a Revenue Measure, TBWBH/P&M shall perform the services described in item 9 below, as needed, each of the services to be subject to Client's approval as required by Section 7 below:
- 1) Recommend a final tax type, tax rate, duration and tax structure;
 - 2) Prepare messaging that clearly articulates information to the community about the Revenue Measure;
 - 3) Recommend procedures for the taxpayer accountability protections, including a process for an independent citizens' oversight committee;
 - 4) Work with legal counsel to develop a resolution or ordinance calling for the election;
 - 5) Work with legal counsel to develop the 75-word ballot question;
 - 6) Work with legal counsel to develop and refine the full text of the measure and other materials that will appear in the ballot pamphlet mailed to all voters;
 - 7) Present recommendations, documents and resolutions to Client's administration and governing body for approval; and
 - 8) Work with the County Registrar of Voters Office to assist Client in completing the process of qualifying for the ballot.
- c. Public Information. Prior to, and up to fourteen (14) days after, Approval of a Revenue Measure, TBWBH/P&M shall perform any of the following services as needed to help inform the community of Client's funding needs and the Revenue Measure proposal, each of the services to be subject to Client's approval as required by Section 7 below:
- 1) Develop informational fact sheets to be distributed at community functions
 - 2) Provide content related to the Revenue Measure to be added to Client's website, included in email updates and added to newsletters
 - 3) Prepare PowerPoint presentations for community meetings

- 4) Write, design, and produce mailings to educate, inform and receive feedback from voters
 - 5) Develop strategies and plans to inform and receive feedback from key internal stakeholder groups
 - 6) Develop strategies and plans to inform and receive feedback from influential external groups including elected leaders, business leaders, city leaders, ethnic community leaders, faith community leaders, taxpayer groups, labor organizations, and others.
- d. Employment of Additional Personnel. In connection with the consulting services to be provided under this Agreement, TBWBH/P&M shall utilize its own employees and retain third party vendors pursuant to Section 3.b. TBWBH/P&M shall not be required to employ any additional personnel to assist TBWBH/P&M in the performance of TBWBH/P&M's duties. TBWBH/P&M may recommend that Client hire additional personnel to assist TBWBH/P&M. Any such personnel shall be hired and paid by Client, under the direction and control of Client, and may be discharged by Client. In every instance, such additional personnel shall be considered an employee of Client, not TBWBH/P&M. The foregoing shall not limit TBWBH/P&M's right to hire, pay, and/or discharge its own employees.
2. Term of Agreement. The term of this Agreement ("**Term**") shall commence on the Effective Date and shall continue until the earliest of:
- a. October 15, 2022.
 - b. Either party having terminated this Agreement at any time without cause by giving thirty calendar (30) days' advance written notice to the other party.
 - c. Termination of this Agreement by TBWBH/P&M at any time for non-payment of any amount owed to TBWBH/P&M under Section 3.
3. Compensation. In consideration for the Services to be rendered by TBWBH/P&M pursuant to this Agreement, Client shall pay the following fees to TBWBH/P&M:
- a. Base Consulting Fee. TBWBH/P&M shall be paid a Base Consulting Fee of \$6,500 per month, payable within 30 days of receipt of invoice.
 - b. Polling Fee: In addition to the Base Consulting Fee, TBWB shall be paid an amount not to exceed \$37,750 for the voter survey by Pollster, within 30 days of receipt of invoice. Final Polling Fee will be determined by length of the voter survey. Fifty percent (50%) of the fee will be billed May 1, 2022. The remaining fifty percent (50%) is due June 1, 2022. This fee shall be for a survey of 400 registered voters by phone, web and text-to-internet

methodology, provided in Spanish and English. This all-inclusive fee includes all hours, meetings, travel, conference calls and other work as it relates to designing and conducting a voter survey, including presenting final results and recommendations to the Board.

- c. Payment on Certain Purchases and Rentals. All media and advertising goods and services shall be purchased or rented from TBWBH/P&M by Client according to the agreed upon schedule of prices, which is attached hereto as Exhibit 1 and incorporated herein by reference. The schedule of prices lists the entire cost of purchasing or renting media goods and services from TBWBH/P&M. TBWBH/P&M shall in turn subcontract the work to third party vendors. Payment for such items shall be made in advance by Client to TBWBH/P&M, or to the third party vendor at the discretion of TBWBH/P&M.
 - d. Reimbursement of Expenses. Client shall reimburse TBWBH/P&M for expenses incurred by TBWBH/P&M from time to time in connection with the performance of the Services described herein, which includes, but is not limited to, automobile mileage at the established IRS reimbursement rate at the time at the time of travel, parking fees, copying fees, telephone charges, postage and other out-of-pocket expenses. TBWBH/P&M shall submit a report of actual expenses, and within thirty (30) days thereafter, Client shall reimburse TBWBH/P&M in full. Expenses billed to Client shall not exceed \$1,000 in the aggregate, per calendar month without the verbal or written approval of Client. Any verbal approval shall be confirmed in writing by either party. Client may designate in writing an individual(s) with authority to approve expenses on Client's behalf.
4. Indemnification and Limitation of Liability.
- a. Each party (the "Indemnifying Party") agrees to indemnify, defend and hold harmless the other party (the "Indemnified Party") from all losses, liabilities, damages, claims, costs or expenses (including reasonable attorney fees or court costs) resulting solely and directly from the Indemnifying Party's breach of any provision in this Agreement, willful misconduct, negligence, or infringement of any patent, copyright, trade secret, or other proprietary right related to any material the Indemnifying Party furnished to the Indemnified Party pursuant to this Agreement; provided, however, this Section does not cover any acts or omissions by any third party pollsters. For avoidance of doubt, TBWBH/P&M shall not have any liability arising from the use of materials approved by Client as provided in Section 7 hereof. The Indemnified Party agrees to give the Indemnifying Party prompt written notice of any claim or other matter as to which it believes this indemnification provision applies, and to cooperate with the Indemnifying Party in the defense of any such claim or other matter.

- b. TBWBH/P&M's sole and maximum liability arising out of, or related to, this Agreement or the Services shall not exceed the upper limit of TBWBH/P&M's professional liability insurance coverage. TBWBH/P&M shall provide to Client a certificate of insurance confirming the amounts such of coverages and shall maintain such policies in full force and effect during the Term. In no event shall TBWBH/P&M be liable for indirect, incidental, special, consequential, punitive or exemplary damages arising out of or related to this Agreement or the Services.
5. Expenditure Authority. Only Client, or a person designated by Client, shall have the authority to approve any single expenditure in excess of \$500. TBWBH/P&M shall not commit Client to any expenditure, nor incur any obligation on behalf of Client, in excess of \$500 without verbal or written approval from Client. TBWBH/P&M shall not spend more than the amount so approved plus 5% without securing additional approval from Client. Any verbal approval shall be confirmed in writing by either party. Client may designate in writing an individual(s) with authority to approve expenditures on Client's behalf.
6. Approval of Materials. Client is responsible for giving final approval of materials developed by TBWBH/P&M for distribution to the public, including, without limitation, informational fact sheets, Client's website content related to the Revenue Measure, PowerPoint presentations for community meetings, and mailers. Approval of mailers must be given in writing by the Superintendent or his or her designee. Approval of all other materials besides mailers may be given verbally or in writing by any authorized agent of Client.
7. Termination Payments. Upon termination of this Agreement, Client shall pay TBWBH/P&M the following.
 - a. Feasibility Consulting Fee. Client shall pay TBWBH/P&M on the termination date the Polling Fee of \$37,750 that is owed under Section 3. for Services performed up to and including the date of termination.
 - b. Base Consulting Fee. Client shall pay TBWBH/P&M on the termination date any Base Consulting Fee that is owed under Section 3.a for Services performed up to and including the date of termination.
 - c. Reimbursement for Payments to Vendors. Upon termination of this Agreement, Client shall pay TBWBH/P&M on the termination date all amounts advanced by TBWBH/P&M pursuant to Section 3.c that have not been paid by Client, including, but not limited to, any amounts owed to third party vendors retained by TBWBH/P&M and any cancellation fees charged by such third party vendors.

- d. Reimbursement of Expenses. Within thirty (30) days after termination of this Agreement, TBWBH/P&M shall submit a final accounting of TBWBH/P&M's expenses pursuant to Section 3.d, and within ten (10) days thereafter, Client shall pay TBWBH/P&M for all expenses incurred on behalf of Client.
8. Proprietary Rights and Licenses.
 - a. Any idea, improvement, invention, discovery, process, development, design, know-how, data, logo, trademark, service mark, or work of authorship (collectively referred to as "**Developments**" and which shall include all intellectual property rights related thereto) conceived of, developed, or first reduced to practice in the performance of Services hereunder for Client shall be and remain the exclusive property of TBWBH/P&M and may be treated and dealt with by TBWBH/P&M as such without payment of any consideration to Client. The Development intellectual property rights shall include any patents, copyrights, moral rights, trademarks, trade secrets, industrial design, maskworks, and all other similar rights and protections, including without limitation all applications for registration of any of the foregoing, anywhere in the world (in each case, whether or not patentable or registrable under patent, copyright, trademark, or similar statutes). Client shall make reasonable efforts to preserve such Developments as confidential during the Term of this Agreement and thereafter and, upon TBWBH/P&M's request, shall execute such documents and instruments as TBWBH/P&M shall reasonably request as necessary to confirm and vest title to such Developments in TBWBH/P&M under any applicable law.
 - b. TBWBH/P&M hereby grants Client a perpetual, royalty-free, non-exclusive right and license (but without the right to sublicense) to use, modify, reproduce, perform, release, display, create derivative works from, and disclose Developments within the Client's jurisdiction for any legitimate civic purpose, which shall not include any commercial purpose or impermissible advocacy activities prohibited by applicable law.
9. Compliance with Relevant Laws. Client agrees to comply, during the course of this Agreement, with all applicable Federal, State and Municipal laws, including any applicable public disclosure laws and any applicable laws governing the expenditure of public funds, and obtain the necessary legal, accounting, and other Services necessary to comply with all such laws. Client is solely responsible for determining whether the Services performed by TBWBH/P&M under this Agreement constitute permissible informational activities or impermissible advocacy activities pursuant to applicable law. Client acknowledges that TBWBH/P&M does not provide any guidance or advice in this regard and Client's legal counsel has final review and responsibility for compliance with all legal requirements.

10. Relationship Between the Parties. Nothing contained in this Agreement shall be deemed or construed to create a partnership, joint venture or any relationship other than an independent consulting relationship between Client and TBWBH/P&M, or cause TBWBH/P&M to be responsible in any manner for the debts and obligations of Client.
11. Attorneys' Fees. If either party retains counsel to represent that party in any controversy, dispute or claim arising out of or relating to this Agreement, including any claim for the purpose of enforcing, or preventing the breach of, any provision of this Agreement, obtaining damages by reason of any alleged breach of any provision of this Agreement, obtaining a declaration of such party's rights or obligations under this Agreement, or obtaining any other legal remedy (a "Dispute"), before an arbitrator or a court of competent jurisdiction, the prevailing party shall be entitled to reasonable attorneys' fees and costs, in addition to any other relief to which the prevailing party may be entitled.
12. Limited Warranty. TBWBH/P&M warrants that it shall perform the Services in a professional manner in accordance with commercially reasonable industry standards for similar services. TBWBH/P&M makes no warranty, express or implied, concerning the results of the Services, including, without limitation, the success of the Revenue Measure. TBWBH/P&M makes no warranty concerning, and is not responsible for, any services performed by third party pollsters. To the full extent permitted by law, all implied warranties are hereby excluded.
13. Arbitration. To the fullest extent permitted by law, any Dispute, as defined in Section 12, shall be settled by binding arbitration administered by the American Arbitration Association in San Francisco, California under its Commercial Arbitration Rules that are in effect at that time ("Rules"), which may be obtained from www.adr.org or from any AAA office. In the event of any conflict between the Rules and this Section, this Section shall apply. The parties agree to submit to the jurisdiction of a single neutral arbitrator selected in accordance with the Rules. The arbitration shall be governed by the laws of the State of California, including, but not limited to, the California Arbitration Act (Code of Civil Procedure § 1280 et seq.). The arbitrator shall have discretion to award damages, and to fashion any other remedy or relief otherwise available under applicable law in a court proceeding. The arbitrator shall award the prevailing party reasonable attorneys' fees and costs pursuant to Section 12. The arbitrator shall provide a written award, including findings of fact and the conclusions of law on which the decision is based. The arbitrator shall not have the power or authority to commit errors of law or legal reasoning. The parties each expressly waive the right to a jury trial, and agree that the arbitrator's award shall be final and binding on the parties; provided that any award shall be reviewable for legal error, confirmation, correction or vacatur pursuant to California Code of Civil Procedure §1285 et

seq. Any action to review the arbitration award shall be filed and maintained in a California state court of competent jurisdiction.

14. Assignment. Client shall not have the right to assign Client's rights or delegate Client's obligations under this Agreement without the prior written consent of TBWBH/P&M, which consent may be withheld in TBWBH/P&M's sole and absolute discretion. Any attempted assignment or delegation in violation of this provision is void and will entitle TBWBH/P&M to terminate this Agreement.
15. Exclusivity of the Agreement. During the Term of this Agreement, Client shall not engage any other person or entity to perform any acts or services to be performed by TBWBH/P&M under this Agreement without the prior written approval of TBWBH/P&M. TBWBH/P&M's right to perform consulting, media management, or any other services for any other person or party shall not be limited in any way.
16. Notices. Any notice required or permitted under this Agreement shall be in writing and shall be addressed to the other party at the address set forth on the signature page of this Agreement. A notice shall be effective (i) upon personal delivery if given by hand delivery, (ii) the date of the completed transmission if given by facsimile, (iii) one business day after deposit, prepaid, with Federal Express or similar overnight delivery service for next business day delivery, or (iii) two business days after deposit with the United States Post Office, by registered or certified mail, postage prepaid. Each party may, by five days advance written notice to all other parties, specify any other address for the receipt of such notices.
17. Entire Agreement. This Agreement constitutes the entire agreement between the parties with respect to its subject matter, and it supersedes and replaces any prior or contemporaneous understandings or agreements, whether written or oral, between the parties with respect to such subject matter. No party has been induced to enter into this Agreement by, nor is any party relying on, any representation or warranty outside those expressly set forth in this Agreement.
18. Applicable Law. This Agreement and the rights of the parties shall be governed by and construed and enforced in accordance with the laws of the State of California, except that the Agreement shall be interpreted as though drafted jointly by both parties.
19. Severability. In case one or more of the provisions contained in this Agreement, or any application of the provisions, shall be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions of this Agreement, and any other application thereof, shall not in any way be affected or impaired.

20. Captions for Convenience. The captions and headings in this Agreement are for convenience only and shall not be considered in interpreting any provision of this Agreement or in determining any of the rights or obligations of the parties to this Agreement.
21. Waiver and Amendment. No breach of any provision of this Agreement can be waived unless in writing. Waiver of any one breach shall not be deemed to be a waiver of any other breach. This Agreement may be amended only by a written agreement executed by the parties hereto at the time of the modification.
22. Binding Effect. This Agreement shall be binding upon, and inure to the benefits of, the parties and their respective heirs, executors, administrators, successors and permitted assigns.
23. Counterparts; Signatures. This Agreement may be executed in any number of counterparts, each of which will be an original, but all of which together will constitute one Agreement. The parties agree that signatures on this Agreement transmitted via facsimile or electronically in PDF format have the same force and effect, and are considered the same as, originals.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties hereto have executed this Management Consulting Agreement as of the date first written above.

