



Business Tax Analysis and Ordinance Review  
Report Date: June 16, 2020

**Final Version – V6.2**

Prepared By:

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# Executive Summary

## Background

For the purpose of providing locally-controlled funding for essential services, the City of Sunnyvale (City) requires that a business license be obtained by all businesses operating within the City and that a business license tax be paid. This requirement is established through Chapter 5.04 (Business License Tax) of the Sunnyvale Municipal Code (SMC). In an effort to identify methods of generating additional local funds and to garner efficiencies of process by modernizing the code, the City commissioned the HdL Companies (HdL) to prepare this report that analyzes the relevant code sections and provides certain recommendations to address the City's stated goals listed on page 4.

## Report Structure & Methodology

This report is divided into the following three sections.

### Section 1 – Pages: 5 - 9

This section details the City's current revenues and tax structures, as well as those of select comparison jurisdictions. In developing the analysis for section 1, HdL reviewed the data provided by the City and extrapolates detailed and summary level data including but not limited to:

- Year to year (YTY) revenue comparisons
- Percent change YTY for business license and sales tax
- Revenue contribution by business category
- Detailed rates charged for surrounding jurisdictions

### Section 2 - Pages: 10 - 16

This section is devoted to a review of the City's SMC sections (Chapter 5.04) related to business licensing, in order to identify potential favorable modifications the City may wish to consider implementing, considering factors including:

- Compliance with State law and City charter
- Potential conflicts with operational practices
- Areas to modernize code language
- Impact on staff efficiency
- Areas not in line with best practices of California municipalities
- Potential loopholes or revenue leaks

### Section 3 - Pages: 17 - 33

This section describes three potential changes to the tax structure and how those scenarios might impact the City and its business community. The primary factors considered include:

1. Increased fairness and equity in rates for local businesses
2. Simplification of the tax structure
3. Increased revenues to the City
4. Increased efficiency for City operations

## Section 1 - Summary & Findings

The data in section 1 shows the City has experienced relatively flat revenues from business licenses since 2014. This is primarily due to the nature of the current rate structure. The details from surrounding jurisdictions can help the City make informed decisions on rate changes while ensuring that any potential modification keeps the City competitive and does not encourage flight to neighboring jurisdictions.

## Section 2 - Summary & Findings

A review of the City's current ordinance language revealed 9 code sections that would benefit from modification or further review. The majority of the recommendations focus on reducing the regulatory burden on the business license process and creating clarity and efficiency of the process. Each section under review has been listed in its entirety along with an overview of the section and the recommended changes. The table below indicates the code sections addressed in Section 2.

|  |  |
|--|--|
| <i>5.04.060 – 5.04.080. Exemptions and exclusions</i>                | <i>5.04.230. License—Verification of sworn statements</i>  |
| <i>5.04.120. License tax—Method of computing number of employees</i> | <i>5.04.240. License—Determination of tax upon failure to file statements or application— Notice</i> |
| <i>5.04.140. License—Application and fee</i>                         | <i>5.04.350. License revocation—Grounds</i>  |
| <i>5.04.150. License—Issuance</i>                                    | <i>5.04.410. Enforcement—Duties of collector</i>   |
| <i>5.04.160. License—Conformance to other regulations required</i>   |  |

## Section 3 - Summary & Findings

Three different options were explored to reach the City's goals of expanded local funds, tax equity for local businesses, and streamlined/simplified filing processes. Each of the three options for modifying the tax structure provide increased revenues to the City while striving to create an equitable outcome for the business community by not placing the burden of increased rates solely on any individual category.

**The Employee Based Option** provides solutions for keeping the City's existing employee-based tax structure. Model 1, presented on page 19, takes the City's existing SMC and rate structures and simply adds a percentage base increase to the existing rates. Additional models are provided to reflect alternative ways the City could model an employee-based tax structure.

As indicated on page 19 - 22, these employee-based models provide the following potential revenue impact.

|          | <b>Number<br/>of Accts</b> | <b>Current<br/>Taxes</b> | <b>Model 1<br/>Revenue</b> | <b>Model 2<br/>Revenue</b> | <b>Model 3<br/>Revenue</b> | <b>Model 4<br/>Revenue</b> |
|----------|----------------------------|--------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| TOTALS > | 13,073                     | \$1,769,852*             | \$2,123,822                | \$2,920,000                | \$3,214,405                | \$4,041,240                |

\*For the purpose of this study, the City's tax revenue was estimated and does not reflect the actual 2019 generated from business tax revenue.

**The Gross Receipts Option** has one models outlined on pages 23 - 25 which restructure the City’s current SMC and provide for a single gross receipts model rather than the current employee/unit method. This would eliminate the need for multiple types of reporting variables and simplify the tax rates by no longer maintaining a complex rate schedule.