TBWBH PROPS & MEASURES

CLIENT

By:_____

By:_____

Name: Joy P. Kummer

Name:_____

Title: Partner

Title: _____

Address for Notices:
50 Osgood Place, 4th Floor
San Francisco, CA 94133
Facsimile: 415.291.0724

Address for Notices:
City of Santa Fe Springs
11710 Telegraph Road
Santa Fe Springs, CA 90670
Facsimile: 562.868.7112



City of Santa Fe Springs

Special Meeting

April 20, 2022

STUDY SESSION

Presentation of Potential Changes to the City's Business Operation Tax Ordinance

RECOMMENDATION(S)

- Provide direction regarding potential changes to the City's Business Operation Tax Ordinance.

BACKGROUND

On July 20, 2021 the City Council approved an agreement with Hinderliter, de Llamas & Associates ("HdL") for business license administration and related services. The agreement provides for a Business License Tax Ordinance/Fee Study ("Study") to be performed. The Study includes an analysis of the current Business Operation Tax Ordinance and the City's tax registration database. The City's Business Operation Tax Ordinance is contained in Title III, Chapter 35 of the City Municipal Code beginning with Section 35.070. Data was compiled on the number of businesses, current tax revenues received by the City, categories, and other related information.

HdL's Study has been finalized and the report is attached to this agenda. The Study provides a series of tax re-structuring options for the City Council's consideration. HdL has also prepared a presentation to cover the essential elements of the potential options and answer any questions the City Council may have.

A handwritten signature in blue ink, appearing to read "Raymond R. Cruz".

Raymond R. Cruz
City Manager

Attachment(s):

- 1) Business Tax Analysis & Ordinance Review prepared by HdL Companies



Business Tax Analysis & Ordinance Review

April 14, 2022

HdL[®] Companies

SUBMITTED BY

HdL Companies
120 S. State College Blvd., Ste 200
Brea, CA 92821
hdlcompanies.com

CONTACT

Josh Davis
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E: jdavis@hdlcompanies.com

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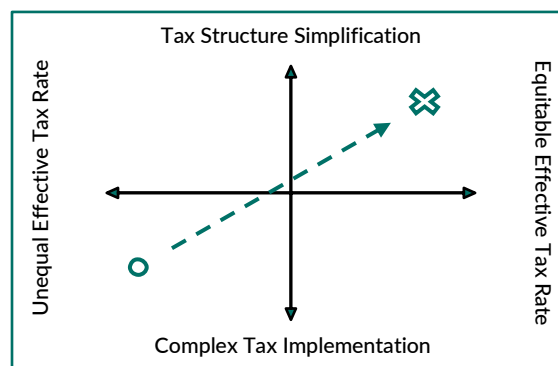
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Executive Summary

Background

The City of Santa Fe Springs (City) requires all businesses operating within the City to obtain a business license and pay business license tax per Chapter 35, Sections 35.070 thru 35.095 of the Santa Fe Springs Municipal Code (Code). This revenue is locally controlled and funds essential services. The City commissioned the HdL Companies (HdL) to prepare this tax study to identify methods of generating additional local funds and potential efficiencies from modernizing the City's business license code.

This tax study provides a guided exploration of different tax structures while evaluating how closely each structure aligns with the City's goals and values. Often a City desires to meet multiple goal-oriented outcomes and modernize its code to reflect its current values. The two most common goals are "tax simplification" and "equitability."



Additionally, the City has identified the following key goals that will be addressed in this report:

1. Increasing revenue sources to offset infrastructure costs in areas such as road maintenance.
2. Explore how various methods for modifying rates for warehouse/distribution centers and trucking activities might achieve the City's policy goals.

Recommendation

Our recommendation for the City is to adopt a gross receipt tax structure that utilizes simple business classifications similar to Model Three on page 18. Model Three's gross receipts tax structure allows the City to charge different rates based on business activity while reducing complexity, improving equitability, and increasing business tax revenue. If the City wishes to be more ambitious, it could pursue a structure similar to Model Four, which yields more revenue by focusing on industrial businesses to further offset road maintenance costs throughout the City.

Report Structure and Findings

This report is divided into two major sections. Below is a roadmap that will help the reader easily navigate to a desired part of the report.

Section 1 - Pages: 5 to 14

In the first section, HdL details the City's current revenue and tax structures to establish fundamental facts about the City used throughout the analysis. Primary questions researched in this section are: "what is the City's current business tax revenue year to year?" "How does the current structure impact the City's businesses?" and "How does the City fare compare to its neighbors?"

Our analysis includes:

- Year to year (YTY) revenue comparisons;
- Percent change YTY for business license and sales tax;
- Effective tax rate by business size;
- The City's rate schedule;
- Revenue contribution by business category; and
- Comparative analysis of select neighbors.

Key Findings: The City's business tax revenue has been volatile since FY16-17 which is in part due to the current tax structure not fully capturing economic changes in the marketplace. For instance, Sale Tax experienced a nearly 24% increase in FY16-17 while businesses declined more than 5%. Additionally, the current structure is significantly regressive for small businesses. Certain small businesses pay over a hundred times the effective tax rate of large businesses. The City also utilizes a gate entry rate for Swap Meet and Auto Salvage that generates revenue on a monthly basis. The gate entry rate accumulated over the course of a year for Sweep Meets and Auto Salvage accounts for approximately 28% of the City's business tax revenue.

At the request of the City, HdL also reviewed Ontario's municipal code of ordinances related to the regulation and taxation of trucks within the City. Our research found only language related to truck routing within the City under Public Safety. While such ordinances may be practical for reducing wear on specific passages through City, it does not address the cost recovery for road repair.

Lastly, a comparison of Santa Fe Springs and its neighbors indicates the City might capture additional business tax revenue on a per business basis, particularly from larger businesses who are benefitting from their access to the City's infrastructure.

Section 2 - Pages: **15 – 28**

This section starts by establishing two primary classifications and generalized definitions. We then explore five models for accomplishing the City's goals of expanded local revenue, utilizing effective rates for specific business types, and ensuring equitability.

Below are brief descriptions of each model by tax structure and the potential revenue. All revenue values should be treated as estimates as a portion of the data may have come from 3rd parties and cannot be certified by HdL.

Current Tax Structure – Model 1 on page 16

Model One takes the current tax revenue collected and adds a percentage-based increase to the City's existing rates.

Current Taxes	Model 1 Rate Increase at 60%
\$765,130	\$1,224,209

Gross Receipts Tax Structure – Models 2 - 4 on pages 17 – 19

Model Two takes the estimated gross receipts generated in the City and applies a simple \$1 per thousand for all businesses. Model Three separates the City into simple business categories and applies a gross receipt rate of \$1 - \$3 based on the business classification.

Current Taxes	Model 2 Gross Receipt (\$1/Thousand)	Model 3 GR by Category (\$1 - \$3/Thousand)	Model 4 GR by Category (\$1 - \$5/Thousand)
\$765,130	\$1,493,559	\$2,125,433	\$4,967,008

In addition to increasing revenue, Gross Receipts models are less regressive than other models and allow the City to simplify the number of business classifications. We recommend one of the gross-receipt options because it increases your revenues, scales based on the business's revenue, and allows the City to participate in long-term growth in its business community. That said, the gross-receipts options would require wholesale changes to the City's business license ordinance.

Property Rental Compliance – Model 5 on page 21

The Property Rental Option analyzes the impact of increase compliance in the property rental industry within the City. This includes taxing all businesses that rent property, regardless of the type or number of units.

Current Taxes	Model 2 + Property Rental Compliance	Model 3 + Property Rental Compliance	Model 4 + Property Rental Compliance
\$765,130	\$1,710,344	\$2,829,414	\$5,617,363

Methodology

We analyzed the business tax rate and business licensing data from five years of licensing and payment history. During our analysis, the primary focus was on the current tax structure. We compiled data from the City, State, County, and other 3rd party sources to analyze surrounding jurisdictions and estimate industry information when actual values were unavailable.

Finally, HdL constructed the business tax models and rate comparisons in this report based on the City's stated goals and values. These models represent a few of the potential structures available for the City's consideration. Additionally, each proposed structure has the flexibility to be modified with rates that may be more in line with the City's ultimate goals.

(Continued on the next page.)

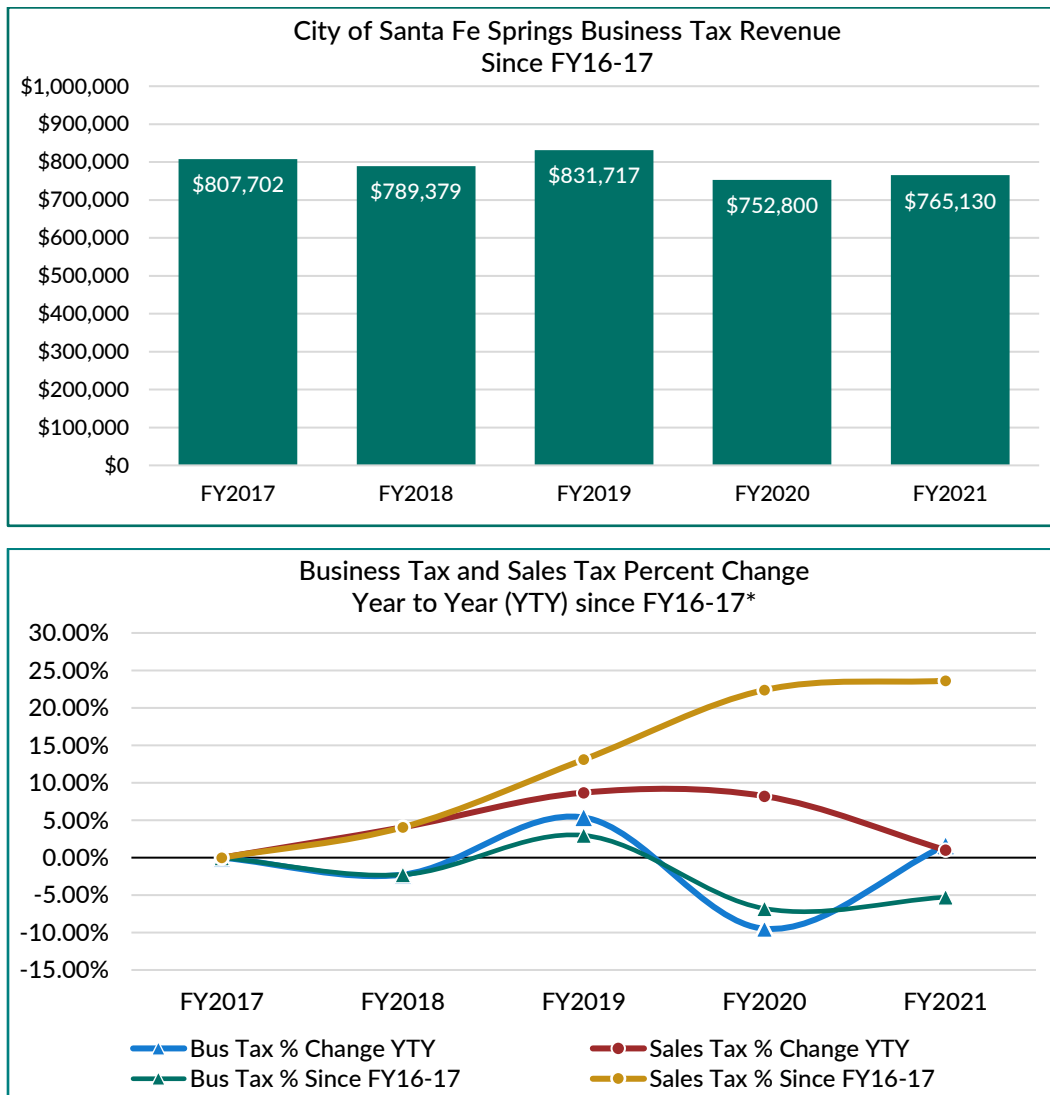
Section 1 - City of Santa Fe Springs & Comparative Jurisdictions

Business Tax - Analysis

The City's business tax is authorized and is administered in accordance with Code Sections 35.070 – 35.095. The last time the ordinance was updated or modified was in 1995. The City currently issues approximately 3,500 business licenses annually and over the last four years generated on average \$785,000 in business license tax revenues per fiscal year.

For the purpose of this study, comparisons are based on the sample data provided by the City, which consists of 3,429 businesses with a total of \$765,130 of business tax revenue for reported FY20-21.

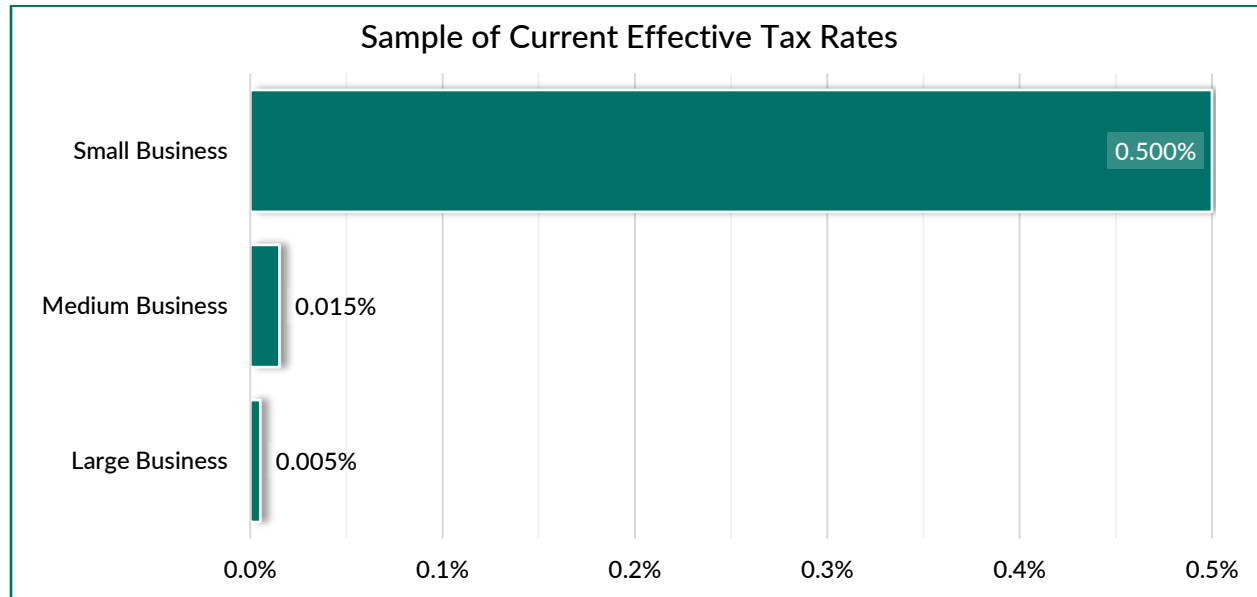
Below is the chart of the City's year-to-year revenue, which shows slight growth in FY18-19 before seeing a decline in revenue in FY19-20. Comparing the City's five-year business tax trend to the City's Sale Tax shows that the current business tax structure doesn't follow the marketplace growth trend. As a result, opportunities to capture increased revenue are missed as prosperity improves in the City.



Business Tax - Average Effective Tax Rates

The City measures the business tax on number of employees or number of units. Additionally, the City utilizes a minimum flat rate of \$100. As with many tax structures that use flat rates and employees, the current method of taxation creates a regressive tax rate. This means the effective tax rate on a business decrease as the size of a business increases. As a result, certain businesses pay nearly a hundred times the effective tax rate of other businesses. Even those within the same industry can see variances of 5 or 6 times a similar business.

The chart below uses small, medium, and large business comparisons based on the current tax structure range. Gross receipts were estimated when not available to calculate the effective tax rates.



(Continued on the next page.)

City of Santa Fe Springs: Business Tax - Rate Schedule Summary

The following is the City's current schedule of fees which includes the "In-City" Employee rates, Contractors, and Miscellaneous "Outside-City" rates. The City also utilizes a gate entry rate for Swap Meets and the Auto Salvage that generate revenue on a monthly basis. This revenue is included in our analysis of the City's business tax.

General Inside Business Categories*	Tax Rate	Number of Businesses	Est. Tax Collected
0 to 5 Employees	\$100	2,371	\$408,956
6 to 300 Employees	+ \$4 per employee		
300 Employees or More	+ \$2 per employee over 299		

*This model is a mismatch with today's automation in warehouse & industrial businesses.

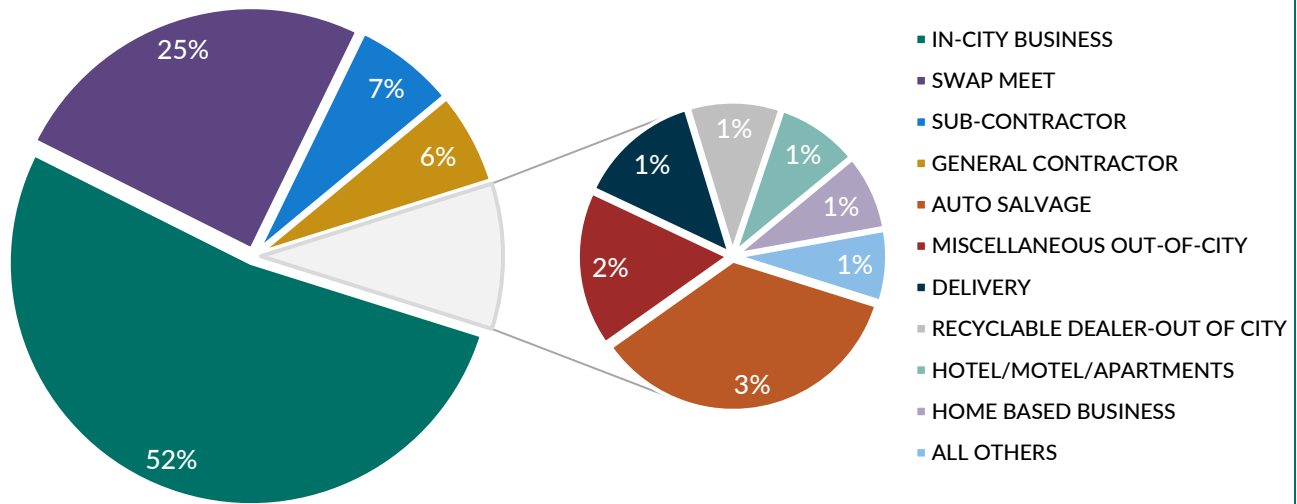
Contractors Categories	Tax Rate	Number of Businesses	Est. Tax Collected
General Contractor	\$150	817	\$98,991
Sub-Contractor	\$100		

Outside Business Categories	Tax Rate	Number of Businesses	Est. Tax Collected
Advertising	\$75 + \$25 Structure	219	\$33,776
Bench Ads	\$35 + \$4 Per Bench		
Catering Truck	\$100 Per Vehicle		
Delivery	\$100 Per Vehicle		
Misc. - Out of City	\$100		
Recyclable Dealers	\$300		
Solicitors	\$250		
Taxi Company	\$25 Per Cab		
Vending Machine	\$36		

Property Categories	Units	Tax Rate	Number of Businesses	Est. Tax Collected
Hotel/Motel/Apartments	1 to 9 Units	\$100	19	\$7,268
	10 to 14 Units	\$200		
	15 to 19 Units	\$300		
	20 to 30 Units	\$400		
	31+ Units	\$500		
Mobile Home Park	First 5 Spaces	\$100		
	Over 5 Spaces	Plus \$5 per Additional Space		

Other Rates	Annual Tax Rate	Monthly Gate Entry Tax	Number of Businesses
Auto Salvage	\$250	\$0.10 per person	Too few to disclose.
Swap Meet	\$1,000	\$1 per person	

Business Tax By Rate Type (Top 10)



City of Santa Fe Springs: Similar and Surrounding Jurisdictions

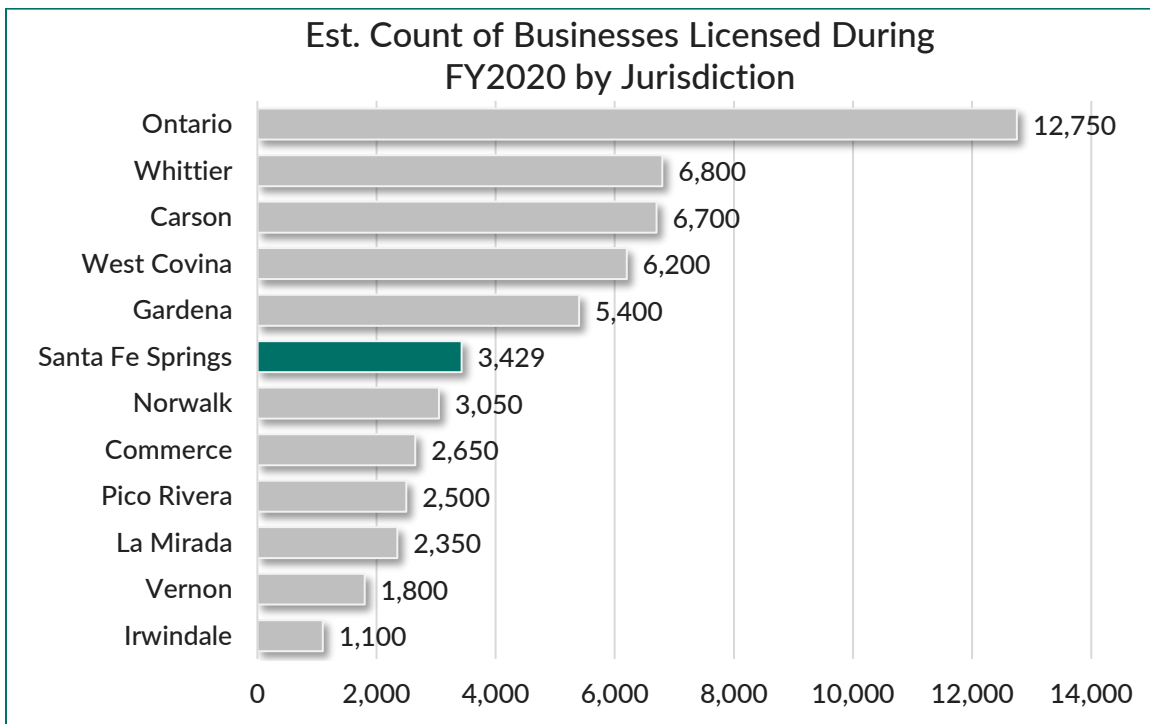
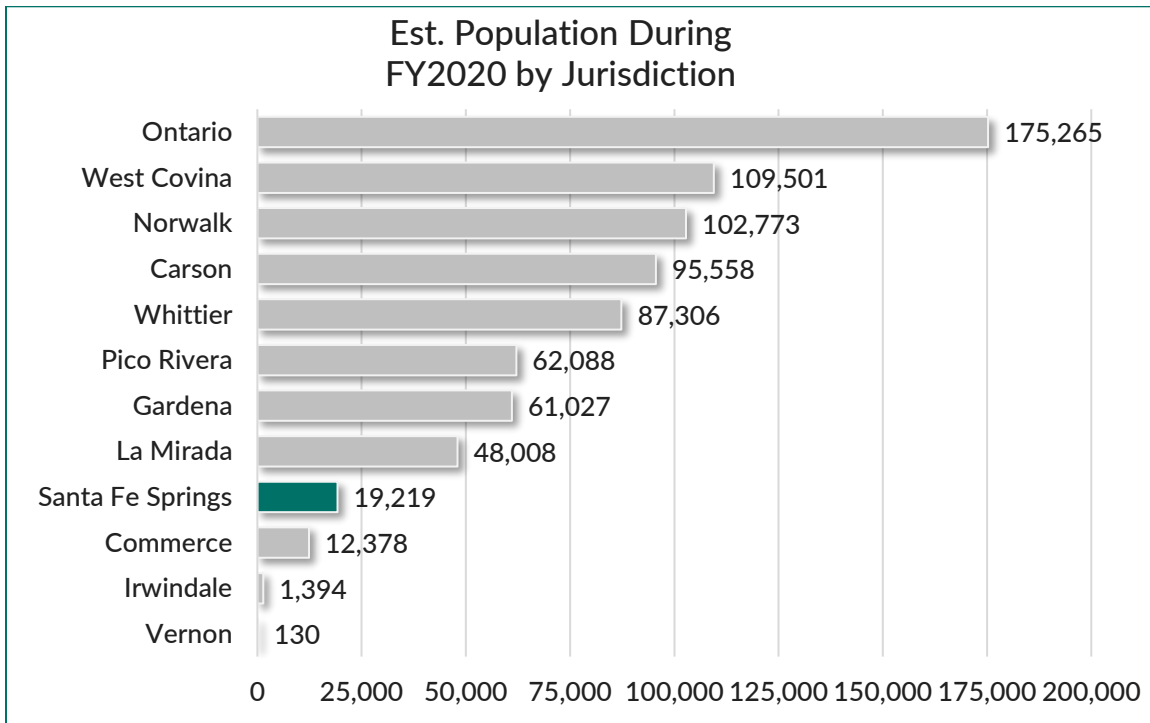
The following sections review a number of neighboring jurisdictions identified by the City and some identified by HdL. The cities chosen for the analysis are based on region, community demography, and tax structure compared to Santa Fe Springs's current tax structure. Below is a summary table of the comparisons, which highlight population, the estimated number of licensed businesses, and estimated annual revenue.

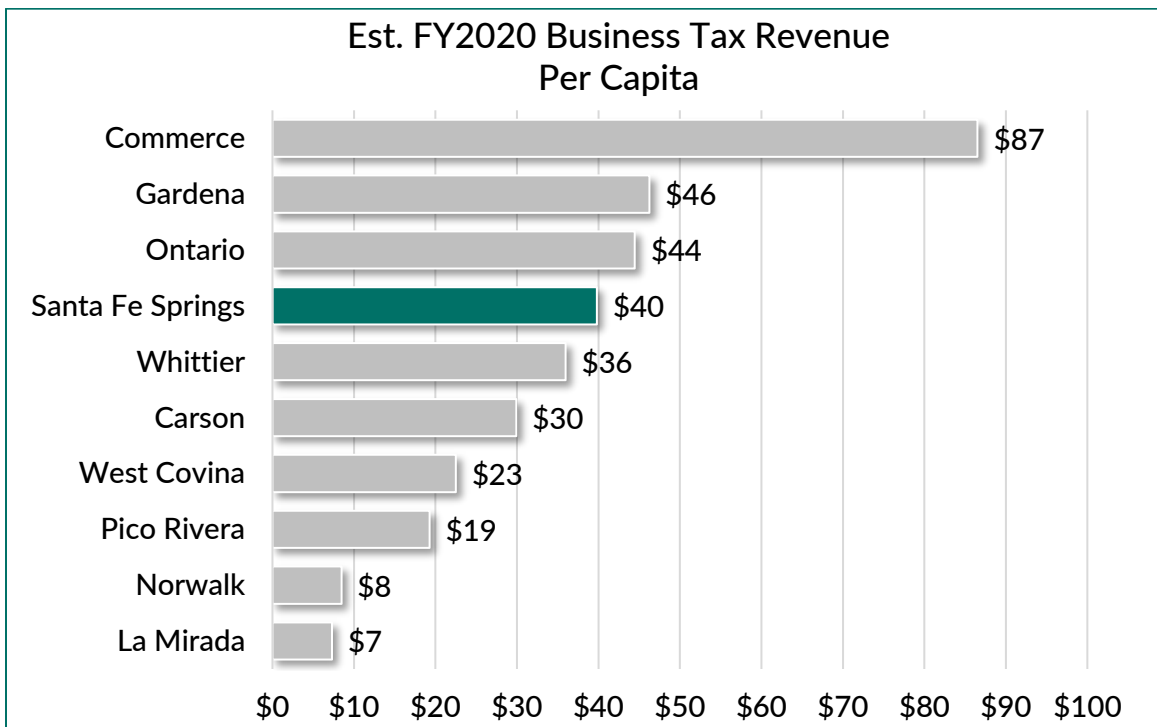
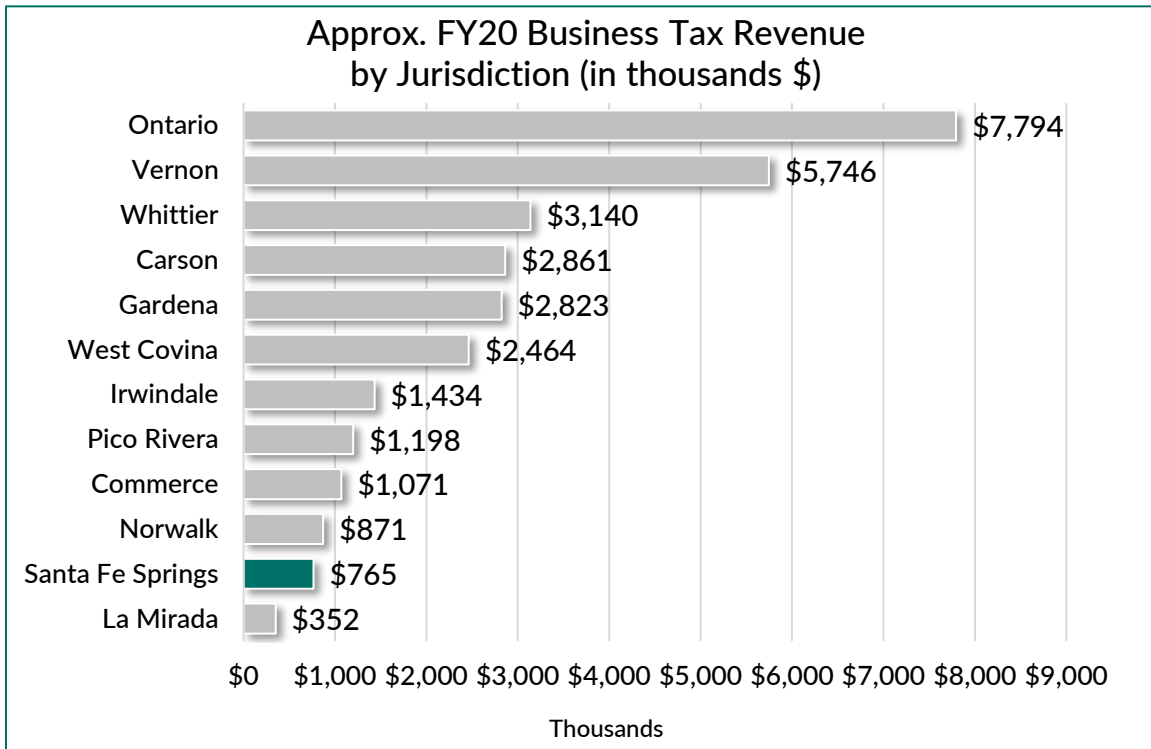
Comparison Cities Summary Table

City Name	Est. Population	Avg. Licensed Businesses	Tax Type	Est. Revenue
Irwindale	1,394	1,100	Gross Receipts and Fixed Rate	\$1,434,000
Vernon	130	1,800	Employee and Sqft	\$5,745,716
La Mirada	48,008	2,350	Gross Receipts (w/cap)	\$351,632
Pico Rivera	62,088	2,500	Gross Receipts	\$1,198,280
Commerce	12,378	2,650	Employee and Sqft	\$1,071,063
Norwalk	102,773	3,050	Multiple Rates	\$871,000
Santa Fe Springs	19,219	3,429	Employee and Fixed Rate	\$765,130
Gardena	61,027	5,400	Gross Receipts	\$2,823,100
West Covina	109,501	6,200	Multiple Rates	\$2,464,076
Carson	95,558	6,700	Employee and Fixed Rate	\$2,861,020
Whittier	87,306	6,800	Gross Receipts and Fixed Rate	\$3,140,000
Ontario	175,265	12,750	Gross Receipts	\$7,793,962