This option represents the best solution for increasing revenues and addressing long term growth, however it also proves to be the most complex solution to implement as significant adjustments would be needed to the code. In addition to the expanded revenues, the gross receipts method provides a more equitable tax rate as all businesses pay a tax on the amount they earn, rather than a fixed amount regardless of gross receipts. The gross receipt model provides annual revenue in excess of \$5 Million depending on the final rates selected by the City.

|         | Current Taxes | Model 1     |
|---------|---------------|-------------|
| TOTALS> | \$1,769,852   | \$5,867,325 |

**The Tax Expansion Option** found on page 26 provides options for expanding the tax base to business types not currently taxed by the City. This includes taxing all businesses that rent property, regardless of the type or number of units.

|          | Current Taxes | New Revenues |
|----------|---------------|--------------|
| TOTALS > | \$0           | \$450,000    |

## Introduction:

# Business License Tax Analysis and Ordinance Review

### Project Overview

The City of Sunnyvale has contracted with HdL to analyze the current ordinances and tax structures as they relate to business tax and make certain recommendations and changes to accomplish specific goals of the review.

HdL has compiled data from the City, State, County, and other 3<sup>rd</sup> party sources for use in the analysis and estimates contained within the report. As the data may have come from 3<sup>rd</sup> parties, the data cannot be certified by HdL and should be treated as estimates and not actual values.

### Specific Goals

The City has identified the following key goals that will be addressed in this report.

1. Review current ordinances for any items that require updating including business classifications, definitions, and overall modernization of current structure to promote fairness for local businesses.
2. Review the tax structure and explore the impact of modifying the rates to increase local funds.

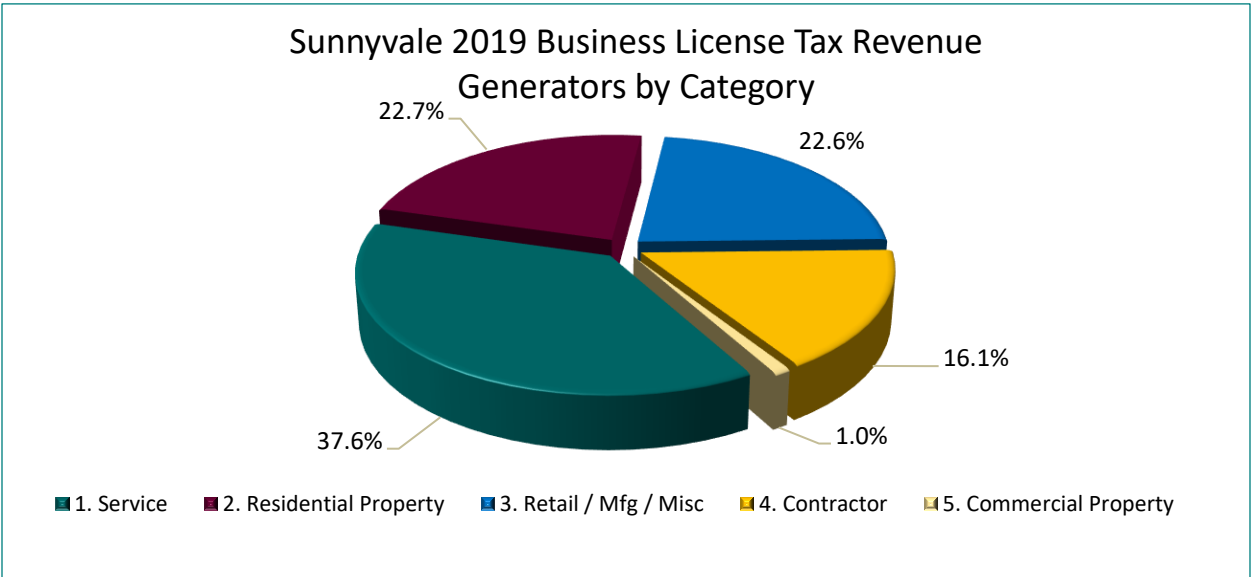
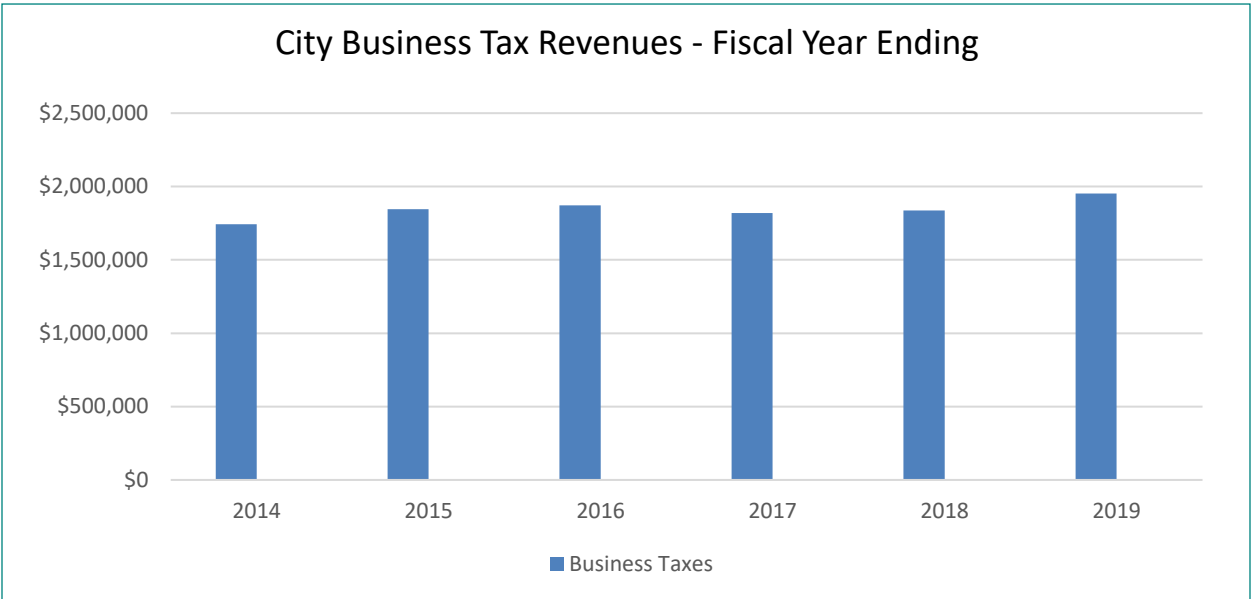
### Report Sections