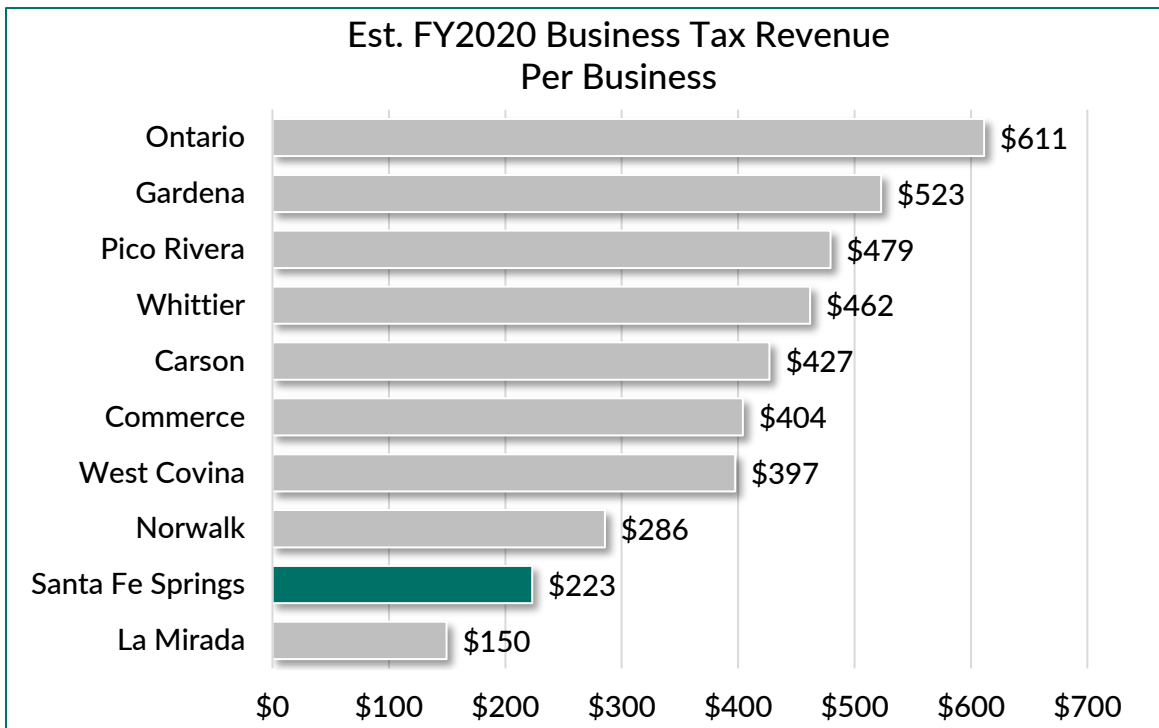
Neighboring Jurisdictions – Analysis

While Santa Fe Springs is one of the smaller cities in the group, the analysis indicates that Santa Fe Springs still has room to strengthen its revenue base. If one compares Santa Fe Springs to Pico Rivera, the neighboring city generates more than two times the business tax per business. Comparatively, Pico Rivera has a simpler tax structure with a lower minimum tax and fewer businesses. More details can be found in the Appendices starting on page 49.





*Irwindale and Vernon were left off the chart prevent data skewing. Irwindale's revenue per Capita is \$1,029 and Vernon is \$44,198.



*Irwindale and Vernon were left off the chart prevent data skewing. Irwindale's revenue per Capita is \$1,304 and Vernon is \$3,192.

Comparison Detail

The Comparison Details for the neighboring jurisdiction can all be found as a part of the Appendices. The list below provides the name of each jurisdiction and the corresponding page numbers.

Jurisdiction Detail	Starting On:
Carson	Page 31
Commerce	Page 34
Gardena	Page 36
Irwindale	Page 38
La Mirada	Page 42
Norwalk	Page 44
Ontario	Page 47
Pico Rivera	Page 49
Vernon	Page 50
West Covina	Page 53
Whittier	Page 55

Rate Comparison - City of Santa Fe Springs vs. Neighbors

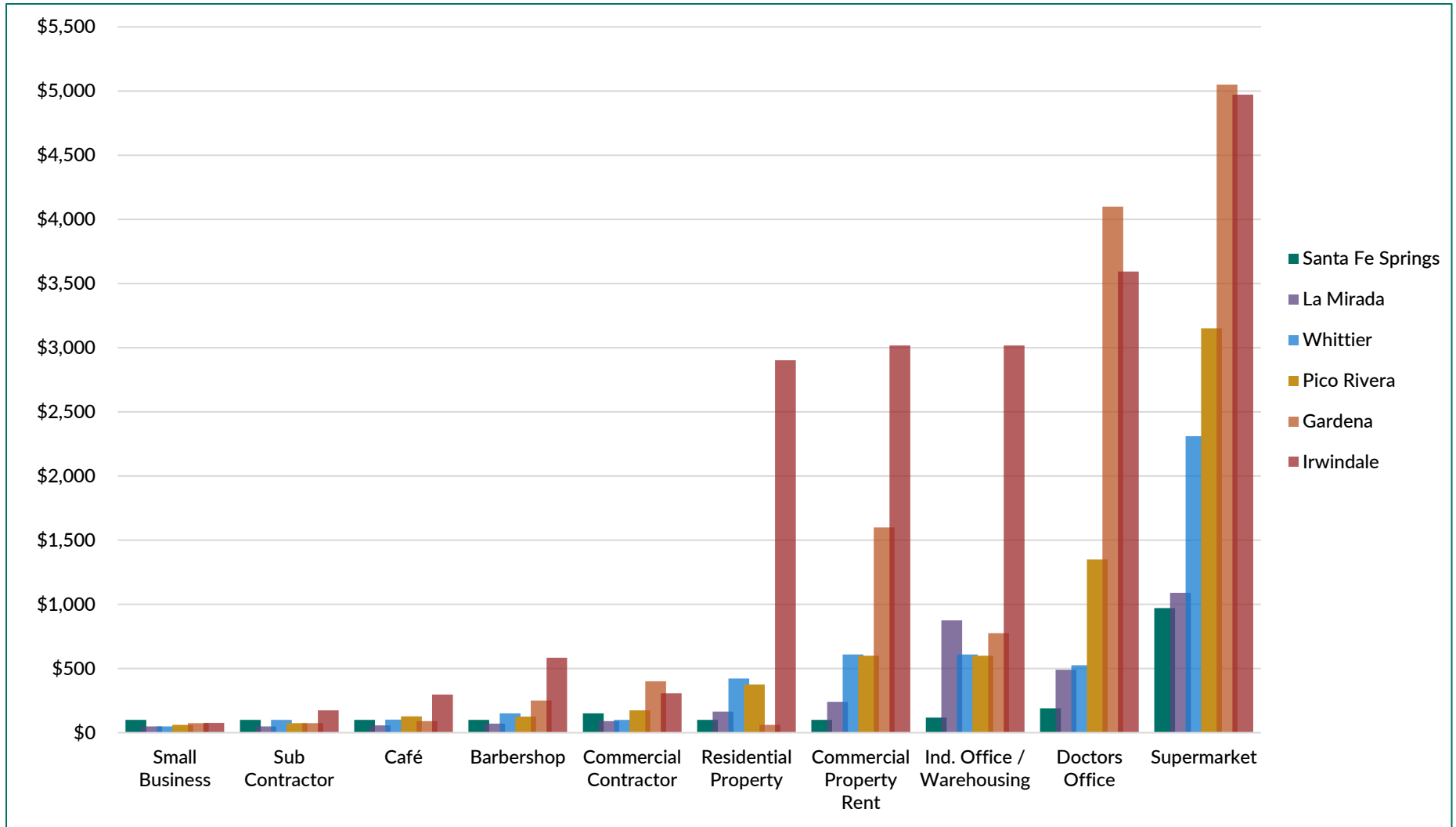
Current Rate Comparison Table 1

Sample Business	Santa Fe Springs Current Rates	Carson	Commerce	Gardena	Irwindale	La Mirada
Small Craft Business: 1 employee / \$20,000	\$100	\$146	\$106	\$75	\$76	\$50
Contractor: 1 employee / \$50,000	\$100	\$182	\$400	\$75	\$175	\$50
Café / Limited-Service Restaurant: 2 Employees / 1,200 Sqft / \$80,000	\$100	\$182	\$108	\$90	\$297	\$56
Barbershop: 3 Employees / 900 Sqft / \$150,000	\$100	\$182	\$108	\$250	\$584	\$70
Contractor Firm: 5 Employees / \$250,000	\$150	\$1,091	\$400	\$400	\$306	\$90
Apartments / Property Rental: 5 Emp / 35 Units / 12,000 Sqft / \$750,000	\$100	\$511	\$163	\$60	\$2,903	\$165
Commercial Property Rental 1 Employee / 2 units / 160,000 Sqft / \$1,500,000	\$100	\$182	\$1,609	\$1,600	\$3,018	\$240
Industrial Business / Warehousing 8 Employees / 80,000 Sqft / \$1,500,000	\$118	\$255	\$869	\$775	\$3,018	\$875
Doctors Office: 20 Employees / 10,000 Sqft / \$2,000,000	\$190	\$728	\$274	\$2,100	\$3,133	\$290
Supermarket / Large Retailer: 150 Employees / 100,000 Sqft / \$10,000,000	\$970	\$5,460	\$2,302	\$5,050	\$4,973	\$1,090

Current Rate Comparison Table 2

Sample Business	Santa Fe Springs Current Rates	Norwalk	Ontario	Pico Rivera	Vernon	West Covina	Whittier
Small Craft Business: 1 employee / \$20,000	\$100	\$23	\$54	\$60	\$750	\$88	\$50
Contractor: 1 employee / \$50,000	\$100	\$75	\$70	\$75	\$750	\$106	\$100
Café / Limited-Service Restaurant: 2 Employees / 1,200 Sqft / \$80,000	\$100	\$51	\$66	\$128	\$1,150	\$106	\$101
Barbershop: 3 Employees / 900 Sqft / \$150,000	\$100	\$77	\$110	\$125	\$1,150	\$124	\$150
Contractor Firm: 5 Employees / \$250,000	\$150	\$75	\$150	\$175	\$1,150	\$106	\$100
Apartments / Property Rental: 5 Emp / 35 Units / 12,000 Sqft / \$750,000	\$100	\$89	\$350	\$375	\$1,150	\$142	\$423
Commercial Property Rental 1 Employee / 2 units / 160,000 Sqft / \$1,500,000	\$100	\$39	\$650	\$600	\$1,150	\$15,027	\$610
Industrial Business / Warehousing 8 Employees / 80,000 Sqft / \$1,500,000	\$118	\$98	\$1,650	\$600	\$16,950	\$213	\$610
Doctors Office: 20 Employees / 10,000 Sqft / \$2,000,000	\$190	\$134	\$2,250	\$750	\$1,550	\$429	\$525
Supermarket / Large Retailer: 150 Employees / 100,000 Sqft / \$10,000,000	\$970	\$1,409	\$2,050	\$3,150	\$4,250	\$2,761	\$2,310

Current Rate Comparison Chart *(Select Jurisdictions)*



SECTION 2 – Category & Tax Analysis

The City requested that HdL conduct an analysis of the current tax structures as they relate to business licenses and explore options for modifying the rates and categories. In Section One, HdL prepared summaries of each classification and, to the extent data was available, provided a breakout of the number of businesses and their contribution to the local funding for essential City services. We also provided comparisons to neighboring jurisdictions to give an idea of how the various tax structures and markets in nearby municipalities are creating different revenue outcomes.

In this section, HdL has provided options for modifying the City's rate scales and the classifications. Using the data compiled in Section One of this report on current license revenues, HdL developed models to estimate potential fiscal impacts to the City and how those changes may affect the business community.

HdL has provided a summary chart on page [Error! Bookmark not defined.](#) that provides a quick look at each proposed model's impact on the City and the business community.

License Classification and Rate Types

The City currently has an employee-based rate on the majority of business being conducted in the City; however, some rates are fixed amount or based on a number of units. This structure can complicate reporting and tax processing, and it makes grouping businesses difficult, as there are 34 business types listed in the City's data. For the purpose of analyzing and comparing the options in this section, HdL has compiled the various business descriptions into primary grouping categories. The two primary groupings for analysis are indicated below:

Category 1 – Grouping by General Type of Business

Category 1 groups the businesses by a similar type of activity. By consolidating the business types, HdL makes the analyses more tractable. Definition of the categories used in this report can be found in the Appendices "Business Categories – General Definitions."

Grouping	Total Count	Total Taxes	Maximum
Contractor	966	\$126,029	\$150
General Business	1,475	\$298,949	\$3,037
Professional	175	\$24,789	\$1,207
Residential Property	16	\$9,386	\$1,098
Service	797	\$305,977	\$1,620
TOTALS	3,429	\$765,130	

Category 2– Grouping by Tax Amount

As an alternative to grouping by business type, HdL grouped the businesses by the taxes charged for each business. The grouping amount below indicates the payment range made to the City, the number of businesses contributing per payment range, and total revenue per range.

Payment Range	Number of Businesses	Business Tax Revenues
\$0 to \$100	1,709	\$150,417
\$100 to \$200	1,003	\$139,869
\$200 to 400	515	\$138,661
\$400 to \$750	114	\$60,433
\$750 to \$1,000	18	\$15,611
More Than \$1,000	71	\$260,139
TOTALS	3,429	\$765,130

Model 1: Existing Categories with Simple Increases

The City may elect to retain the existing structure while modifying the tax amounts for each category. Keeping the current structure in place would eliminate the need to create different categories and allow for a much simpler implementation for the City and the business community.

The City could choose to adjust each category separately, increase the rates on a select group, or apply a standard rate increase across the board. The table below shows an example of an across-the-board increase:

Rate Classes Unchanged (with % Rate Increase)

Tax Amount Paid	Number of Accts	Current Taxes	20% Increase	40% Increase	60% Increase
\$0 - \$100	1,709	\$150,417	\$180,500	\$210,583	\$240,666
\$100 - \$200	1,003	\$139,869	\$167,843	\$195,816	\$223,790
\$200 - \$400	515	\$138,661	\$166,393	\$194,125	\$221,858
\$400 - \$7500	113	\$60,433	\$72,520	\$84,607	\$96,693
\$750 - \$1,000	18	\$15,611	\$18,734	\$21,856	\$24,978
Over \$5,000	71	\$260,139	\$312,167	\$364,195	\$416,223
TOTALS		\$765,130	\$918,156	\$1,071,182	\$1,224,209

Model 1 – Highlights and Impact Review

As indicated in the model above, a simple increase could keep the existing structures in place while yielding higher revenues to the City. The City could apply rate increases across the board (as shown in the table) or only apply the increases to specific categories. For example, increasing the rates on professionals and residential property rental by 60% while increasing other rates by 20%.

Model One provides the City with the simplest method of increasing revenues, which is also the most accurate to forecast. Should the City wish to see specific calculations or examples of specific category rate increases, HdL will provide the calculations and attach them as an addendum to this report.

Gross Receipts Tax – Replace All Categories with Gross Receipts Tax

We now turn to considering two models that are variations on the theme of a gross-receipts-based tax.

Over 60% of California cities use some form of gross-receipts tax structure. Many of those cities use a standard rate multiplier to determine the tax amount owed, setting the rate for each business category. For example, many cities elect to charge \$1 per thousand dollars of gross receipts ($0.001 \times \text{Gross}$) for a retail business, while charging a rate of \$0.50 per thousand dollars of gross receipts ($0.0005 \times \text{Gross}$) for service or professional businesses.

The benefits of gross receipts-based taxes are the equity of their effective tax rate, ease of calculation, and potential for capturing revenue from growth in the economy. The drawback that it exposes city revenues to the fluctuations of gross receipts in the economy.

Gross Receipts Tax – Estimates

Since we did not have complete information on gross receipts for the City's current businesses, we used estimates gleaned from other data sources. It is important to note that HdL has used multiple assumptions as outlined in the options below which are meant to provide a baseline of the possible impact and should not be relied upon for precise budgeting.

The following information was used as a basis for the tax tables and models in the options below.

Category	Subcategory	Est. Businesses / Units	Avg. Rent / Unit / Year	Total Gross Receipts
Property Rental / Leasing	Residential Rental Property	16 / 817	\$28,164 / Unit / Year	\$23,009,988

Category	Subcategory	Estimate # of Accounts	Total Gross Receipts
Contractor	General and Sub-Contractors Estimates	966	\$144,900,000
General	General / Mfg. / Wholesale Estimates	1,475	\$922,944,000
Professionals	Professional Estimates	175	\$91,875,000
Service	Personal Services / Misc. Service Estimates	797	\$310,830,000

	Number of Records	Business Tax Total Taxable Gross
Combined Gross Estimates	3,429	\$1,493,558,988

Model 2: Gross Receipts Tax – Single Gross Receipts Rate

Model Two reflects the potential revenues for converting the City tax to a single-rate-type gross-receipts model. This would eliminate the current structure of flat taxes, employees, and unit variables. Instead, each business would pay based on the estimated gross receipts from business conducted within the City. A base rate of \$25 for the first \$25,000 in gross receipts is due in addition to gross receipts and further simplifies the tax structure for small businesses.

Potential Tax Structure

Tax Basis	Tax Rate
Base Rate	\$25 Flat Rate (first \$25,000 Gross Receipts)
Gross Receipts Tax	+ \$1 per thousand dollars of Gross Receipts (0.001 x Gross Receipts)

Model 2 Estimates Table

The table below indicates the potential revenues from implementing a gross receipts tax with two options, \$1 per thousand and \$1.25 per thousand. Information for the estimates comes from the data in the section above.

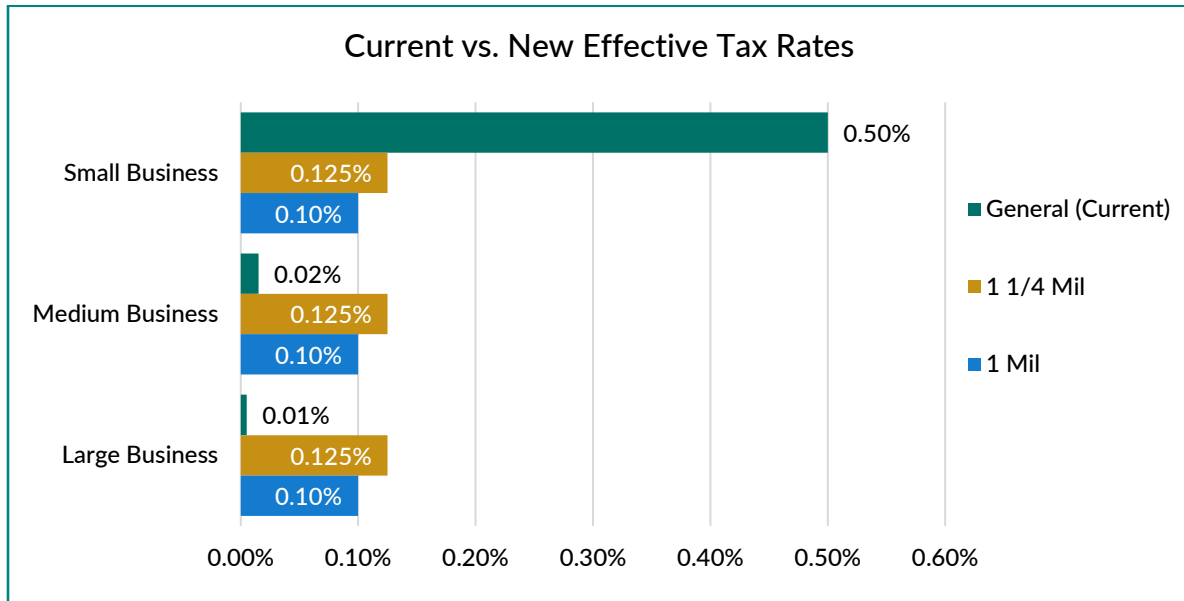
Number of Accts	Est. Taxable Gross Receipts	Base Rate @ \$25 per Account	Tax Amount \$1 / thousand -Over \$25,000-	Tax Amount \$1.25 / thousand -Over \$20,000-
3,429	\$1,493,558,988	\$85,750	\$1,407,834	\$1,781,224
		TOTAL	\$1,493,559	\$1,866,949

Model 2 – Highlights and Impact Review

The "single rate" method of taxing on gross receipts provides an even distribution of the effective tax rate because all businesses subject to the tax will pay the same rate. Under this method, no cap is put in place, and therefore a majority of the revenues are received from the highest-grossing businesses.

Model Two shows the most potential for expanded revenue while keeping the tax structure simple and easy to understand for businesses. Using the 1 Mil (.00125 rate) as our baseline, we see that revenue more than doubles. Even using the more modest rate of 1 Mil (.001) produces more than a 95% increase in revenue. The large increase is primarily due to moving to gross receipts while updating the existing businesses that are already assessed gross receipts. Additionally, some Cities require gross expenses for administrative offices and industrial businesses that do not directly generate gross receipts.

While the 1 Mil is a standard tax rate in CA, the City could choose any multiplier to create a rate that matches the City's goals.



Model 3: Gross Receipts Tax – Classification Based Rates

Model Three, as indicated below, would create varying rate multipliers for gross receipts depending on business classifications. The City may, for example, choose to implement a rate for the retail/wholesale/misc. business activities at a base rate of .001, recognizing higher costs of goods sold and lower profit margins for these types of business as well as their contribution to other City revenues such as sales tax. Conversely, the City could consider implementing a higher rate for professionals and property rental. This model affords the most flexibility for increasing revenues while accommodating certain business categories. Model Three utilizes the same base rate as the previous model.

Tax Structure

Categories	Base Rate	Gross Receipts Tax Rate
Contractors	\$25 Flat Rate per Business (first \$25,000 in Gross)	0.002 X Gross
General Businesses		0.001 X Gross
Professionals		0.003 X Gross
Property Rentals		0.003 X Gross
Service		0.002 X Gross

Estimates Table

The table below indicates potential revenues from the classification and rates suggested in the table above.

Category	Number of Accts	Taxable Gross Receipts	Base Rate \$25 per Business	Total Gross Receipts Tax
Contractors	966	\$144,900,000	\$24,150	\$289,800
General Businesses	1,475	\$922,944,000	\$36,875	\$922,944
Professionals	175	\$91,875,000	\$4,375	\$275,625
Property Rentals	16	\$23,009,988	\$400	\$69,030
Services	797	\$310,830,000	\$19,925	\$621,660
	3,429	\$1,493,558,988	\$85,725	\$2,179,059

Model 3 – Highlights and Impact Review

This option has the benefit of spreading the burden of an increase across multiple business types. The City has the option of modifying the rates and reassigning business types to different categories to account for concerns about impacts on different parts of the economy. The model above includes basic rate increases for standard categories but can be further expanded or contracted to accommodate a different method of the City's choosing.

Model 4: Gross Receipts Tax – Industry Specific Rates

Model Four adds an additional layer of flexibility by allowing the City to specifically assess a higher or lower rate for a given industry. The goal may be to recuperate City maintenance costs due to sizable business volume conducted in the City. Most notably - industries that utilize transportation with high tonnage disproportionately impact the quality of the City's roadways.

In the model we isolated business activity based on the volume of traffic generated as a result of their business model. The "Industrial Business Activities" category combines *Warehouse/Distribution, Manufacturing, Wholesale, and Mining* at a rate of \$5 per thousand, while the remaining table stays the same as Model Three.

Tax Structure

Category	Base Rate	Est. Taxable Gross Receipts	Gross Receipts Tax Rate
Industrial Business Activities (Warehouse/Distribution, Manufacturing, Wholesale, Mining)	\$25 Flat Rate per Business (first \$25,000 in Gross)	\$707,809,680	0.005 X Gross
Contractors	\$25 Flat Rate per Business (first \$25,000 in Gross)	\$144,900,000	0.002 X Gross
General Businesses	\$25 Flat Rate per Business (first \$25,000 in Gross)	\$258,424,320	0.001 X Gross
Professionals	\$25 Flat Rate per Business (first \$25,000 in Gross)	\$91,875,000	0.003 X Gross
Property Rentals	\$25 Flat Rate per Business (first \$25,000 in Gross)	\$23,009,988	0.003 X Gross
Service	\$25 Flat Rate per Business (first \$25,000 in Gross)	\$267,540,000	0.002 X Gross

Estimates Table

The table below indicates potential revenues from the classification and rates suggested in the table above.

Categories	Number of Accts	Est. Taxable Gross Receipts	Base Rate \$25 per Business	Total Gross Receipts Tax
Contractors	966	\$144,900,000	\$24,150	\$265,650
General Businesses	413	\$258,424,320	\$10,325	\$248,099
Professionals	175	\$91,875,000	\$4,375	\$271,250
Property Rentals	16	\$23,009,988	\$400	\$68,630
Services	686	\$267,540,000	\$17,150	\$517,930
Industrial Business Activities	1,173	\$707,809,680	\$29,325	\$3,509,723
	3,429	\$1,493,558,988	TOTAL	\$4,967,008

Model 4 – Highlights and Impact Review

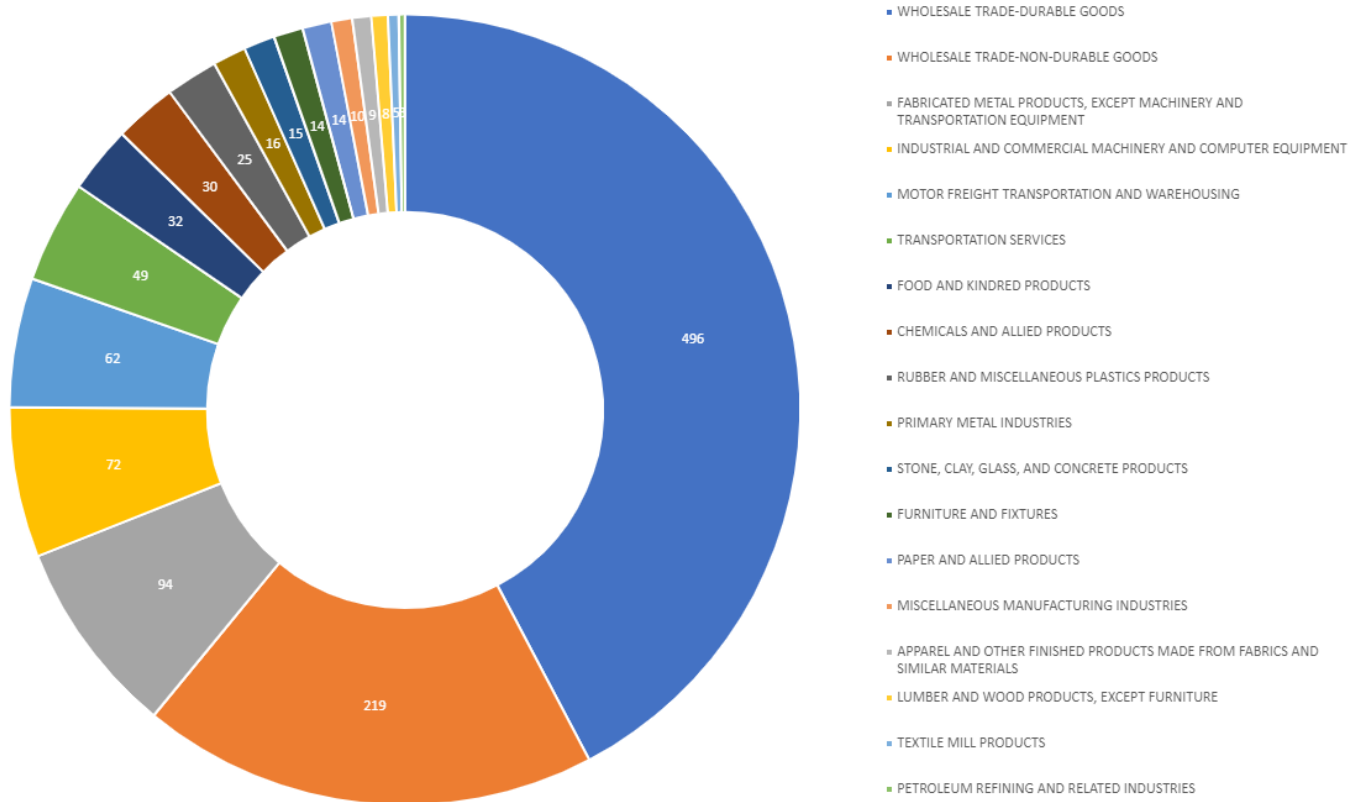
Similar to the previous model, the City could use a much higher rate for specific businesses activities that have a high contribution to City expenses. The City could also choose to lower the rate for those business types that contribute to City revenue through other taxes.

The proposed industrial business activities category draws its member businesses from general and service businesses. The breakdown of the types of business that would move from general or service categories to the proposed industrial category is as follows:

Category	Number of Accts
Agriculture, Forestry, And Fishing,	1
Manufacturing	347
Transportation, Communications, Electric, Gas, And Sanitary Services	111
Wholesale Trade	714
	1,173

You can see more detail about which types of businesses comprise the Industrial Business category in the below chart.

Industrial Business by SIC



Model 5: Property Rental Compliance

Property Background

In the past ten years, the City has increased its housing units by 7.8%. Residential rental properties make up 34.7% of the City's residential real estate market. Under the current ordinance, commercial and residential property of 1 or more units are taxable; however, the property tax file indicates the City has not pursued rental properties owner outside the scope of hotels, motels, apartments, and mobile courts. Given the make-up of the City, this leaves many potential businesses/landlords without being taxed. If the City chose to only create classifications for commercial and residential, it would provide further clarity and compliance of property owners.

Property Analysis

It is estimated that the City currently has over 3,400 units that may not be in compliance. This number will be used in the model ahead to demonstrate the significant impact property rental can have on the City's revenue.

Rental Unit Estimates

Category	Est. Nbr of Accounts	Total Rental Units	Avg Rent / Unit / Year	Est. Total Gross Receipts
Untaxed Residential Parcels	2,400	2,952 Units	\$28,164	\$83,140,125
Untaxed Commercial Parcels	1,040	57,088,000 Sqft	\$14.30/Sqft/Year*	\$133,644,875

Estimating the number of rentals and rents being charged, the City could expect to receive as much as \$216,785 in new revenues under the smaller rate plan in Model Two and as much as \$650,355 under the Model Three rate plan. This is in addition to the existing revenues from property rental identified in each model. These revenues would be in addition to the revenues from the 16 properties that are currently registered.