The report is divided into three sections designed to simplify the review process. The first section will provide background, data analysis, and other comparative information for reference and use in recommendations and impact sections. The second section will cover the review of the current ordinance and identify potential changes that may facilitate the City's stated goals as well as enhance operations for the City. The final section will cover proposed rate modifications and the potential impact of those changes. Additional items requested by the City, and information or recommendations not covered elsewhere in the report, can be found in the additional information section at the end of this report.

# SECTION 1 – City of Sunnyvale & Comparative Jurisdiction

## City of Sunnyvale Business Tax Analysis

The City’s business tax has been authorized and is administered in accordance with Chapter 5.04 of the SMC. The last time the ordinance was updated or modified was in 2018 when an administrative update was done to reflect a change in the consumer price index. The City currently issues approximately 13,000 business licenses annually and over the last five years generated on average \$1.9 million in business license tax revenues per fiscal year. The Tax is measured by employees or units and is updated annually with Consumer Price Index (CPI) adjustments through council resolution. The current tax is levied at a minimum of \$38.89 and a maximum of \$5,654.20 for unit measures and \$12,638.80 for employee measures.



## City of Sunnyvale: Business Tax - Rate Schedule Summary

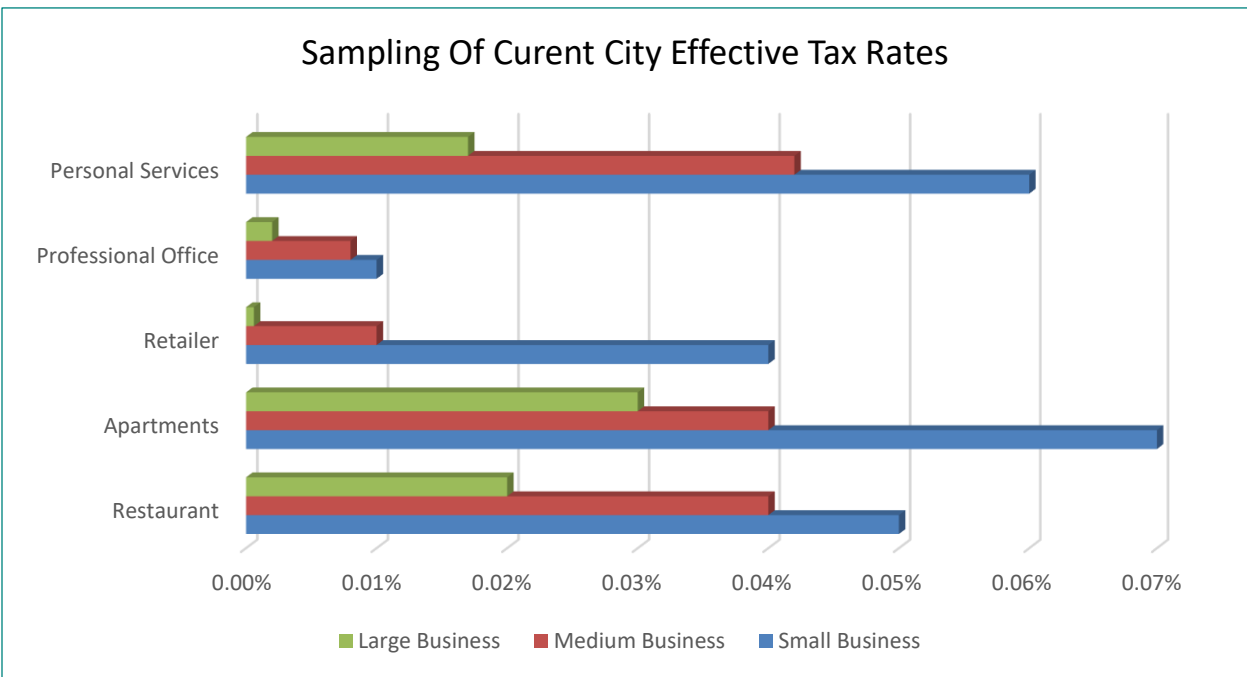
A copy of the full City business tax rate schedule is attached in the addendum section.