Rental Unit Estimates under Gross Receipts Model

Number of Accts	Taxable Gross Receipts	Tax Amount \$1 / thousand <i>Model 2</i>	Tax Amount \$3 / thousand <i>Model 3</i>	Tax Amount \$3 / thousand <i>Model 4</i>
3,440	\$216,785,000	\$216,785	\$650,355	\$650,355
<i>Model Totals</i>		\$1,493,559	\$2,179,059	\$4,967,008
		\$1,710,344	\$2,829,414	\$5,617,363

Model 6: Combination Approach

For model six we have combined the gross-receipts approach with the expanded approach to property rentals in Model 5 and then structured the tax on warehousing and industrial services around square footage. As you can see below, estimated gains could be in the range that the City needs to address its capital improvements. These gains, however, assume a few things. First, they assume that the square footage is reasonably accurate. We have drawn from property tax data but these figures remain estimates. Second, these gains assume that aggressive taxation of both commercial property rental and industrial activities do not cause a significant number of businesses to relocate. We discuss this risk in more detail below and recommend a concerted effort in the region to mitigate this risk.

Categories	Gr/Sqft	Est. Number of Businesses	GR \$ PER k	Base Rate (\$25)	Tax
Contractors	\$144,900,000	966	\$3.00	\$24,150	\$434,700
General Businesses	\$258,424,320	413	\$1.50	\$10,325	\$387,636
Professionals	\$91,875,000	175	\$3.00	\$4,375	\$275,625
Res. Property Rentals	\$106,150,113	2416	\$1.25	\$60,400	\$132,688
Com. Property Rentals	\$133,644,875	1040	\$10.00	\$26,000	\$1,336,449
Services	\$267,540,000	686	\$1.50	\$17,150	\$401,310
Industrial Business Activities	65,414,013	1173	NA	\$29,325	\$9,932,493
Total		6869		\$171,725	\$13,072,626

The table below gives the details of the estimated revenue for the Industrial Business Activities line in the above model.

Sqft Range	Est. Sq ft in City	Rate	Max Tax Per Business in Range	Totals
20,000	7,918,102	0.075	\$1,500	\$593,857.65
40,000	6,864,237	0.100	\$4,000	\$686,423.70
70,000	6,902,711	0.125	\$8,750	\$862,838.88
100,000	5,328,090	0.150	\$15,000	\$799,213.50
240,000	17,118,579	0.175	\$42,000	\$2,995,751.33
500,000	11,509,702	0.200	\$100,000	\$2,301,940.40
Over 500K	7,391,744	0.225		\$1,663,142.40
Est. Total				\$ 9,903,167.85

Current and Proposed Rate Comparison

Sample Business	Santa Fe Springs (Current Rates)	Model 6	Ontario	Vernon	West Covina	Carson	Commerce	Fremont	Alameda	Redwood City	Los Angeles	El Segundo
Small Craft Business: 1 employee / \$20,000	\$100	\$25	\$54	\$750	\$88	\$146	\$106	\$5	\$8	\$96	\$20	\$88
Contractor: 1 employee / \$50,000	\$100	\$150	\$70	\$750	\$106	\$182	\$400	\$100	\$20	\$96	\$153	\$150
Café / Limited- Service Restaurant: 2 Employees / 1,200 Sqft/ \$80,000	\$100	\$120	\$66	\$1,150	\$106	\$182	\$108	\$20	\$32	\$134	\$102	\$88
Barbershop: 3 Employees / 900 Sqft / \$150,000	\$100	\$225	\$110	\$1,150	\$124	\$182	\$108	\$195	\$60	\$172	\$675	\$103
Contractor Firm: 5 Employees / \$250,000	\$150	\$750	\$150	\$1,150	\$106	\$1,091	\$400	\$120	\$100	\$248	\$192	\$150
Apartments / Property Rental: 5 Emp / 35 Units / 12,000 Sqft / \$750,000	\$100	\$938	\$350	\$1,150	\$142	\$511	\$163	\$975	\$240	\$310	\$953	\$350
Industrial Business / Warehousing : 8 Employees / 80,000 Sqft / \$1,500,000	\$118	\$12,000	\$1,650	\$16,950	\$213	\$255	\$869	\$450	\$600	\$362	\$3,825	\$114
Commercial Property Rental: 1 Employee / 2 units / 160,000 Sqft / \$1,500,000	\$100	\$15,000	\$650	\$1,150	\$15,027	\$182	\$1,609	\$1,950	\$3,200	\$3,418	\$1,905	\$121
Doctors Office: 20 Employees / 10,000 Sqft / \$2,000,000	\$190	\$6,000	\$2,250	\$1,550	\$429	\$728	\$274	\$2,600	\$800	\$818	\$9,000	\$111
Supermarket / Large Retailer: 150 Employees / 100,000 Sqft / \$10,000,000	\$970	\$15,000	\$2,050	\$4,250	\$2,761	\$5,460	\$2,302	\$2,500	\$4,000	\$5,758	\$12,700	\$130

CONTINUED Rate Comparison

(Orange is highest for the example, while yellow is second highest.)

Sample Business	Santa Fe Springs (Current Rates)	Model 6	San Leandro	Fillmore	Sausalito	Los Gatos	Tracy	San Anselmo	Sanger	Pico Rivera	Hemet	Hayward
Small Craft Business: 1 employee / \$20,000	\$100	\$25	\$238	\$95	\$145	\$75	\$35	\$45	\$26	\$60	\$10	\$20
Contractor: 1 employee / \$50,000	\$100	\$150	\$238	\$95	\$225	\$224	\$120	\$60	\$65	\$75	\$18	\$54
Café / Limited-Service Restaurant: 2 Employees / 1,200 Sqft / \$80,000	\$100	\$120	\$238	\$125	\$205	\$112	\$75	\$100	\$104	\$90	\$40	\$54
Barbershop: 3 Employees / 900 Sqft / \$150,000	\$100	\$225	\$417	\$125	\$575	\$100	\$75	\$150	\$195	\$125	\$90	\$48
Contractor Firm: 5 Employees / \$250,000	\$150	\$750	\$745	\$165	\$625	\$224	\$120	\$150	\$325	\$175	\$88	\$80
Apartments / Property Rental: 5 Emp / 35 Units / 12,000 Sqft / \$750,000	\$100	\$938	\$619	\$190	\$1,625	\$275	\$80	\$50	\$350	\$425	\$51	\$34
Industrial Business / Warehousing : 8 Employees / 80,000 Sqft / \$1,500,000	\$118	\$12,000	\$9,449	\$190	\$1,625	\$1,012	\$75	\$800	\$750	\$800	\$525	\$34
Commercial Property Rental: 1 Employee / 2 units / 160,000 Sqft / \$1,500,000	\$100	\$15,000	\$176	\$190	\$3,125	\$215	\$60	\$50	\$350	\$800	\$40	\$34
Doctors Office: 20 Employees / 10,000 Sqft / \$2,000,000	\$190	\$6,000	\$2,389	\$95	\$6,125	\$500	\$75	\$800	\$350	\$1,050	\$1,710	\$2,627
Supermarket / Large Retailer: 150 Employees / 100,000 Sqft / \$10,000,000	\$970	\$15,000	\$6,854	\$190	\$10,125	\$788	\$75	\$3,000	\$2,600	\$5,050	\$2,125	\$2,753

Risks of High Rates

The aggressive model the City has requested to address critical infrastructure funding shortfalls will result in the City being the most expensive place to conduct business—at least as far as business tax rates—in the State of California. The City requested that we address the risk that implementing this model may cause.

In most cases, the business tax is not sufficiently large to merit a price increase to the customer and thus may not be part of the marginal analysis of businesses in the City. For example, if you go to a City with a high business tax rate and one without a business tax rate and go to a large retailer, you will not typically see any difference in the price of goods sold.

In this case, however, the aggressive tax on commercial property and industrial businesses may change that result. The current Southern California market for industrial space and warehousing has more demand than supply, presumably mitigating the impact of higher rates. But at these high rates, there is a non-trivial risk of businesses locating elsewhere or converting their square footage to some other use.

Additionally, property is not mobile, but services may be. For that reason, we have recommended a fairly low gross receipts rate on services while recommending that the industrial and commercial rental sectors of the economy shoulder more of the burden. If the costs of services and goods stay reasonable, the location is desirable, and there is not a wealth of other options, the City should be able to ask the industrial base to shoulder more of the responsibility for repairing the damage that their businesses have done to infrastructure and ensuring a future for the entire community.

One way to mitigate the risk of businesses leaving would be to coordinate a regional effort to ensure that industrial businesses in the region bear their fair share of infrastructure costs. A regional approach could increase the parity between co-located cities, which could decrease the risk of businesses relocating.

Additional Risks

The risk of businesses moving is uncertain but larger than normal because of the aggressive rates. There are, however, other impacts that are more certain and need to be taken into account as well. First, given how high the rates are there will be an incentive for businesses to game the system and underreport. This will lead to higher enforcement costs, especially in the years immediately following implementation. Because of this increase in enforcement costs, you are not likely to see as large of an uptick in revenue in the first year or two of the program. The City might be able to mitigate against some the potential for gaming the tax by making the tax on the industrial services the greater of the square foot rate or \$10 per thousand dollars of gross-receipts. This may help avoid some of the gamesmanship inherent in the reporting of square footage.

Second, having the highest business tax rates in the State will make the City an attractive target for plaintiffs attorneys who may want to challenge the increases and the classifications. The City would do well to reserve for the potential litigation costs.

Finally, given the significant jump in costs to businesses, many of whom may be in long-term leases, we recommend a sunrise provision be implemented that phases in the increases in stages to allow businesses time to plan and adjust their cost structures.

Additionally, it might be good to gather data with an audit of all facilities that would be in the industrial classification in the future, since it will give the city a baseline for when the new rates do apply.

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Comparison to Carson's IDIF

The City also asked that we review the City of Carson's IDIF fee as an alternative to the gross-receipts-based models. While the model is intriguing, the fiscal impact—limited as it is to new development—seems to be too small to meet the City's near-term goals.

Recognizing the contribution of places of sale.

The City asked that we suggest some way to recognize the contribution that large sales tax producers already make to the local economy. One suggestion would be that for any industrial services company that is a retailer reporting sales tax on gross receipts at the location in Santa Fe Springs, there would be a classification for retailers with a place of sales in Santa

Fe Springs at \$1.50 per thousand. This will impact the City's fiscal goals since it will reduce the revenue from those sales tax producers who would otherwise be taxed at the rate applicable to the industrial-activity category.

This could be subject to challenge on legal grounds and any such suggestion should be evaluated by legal counsel.

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Appendices

Business Categories – General Definitions

Contractor – a person, firm or corporation conducting, managing, or carrying on the business of contractor, subcontractor, or builder; or engaging in the construction or repair of any buildings; or engaged in any engineering, construction, and regularly employing help for building construction, sewer construction, plumbing construction or general construction.

General Business – Any establishment or business that conducts retail (the sale of goods to ultimate consumers, usually in small quantities) or a restaurant (an establishment where meals, prepared food, and/or beverages are served to customers). This category also includes businesses that do not fit the definition of any other category.

Manufacturing - Any person conducting or carrying on a business consisting of manufacturing, packing, bottling, assembling, canning, compounding, forging, or processing any goods, wares, merchandise, or commodities at a fixed place of business within the City or conducting or carrying on a business of cold storage or refrigeration.

Professional – any professional services, as that term is commonly used and understood, wherein individuals are engaged in the business of offering to the public professional or semiprofessional services generally requiring governmental certification or a professional degree. Examples may include, but not limited to lawyers, physicians, psychologists, marriage counselors, accountants, licensed financial planners, licensed investment counselors, real estate agents, real estate brokers, or architects.


Property Rental – Residential Property Rental Business is a person, firm or corporation engaged in the business of conducting or operating a hotel or apartment house or leasing or renting of any residential property, dwelling unit, or room for dwelling, sleeping, or lodging. Additionally, Commercial Property Rental Business is a person, firm or corporation engaged in the business of leasing or renting any commercial property.

Services – any services, as that term is commonly used and understood, wherein individuals are engaged in the business of offering services rendered by a person engaged in the practice or profession not required government certification or professional degree. Examples may include but are not limited to hairstylist, beautician or cosmetologist, aesthetician, arts instructor, public transportation, or handyman.

Industrial Business Activities Any person or firm engaged in providing and/or operating warehousing facilities primarily used for the storage and/or consolidating of items such as raw materials, private goods, and the intermediary storage of bulk goods intended for further distribution. This classification includes moving and furniture storage companies. This classification also includes truck terminals, whose purpose is to provide for the consolidation, division and/or distribution of bulk goods through the use of large trucks and trailers, including cross-dock trucking uses. Any person selling any goods, wares, or merchandise at wholesale for the purpose of resale, or manufacturing, packing, or processing any goods, wares, merchandise, or commodities at a fixed place of business within the City. This classification includes but is not limited to the following types of businesses:

WHOLESALE TRADE-DURABLE GOODS
WHOLESALE TRADE-NON-DURABLE GOODS
FABRICATED METAL PRODUCTS, EXCEPT MACHINERY AND TRANSPORTATION EQUIPMENT
INDUSTRIAL AND COMMERCIAL MACHINERY AND COMPUTER EQUIPMENT
MOTOR FREIGHT TRANSPORTATION AND WAREHOUSING
TRANSPORTATION SERVICES
FOOD AND KINDRED PRODUCTS
CHEMICALS AND ALLIED PRODUCTS
RUBBER AND MISCELLANEOUS PLASTICS PRODUCTS
PRIMARY METAL INDUSTRIES
STONE, CLAY, GLASS, AND CONCRETE PRODUCTS
FURNITURE AND FIXTURES
PAPER AND ALLIED PRODUCTS
MISCELLANEOUS MANUFACTURING INDUSTRIES
APPAREL AND OTHER FINISHED PRODUCTS MADE FROM FABRICS AND SIMILAR MATERIALS
LUMBER AND WOOD PRODUCTS, EXCEPT FURNITURE
TEXTILE MILL PRODUCTS
PETROLEUM REFINING AND RELATED INDUSTRIES

City Detail Rates

Carson, CA	
Demographics:	
Population:	95,558
County:	Los Angeles
Incorporation:	February 20, 1968
Estimated median household income:	\$82,305
Land area:	18.7 Square Miles
Population Density:	5,104.6 Square Miles

Rate Structures and Fees - Renewal cycles

- **Annual License** *Sec. 6325: ...* On or before the date business commences, and with regard to any subsequent renewal thereof, on the first day of the twelfth calendar month following the month in which the business commenced ("anniversary date").

Rate Structures and Fees – Penalties

- Delinquency and Penalties: *Sec. 6326*
- Delinquency: Any license fee required by this Chapter, whether daily, weekly, monthly, or annual, is delinquent if not paid by 5:00 p.m. on the day that such license fee becomes due and payable. If the day the license fee becomes due and payable falls on a Saturday, Sunday, National or State Holiday or any other day the City's offices are closed, such license fee is delinquent if not paid by 5:00 p.m. on the next working day.
- Penalties: Any daily, weekly, or monthly license fee that remains unpaid after 5:00 p.m. on the seventh calendar day succeeding the day that the fee becomes due and payable shall be assessed a penalty of twenty-five (25) percent of the original amount of the license fee, which penalty shall be added to the license fee. If the fee remains unpaid after 5:00 p.m. on the fifteenth calendar day after the day the fee becomes due and payable, an additional penalty of twenty-five (25) percent of the amount of the original license fee for a total penalty of fifty (50) percent shall be assessed and added to the license fee.

City of Carson Business License Tax Rates & Fees: *Resolution No. 90-148*

This section contains select code from the City of Carson Municipal.

Business Types	Tax Rates
Minimum Tax	\$182
Number of Emp over 5	\$36.40

Business Types	Unit Based Rates	Tax Rates
Advertising by Billboard		\$723
Advertising by Benches	For first ten benches For each bench in excess of ten	\$363 \$15
Advertising by Distributing Handbills, Posters, Announcements, Samples or Other Devices or Advertising Matters		\$363
Ambulance Service	For each Ambulance over one	\$363 \$36.30
Amusement Rides		\$620
Amusement and Entertainment Machines	For each amusement and entertainment machine device For one standard size pool or billiard table for each additional table	\$74 \$182 \$74
Apartment House	For three (3) to ten (10) residential rental units For each unit over ten (10) units	\$146 \$14.60
Auction House		\$3,607
Auctioneer		\$1,804
Automobile Dismantling Yards		\$1,083
Automobile, Motorcycle or Bicycle Racetrack		\$1,083
Bankrupt, Fire and Closing Out		\$1,804
Billiard and Pool Room	One to twenty-five (25) tables For each table in excess of twenty-five	\$723 \$37
Bowling Alley, Table Tennis		\$182
	For each table or alley in excess of two	\$36.40
Boxing, Wrestling		\$723
Brokers and Salesmen	Pawn Brokers Bail Bond Broker Real Estate Broker For each salesman	\$2,886 \$0 \$521 \$89
Real Estate Salesman		\$521
Burials, Cremation	For each interment, burial, cremation, or removal of remains or body	\$182 \$8
Christmas Trees and Other Holiday Specialties		\$109
Contractors and Builders	General Contractors (B-I) and Engineering (A) For all specialty contractors	\$363 \$182
Gardening Services, per gardener and/or vehicle		\$182
Home Occupations		\$146
Itinerant Street Vendors,		\$363
Laundries Coin-operated.	For each coin-operated machine	\$23

Business Types	Unit Based Rates	Tax Rates
Real Estate Solicitor		\$521
Convalescent Home, Rest Home, Guest Home, or Home for Aged	Ten (10) or fewer persons served	\$182
	Eleven (11) or more persons served	\$543
Theaters	0 to 500 seats	\$723
	501 to 1,000 seats	\$1,083
	Over 1,000 seats	\$1,443
Trailer Rentals		\$182
Trash, Solid Waste and Recyclable Materials Collection	Solid waste and recyclable material collectors	\$543
	For each truck in excess of two	\$182
Undertaking		\$1,083
Vending Machines	On the first \$10,000 or portion thereof	\$182
	On all above \$10,000	18.20/\$1,000
The owner of any premises where vending service machines are located shall pay the following fee	For three machines or less	No Fee
	For four to ten machines	\$182
	For eleven or more machines	\$363
Wheeled Vehicles	For each vehicle	\$182
	For a fleet of five or more	\$903

Commerce, CA



Demographics:

Population:	12,378
County:	Los Angeles
Incorporation:	January 28, 1960
Estimated median household income:	\$47,518
Land area:	6.5 Square Miles
Population Density:	1,892.7 Square Miles

Rate Structures and Fees - Renewal cycles

- **Annual License 5.04.240:** Annual licenses shall date from the first day of January of each year; quarterly licenses shall be valid for a period of three months from the date of issuance. For annual licenses, the full yearly license fee shall be paid for licenses purchased in the first quarter of the year, seventy-five percent of such fee shall be paid for licenses purchased in the second quarter of the year, fifty percent of such fee shall be paid for licenses purchased in the third quarter of the year and twenty-five percent of such fee shall be paid for licenses purchased in the fourth quarter of the year.

Rate Structures and Fees – Penalties

- **Delinquency and Penalties 5.04.100:** For failure to pay an annual, semi-annual, or quarterly fee when due, the license collector shall add a penalty of fifty percent of the amount of such fee on the thirtieth day of each month after the due date thereof; and/or failure to pay a monthly, weekly, or daily license fee when due, the license collector shall add a penalty of fifty percent of the fee on the day following the due date thereof. In no event shall any penalty imposed hereunder exceed an amount equal to one hundred percent of such fee.

City of Commerce Business License Tax Rates & Fees: 5.04.220
This section contains select code from the City of Commerce Municipal.

General Business License Rate
Minimum \$106
\$8.68 per Employee + \$0.01 per total square food of enclosed premise
Minimum \$4,750

Businesses Categories	Tax Rates
Home Occupation	\$50
Contractors	\$400
Carpet Cleaners	\$150 per year
Catering Trucks	\$250 per truck
Detective/Security Services	\$150 per year
Exterminators	\$150 per year
Film Permits	\$500 per film shoot
Ice Cream/Produce Trucks	\$150 per year
Industrial Laundry Services	\$150 per year
Janitorial Services	\$150 per year
All other non-local businesses	\$150 per year
Self-Hauler	\$150 per year
Taxi Cabs	\$100 per vehicle
Vending Machines	\$30 per year

Gardena, CA



Demographics:

Population:	59,329
County:	Los Angeles
Incorporation:	September 11, 1930
Estimated median household income:	\$58,447
Land area:	5.83 Square Miles
Population Density:	6,827 Square Miles

Rate Structures and Fees - Renewal cycles

- Annual License 5.04.130A:** The license fees provided for in this chapter shall be due and payable in advance ... All license fees shall be due and payable on the first day of January of each year.

Rate Structures and Fees – Penalties

- Delinquency and Penalties 5.04.130C:** If such annual license fee paid under the gross revenue schedules provided for in Chapter 5.08 of this code is unpaid at the end of the day when due and remains unpaid at the end of the second calendar month after the same becomes due and payable under the provisions of this chapter, a penalty of ten percent shall be added to the same and collected by the license collector. All other annual license fees provided for in this chapter paid on a fixed fee basis shall become due and payable on the date of expiration of the license, and, if remaining unpaid at the end of the calendar month after the same becomes due and payable, the penalty provisions of this section shall apply. For each calendar month of delinquency thereafter, an additional penalty of ten percent on the original license fee due shall be added in the same manner as provided in subsection (C)(1) of this section; provided, however, when such penalty on any annual license amounts to fifty percent of the license fee therefor, no further penalty shall accrue on such license fee.

City of Gardena Business License Tax Rates & Fees: Chapter 5.08

This section contains select code from the City of Gardena Municipal.

Business Type – Contractors	Annual Base Fee	Gross Receipts Rate
General Contractors	\$150	+\$1 per \$1,000 of Gross Receipts (Total Building Contract)
Subcontractor, Plumbing, Electrical Contractors	\$75	

Business Type – Retail and Miscellaneous	Gross Receipts	Gross Receipts Rate
Including Manufacturing, Warehousing, Wholesale, Hotels & Motels, Hospitals, Sanitariums, Rest Homes, Vending Machines, Services Machines	No more than \$50k	\$75
	\$50,000K and Over	+\$0.50 per \$1,000 of Gross Receipts

Business Type – Professionals and Services	Gross Receipts	Gross Receipts Rate
Including Bath and Massage Parlors	No more than \$50k	\$150 Minimum Tax
	\$50,000K and Over	+\$1 per \$1,000 of Gross Receipts

Business Type – Residential Rental Property	Annual Unit Rate
	\$50 per unit first four units
	\$10 for each additional unit

Business Type – Nonresidential Property Rentals	Square Footage	Annual Sqft Rate
	0 - 5,000	\$50 for first 5,000 Sqft
	Over 5,000	\$0.01 per Sqft

Irwindale, CA



Demographics:

Population:	1,394
County:	Los Angeles
Incorporation:	August 6, 1957
Estimated median household income:	\$23,880
Land area:	9.6 Square Miles
Population Density:	2,166.7 Square Miles

Rate Structures and Fees - Renewal cycles

- **Annual License 5.04.280:** Except as otherwise provided for in Chapters 5.04 through 5.16, licenses required under Chapters 5.04 through 5.16 shall be due and payable at the following times:
 - First day of July of each year.

Rate Structures and Fees – Penalties

- **Delinquency and Penalties 5.04.300:** ... Annual license mentioned or provided for in this Chapter remains unpaid at the close of the month in which the license is due and payable, a penalty of ten percent of the amount of such license shall be added and an additional five percent shall be added each thirty days thereafter until the license and penalties are paid, and the penalty shall be collected and the payment thereof shall be enforced in the same manner as other licenses are collected and the payment thereof enforced.

City of Irwindale Business License Tax Rates & Fees: Chapter 5.08
This section contains select code from the City of Irwindale Municipal.

Gross Receipts	Tax Rates
\$1 - \$25,000	\$76
\$25,000 - \$50,000	\$141
\$50,000 - \$100,000	\$297
\$100,000 - \$150,000	\$584
\$150,000 - \$200,000	\$873
\$200,000 - \$300,000	\$1,157
\$300,000 - \$400,000	\$1,455
\$400,000 - \$600,000	\$2,305
\$600,000 - \$800,000	\$2,610
\$800,000 - \$1,000,000	\$2,903
\$1,000,000 and over	\$2,903 + \$0.23/\$1,000 over \$1,000,000

Business Type	Unit Based	Tax Rate
Acupressure Establishment		\$781
Acupressure Technician		\$402
Advertising By Billboards	1 To 10	\$860
	11 To 20	\$1,157
	21 To 30	\$1,455
	31 To 40	\$1,892
	41 & Over	\$2,311
Advertising By Distributing Handbills		\$873
Advertising By Posting		\$873
Advertising By Searchlight		\$873
Advertising By Sound Truck	Per Truck	\$217
Amusement Rides		\$217
Auctioneers - Livestock		\$429
Auctioneers - Real & Personal Property		\$416
Automobile Dealers		\$430
Automobile Towing Service		\$293
Auto Wrecker		\$1,297
Bankrupt Stock Sales, Fire, Or Closing Out Sale		\$263
Billiard Room / Pool Halls	First Table	\$260
	Each Additional Table	\$62
Boarding House / Apartment / Hotel		\$323

Business Type	Unit Based	Tax Rate
Bowling Alleys, Table Tennis Or Shuffleboard	First Alley, Table, Or Board Each Additional	\$218 \$52
Charitable Solicitations		No fee required
Circus	First Day Each Additional Day	\$873 \$217
Circus Procession Or Parade	Per Day	\$4,335
Circus Sideshow	First Day Each Additional Day	\$121 \$51
Collection Agency		\$873
Concessions	Per Concession	\$121
Contractors	General Contractor Sub-Contractor	\$306 \$175
Dance Hall	Per Single Dance	\$4,336
Deliveries By Grocery Store Or Bus		\$874
Deliveries By Vehicles	No Fixed Place Of Business Within The City	\$121
Entertainment Permit		\$873 + 1% of the total gross receipts
Fertilizer Processors		\$862
Hog Ranch		\$1,297
House Number Painters	First Employee Each Additional Employee	\$217 \$52
Itinerant Shows		\$441
Junk Collectors	Per Vehicle	\$217
Junk Dealers		\$1,297
Liquor Stores		\$293
Oil Production Facilities		\$4,632 per well + \$0.12 per barrel actually extracted
Patrol / Security Companies		\$653
Patrolman		\$51
Pawnbrokers		\$1,297
Peddlers Of Liquids & Edibles - Catering	First Vehicle Each Additional Vehicle	\$217 \$121
Rubbish, Waste Or Garbage Collection And Transportation	Per Truck	\$4,050
Secondhand Stores		\$873
Service Station		\$838
Solicitor	Per Solicitor	\$429
Swap Meet		\$8
Taxicab Driver	First Year Renewals	\$52 \$37
Taxicab Operator		\$262
Theaters		\$1,297
Vehicle And / Or Equipment Rentals		\$425

Business Type	Unit Based	Tax Rate
Vending Machines		\$44
Vendors Of Goods, Wares & Merchandise		\$217
Video Games	Per Machine	\$121

La Mirada, CA



Demographics:

Population:	48,008
County:	Los Angeles County
Incorporation:	March 23, 1960
Estimated median household income:	\$95,685
Land area:	7.8 Square Miles
Population Density:	6,123.5 people per square miles

Rate Structures and Fees- Renewal Cycles 5.04.050:

- Annual License:** Except in cases specifically provided for otherwise in this title, the license term for licenses issued under this title shall be for a term of twelve months commencing from the first day of the calendar year quarter in which the license is issued. Unless specified otherwise in this title all licenses shall be subject to renewal upon the anniversary date of the license and the fee for the same shall then be immediately due and owing.

Rate Structures and Fees – Penalties and Interest

- Penalties 5.04.060:** Every person failing to pay the license fee on the date due shall become subject to a penalty of ten percent of the amount of such license for each thirty days thereafter up to a maximum of one hundred percent of the license fee due and owing.

City of La Mirada Business License Tax Rates & Fees:

This section contains select code from the City of La Mirada's Municipal.

General Businesses	Annual Fee
\$1 to \$50,000	\$50 (Minimum)
\$50,001 to \$500,000	\$50 + \$0.20 per thousand
\$500,001 or more	\$140 + \$0.10 per thousand Not more than \$1,000

Property Rental (Commercial & Residential)	Annual Fee
1 rental property:	No Fee
2 or more:	\$50 (Minimum)
\$1 to \$50,000	
\$50,001 to \$500,000	\$50 + \$0.20 per thousand
\$500,001 or more	\$140 + \$0.10 per thousand Not more than \$1,000

Manufacturers:	Annual Fee
\$1 to \$500,000	\$75 (Minimum)
\$500,001 to \$5000,000	\$75 + \$0.05 per thousand
\$500,001 or more	\$300 + \$0.02 per thousand Not more than \$1,000

Warehouses:	Annual Fee
Below 100,000 Sqft	\$75 + \$0.01 per Sqft
1000,000 Sqft or more	\$1,000

Coin Operated Machines (Located in the City):	Annual Fee
\$1 - \$10,000	\$50
\$10,001 and above	\$0.01 per thousand

Norwalk, CA



Demographics:

Population:	102,773
County:	Los Angeles
Incorporation:	August 26, 1957
Estimated median household income:	\$70,667
Land area:	9.7 Square Miles
Population Density:	10,584.2 Square Miles

Rate Structures and Fees- Renewal Cycles 5.08.170.

- **Annual License:** All licenses, unless otherwise expressly provided in this title, shall be considered to be annual licenses and the tax therefor shall be payable on January 1st annually and shall expire on December 31st of the same year.

Rate Structures and Fees – Penalties and Interest

- **Penalties 5.08.240:** Any person who fails to pay a license tax when due shall be subject to a penalty of five percent on the first day of the month following the month when such license tax became due, plus an additional penalty of five percent on the first day of each month thereafter, not to exceed a total penalty of twenty-five (25) percent of the original license tax. In addition, interest in the amount of one-half of one percent per month, or fraction thereof, shall be due on taxes and penalties from and after the date of their imposition.

City of Norwalk Business License Tax Rates & Fees: Resolution No. 20-43

This section contains select code from the City of Norwalk's Municipal.

Business Type	Gross Receipts	Tax Rates
Retail Sales & Wholesale Sales	\$0 to \$15,000	\$20.25 (minimum)
	\$ 15,001 to \$ 40,000	\$20.25 plus \$.54 per 1,000 over \$15,000
	\$ 40,001 to \$ 65,000	\$33.75 plus \$.41 per 1,000 over \$40,000
	\$ 65,001 to \$115,000	\$46.65 plus \$.27 per 1,000 over \$65,000
	\$115,001 to \$215,000	\$57.38 plus \$.20 per 1,000 over \$115,000
	\$215,001 to \$515,000	\$77.63 plus \$.17 per 1,000 over \$215,000
	\$ Over \$515,001	\$128.25 plus \$.135 per 1,000 over \$515,000

Business Type	Gross Receipts	Tax Rates
Professional Services & Services, Trades and Occupations	First Employee	\$65 (minimum)
	2 - 5 Employees	plus \$6 ea.
	6 - 25 Employees	plus \$3 ea.
	over 25 employees	plus \$1.50 ea.

Business Type	Base Rate	Tax Rate
Route Sales Or Services	\$37.50	Per Vehicle
Wholesale Agents	\$37.50	First Vehicle Plus \$7.50 For Ea. Additional Vehicle
Towing	\$37.50 \$138	First Vehicle Plus \$7.50 For Ea. Additional Vehicle
Real Property Management (Hotels, Motels, Apts., Offices, Stores)	\$37.50	Plus \$1.50 For Each Unit In Excess Of One
Trailer Court, Park Or Camp	\$7.50	Per Unit Or Space, Plus State Established Fees
Solicitors W/Agents	\$300	Per Year Plus \$25 For Each Agent
Solicitor W/ Employees	\$300	Per Year Plus \$25 For Each Employee
Handbill Distribution	\$75	Per Year
Used Car Dealer	\$150	Per Year
Used Car Dealer (Incidental To New Car Sales)	\$52.50	Per Year
Secondhand Dealer	\$150	Per Year
Collection, Sale, Storage Or Salvage Of Junk (Except Secondhand Or Antique Dealer)	\$225	Per Year
All Dealers In Junk, Distressed Or Used Merchandise	\$150	Per Year
Pawnbroker	\$150	Per Year
Outdoor Advertising Chart	\$75	Per Year Plus \$7.50 For Each Sign Or Device
Outdoor Advertising Benches	\$75	Per Year First 10 Benches Plus \$7.50 For Each Additional Bench
Auction Sales	\$300	Per Year Plus \$75 For Each Employee
Auctioneer	\$75	Per Day Or \$300 Per Year
Rest Homes/Convalescent Homes/Homes For The Aged	\$37.50 \$52.50	Per Year 5 - 9 Guest 10 Guest Or More
Hospitals	\$75 \$150	Per Year 5 - 19 Beds Per Year 20 Or More Beds
Day Nursery/Child Care Center (9 Children Or More)	\$37.50	Per Year
Ambulance	\$30	Per Year
Coin-Operated Machines	1.125%	Of Gross Receipts From City Facilities
Coin-Operated Amusement Device	\$75	Per Year Plus \$30 For Each Device In Excess Of (1) One

Business Type	Base Rate	Tax Rate
Theatres	\$75 \$150 \$187.50 \$262.50 \$375	Per Year Under 500 Seats Per Year 501-750 Seats Per Year 751-1000 Seats Per Year 1001-1500 Seats Per Year Over 1500 Seats
Public Utilities And Services	2 %	Gross Revenues From City Facilities
Night Club/Dance Hall	\$150	Per Year
Amusement Park And Facilities	\$37.50	Per Year Plus \$7.50 For Each Additional Ride
Rinks, Ranges And Courses	\$75 Each	Per Year
Juke Boxes - Musical Devices (Coin-Operated)	\$22.50	Per Year
Shoe Polishing	\$7.50	Per Year
State License Contractor	\$75	Per Year (Must Have Current State License)
Handyman (Jobs Not Exceeding \$500)	\$37.50	Per Year
Security Services	\$150	Per Year
Circus/Carnival	\$100	Per Day

Ontario, CA



Demographics:

Population:	175,265
County:	San Bernardino
Incorporation:	December 10, 1891
Estimated median household income:	\$65,046
Land area:	49.9 Square Miles
Population Density:	3,509.5 Square Miles

Rate Structures and Fees- Renewal Cycles *Sec. 3-1.113*

- **Annual License:** Every business license issued for a period of less than one (1) year shall expire at midnight on the day that it was issued through. Every annual business license shall expire on midnight on the anniversary date of the business start date unless otherwise specified in this chapter.

Rate Structures and Fees – Penalties and Interest

- **Penalties** *Sec. 3-1.117*: For failure to pay a tax when due, the license collector shall add a penalty of twenty percent (20%) of the amount of such tax on the last calendar day of each following month after the due date thereof. New businesses in the City who fail to secure a business license prior to opening for business shall add a penalty of twenty percent (20%) in addition to amount of the business license tax. In no event shall any penalty imposed hereunder exceed an amount equal to one hundred percent (100%) of such tax.

City of Ontario Business License Tax Rates & Fees: *Sec. 3-1.201. thru Sec. 3-1.217.*

This section contains select code from the City of Ontario's Municipal.

Business Types	Tax Rates
Professions	\$50 + \$0.55/\$1,000
Service	\$50 + \$0.40/\$1,000
Contractors	\$50 + \$0.40/\$1,000
Rental of Residential Property	\$50 + \$0.40/\$1,000
Rental of Non-Residential Property	\$50 + \$0.40/\$1,000
Recreation / Entertainment	\$50 + \$0.40/\$1,000
Manufacturing	\$50 + \$0.20/\$1,000
Wholesales Sales	\$50 + \$0.20/\$1,000
Retail Sales	\$50 + \$0.20/\$1,000
Administrative Headquarters	\$50 + \$0.20/\$1,000
Non-Franchised Utility	\$50 + \$0.20/\$1,000
Franchised Utility	\$1,000 Flat Tax

Business Types	Tax Rates
Transportation	\$40 Per Vehicle
Warehousing	\$50 + \$0.02 per Sqft

Pico Rivera, CA



Demographics:

Population:	62,027
County:	Los Angeles
Incorporation:	January 29, 1958
Estimated median household income:	\$67,636
Land area:	8.3 Square Miles
Population Density:	7,587 people per square miles

Rate Structures and Fees - Renewal Cycles

- Annual License** *Sec. 5.08.220:* Except in cases specifically provided for otherwise in this title, the license term for licenses issued hereunder shall be for a term of twelve months, commencing from the first day of the calendar year quarter in which the license is first issued.

Rate Structures and Fees – Penalties

- Penalties** *5.08.230:* Unless specified otherwise in this title, or in any special permit or license, all licenses shall be subject to renewal upon the anniversary date of the license, and the fee for same shall then be immediately due and owing. Every person failing to pay the license fee thirty calendar days after the due date shall become subject to a delinquent penalty of ten percent of the amount of such license, and an additional delinquent penalty of ten percent of the amount of such license for each thirty days thereafter shall accrue until same plus such penalty has been paid in full.

City of Pico Rivera Business License Tax Rates & Fees: *Sec. 8.23 & 8.24*

This section contains select code from the City of Pico Rivera's Municipal.

Business Type – Businesses, Trades and Professions.	Gross Receipts	Annual Fee
	\$0 to \$500,000	\$50 plus \$.50 per \$1,000
	\$500,000 to \$100,000,000	\$.30 per \$1,000
	\$1,000,000,000 to \$5,000,000,000	\$.26 per \$1,000
	Over \$5,000,000,000	\$.13 per \$1,000

Business Type – Drive-in and take-out restaurants, beer bars	Gross Receipts	Annual Fee
	\$0 to \$24,000	\$100
	Over \$24,000	\$100 + \$0.50 per \$1,000

Vernon, CA



Demographics:

Population:	Less than 200
County:	Los Angeles
Incorporation:	September 18, 1905
Estimated median household income:	\$67,917
Land area:	5.2 Square Miles
Population Density:	-N/A-

Rate Structures and Fees - Renewal cycles

- **Annual License** *Sec. 5.10* All license taxes, unless otherwise expressly stated herein shall be construed to be for annual licenses and shall be payable on the first day of January of each year. These licenses shall expire on December 31 of each year.

Rate Structures and Fees – Penalties

- **Delinquency and Penalties** *Sec. 5.11:* Except as otherwise provided herein, all license taxes required by this chapter shall be deemed delinquent if not paid on or before the time hereinafter prescribed:
 1. **ANNUAL LICENSES.** On or before the close of business on the first day of February of each year, provided that license taxes and taxes payable pursuant to Sections 5.35, 5.36, 5.37, 5.38, and 5.39 shall be paid on a quarterly basis upon application by the licensee as follows:
 - i. The first quarterly payment for January through March shall be due and payable on January 1, of each year and shall be delinquent on February 1 of said year. The payment shall be accompanied by a statement of the gross receipts or tonnage figures for the previous year as the case may be.

The first quarterly payment shall be not less than one-fourth of such yearly payment or, for a business license under Section 5.35 and 5.36, five thousand dollars, whichever is higher, but adjusted to reflect any underpayment or overpayment of taxes for the preceding quarter or quarters.
 - ii. The second, third, and fourth quarterly payments shall be due and payable on the first day of April, July, and October, respectively, and shall be delinquent on the first day of May, August, and November, respectively. Each such payment shall be accompanied by the appropriate gross receipts or tonnage figures for the preceding quarter. Each such payment shall be one-fourth of the yearly payment but adjusted to reflect any underpayment or overpayment of taxes for the preceding quarter or quarters.
 - iii. If a quarterly payment has not been paid by the first day of the third month of the quarter in which it is due, the license shall automatically expire.
 2. **DAILY LICENSE.** On or before the close of business on each day for which the same becomes due.

- Whenever the license tax required by this chapter is not paid on or before the delinquency date, a penalty of ten percent of the amount due for the license tax shall be imposed, and an additional penalty of ten percent of the original license tax shall be added at the close of business on the last day of each calendar month thereafter. Every penalty shall become a part of the license tax required by this chapter. In no case shall the total penalty for delinquent license taxes exceed fifty percent of the original license tax for each year.

City of Vernon Business License Tax Rates & Fees: Sec 5.22

This section contains select code from the City of Vernon Municipal.

FOR EVERY PERSON EMPLOYING	TAX RATE
0 or 1 employee	\$750
2 to 10 employees	\$1,150
11 to 25 employees	\$1,550
26 to 50 employees	\$2,150
51 to 75 employees	\$2,875
76 to 100 employees	\$3,575
101 to 150 employees	\$4,250
151 to 200 employees	\$4,975
201 to 250 employees	\$5,700
251 to 300 employees	\$6,425
301 to 400 employees	\$7,150
401 to 500 employees	\$7,850
501 to 600 employees	\$8,600
601 to 700 employees	\$10,000
701 to 800 employees	\$11,425
801 to 900 employees	\$12,850
901 to 1,000 employees	\$14,275
1,001 to 1,100 employees	\$15,700
1,101 to 1,200 employees	\$17,100
1,201 to 1,300 employees	\$18,500
1,301 to 1,400 employees	\$19,950
1,401 to 1,500 employees	\$21,350
1,501 to 1,600 employees	\$22,775
1,601 to 1,700 employees	\$24,175
1,701 to 1,800 employees	\$25,625
1,801 to 1,900 employees	\$27,025
1,901 and more employees	\$28,450

Business Type – Warehousing	Tax Rate
First 5,000 sq. ft.	\$1,200
All square footage over 5,000 sq. ft.	\$1,200 + \$0.21 per sq. ft.

Business Type – Miscellaneous	Tax Rate
Central Station Industrial Protective Service	\$2,125
Auctioneer	\$725
Still Photography	\$400
Taxicab Service	\$1,075
Vehicle Towing Service	\$1,075
Peddler	\$1,325
Catering Vehicle-Cold Food	\$602
Catering Vehicle-Hot Food	\$787
Catering Vehicle-Daily	\$325
Peddler/Caterer-Transfer	\$400
Peddler	\$3,800
Fruit/Vegetable Vendor	\$1,150
Junk/Scrape Metal Dealer	\$8,550
Rag or Paper Dealer	\$5,600
Secondhand Pipe Dealer	\$8,550
Shows, Circuses, etc.	\$1,075
Sideshow	\$725
Structure Moving (Deposit)	\$1,650
Structure Moving Permit Fee	\$100

West Covina, CA



Demographics:

Population:	105,101
County:	Los Angeles
Incorporation:	February 17, 1923
Estimated median household income:	\$82,938
Land area:	16.04 Square Miles
Population Density:	6,614.20 people per Square Miles

Rate Structures and Fees – Renewal Cycles 14-67:

- **Calendar Year:** The majority of licenses in West Covina follow a calendar year period. Calendar year licenses are due and payable in advance on January 1st of each year. If the license issued is for a new business, the tax amount is prorated on a quarterly basis commencing with the quarter in which the business began operations.
- **Fiscal Year:** Fiscal Year licenses are due and payable in advance on July 1st of each year. If the license issued is for a new business, and the business began operations between January 1st and June 30th, the tax amount is prorated by 50%.
- **Quarterly:** Quarterly licenses are due and payable on the first day of January, April, July, and October of each year. There is no proration applicable to this structure.

Rate Structures and Fees – Penalties and Interest

- **Penalties 14-43:** For failure to pay a license tax within 30 days after it becomes due, a penalty of 10% of the tax is added. An additional 10% is added each month it remains delinquent thereafter. The maximum penalty incurred does not exceed 100% of the license tax.

City of West Covina Business License Tax Rates & Fees:

This section contains select code from the City of West Covina's Municipal.

Business Type – Manufacturers, Retail & Wholesale	Annual Fee
Base fee (includes 1 owner/ manager)	\$87.74
Employees in excess of owner	+ \$17.96 per additional employee

Business Type – Professionals	Annual Fee
Base fee (includes 1 owner/ manager)	\$87.74
Employees in excess of owner	+ \$17.96 per additional employee
Additional corporation tax	+ \$87.74 to calculations above if business is incorporated

Business Type – Contractors	Annual Fee
If pulling permits	\$17.96

If not pulling permits	\$105.69
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Business Type – Residential Property Rentals	Annual Fee
Residential Property Rentals	\$87.74 (first 2 units) + \$17.96 per unit over 2

Business Type - Wholesale Delivery Trucks	Annual Fee
Unit rate per vehicle up to 8	\$43.61 per vehicle, for first 8 vehicles
If more than 8 vehicles	\$353.76 (flat fee)

Business Type - Office and Commercial Rentals	Gross Receipts	Tax Rate
	\$0 – \$5,000 in gross receipts	\$76.96
	In excess of \$5,000	+ \$10 per \$1,000 gross receipts in excess of \$5,000

Vending Machines (not incidental to business)	Gross Receipts	Tax Rate
	\$0 – \$2,000 in gross receipts	\$151.36
	In excess of \$2,000	+ 0.1% of gross receipts in excess of \$2,000

Whittier, CA



Demographics:

Population:	87,306
County:	Los Angeles
Incorporation:	February 25, 1898
Estimated Median Household Income:	\$77,270
Land area:	14.7 Square Miles
Population Density:	5,959.5 Square Miles

Rate Structures and Fees – Renewal Cycles 5.04.070:

- Annual License:** The annual license taxes provided in this chapter for gross receipts shall be due and payable to the city on the first day of February of each year, but the first annual license shall be issued for the unexpired period of the year, except as otherwise specifically provided in this chapter. All other annual license taxes shall be for a term twelve months from issue.

Rate Structures and Fees – Penalties and Interest

- Penalties 5.04.110:**

One month past due	10% penalty
Two months past due	25% penalty
Three months past due	50% penalty
Four months past due	75% penalty
Five or more months past due	100% penalty

City of Whittier Business License Tax Rates & Fees:

This section contains select code from the City of Whittier's Municipal.

General Business License – Gross Receipts	Tax Rate
\$0 - \$20,000	\$50
\$20,000 - \$50,000	\$50 + \$1/1,000
\$50,000 - \$200,000	\$80 + \$0.70/1,000
\$200,000 - \$500,000	\$185 + \$0.50/1,000
\$500,000 - \$1,000,000	\$335 + \$0.35/1,000
Over \$1,000,000	\$510 + \$0.20/1,000

Business Type - Professionals	Tax Rate
First 3 Employees	\$100 per professional
For each Professionals over 3	\$25 per professional

Select Business Types	Tax Rate
Contractors	\$100
Barbershop	\$75 + \$15 ea. Chair and Manicurist
Cosmetologically	\$75 + \$15 ea. Emp. and Manicurist
Automobile Retail Sales	\$100 + \$0.20/\$1,000 up to 600
Manufacturing-Processing	\$25 First Emp. \$2 For Ea. Emp. 2 to 25 \$1 For Ea. Emp After 25