## City of Sunnyvale: Business Tax - Average Effective Tax Rates

### Overview

The City measures the business tax on number of employees or number of units. As with many tax structures that use employees and units, along with a scale that includes a maximum tax, the current method of taxation creates a regressive tax rate. This means the effective tax rate on a business decreases as the size of a business increases. This effect is amplified with the City’s combined maximum cap that ceases to tax activity beyond a certain point. As a result, certain businesses pay nearly ten 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. Small businesses are defined as those at the bottom of the City tax schedule and paying the minimum tax. Medium are in the middle of the tax structure, and large near the upper end of the cap. Gross receipts were estimated when not available, to calculate the effective tax rates.



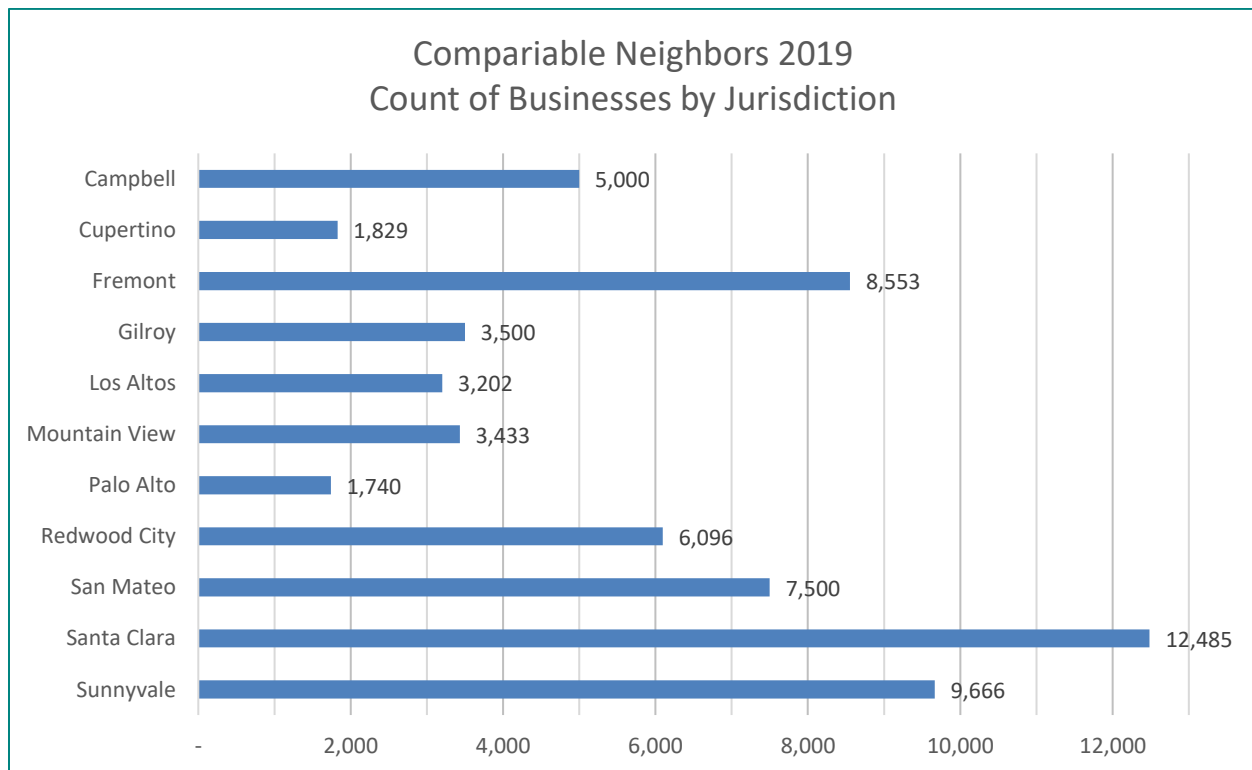
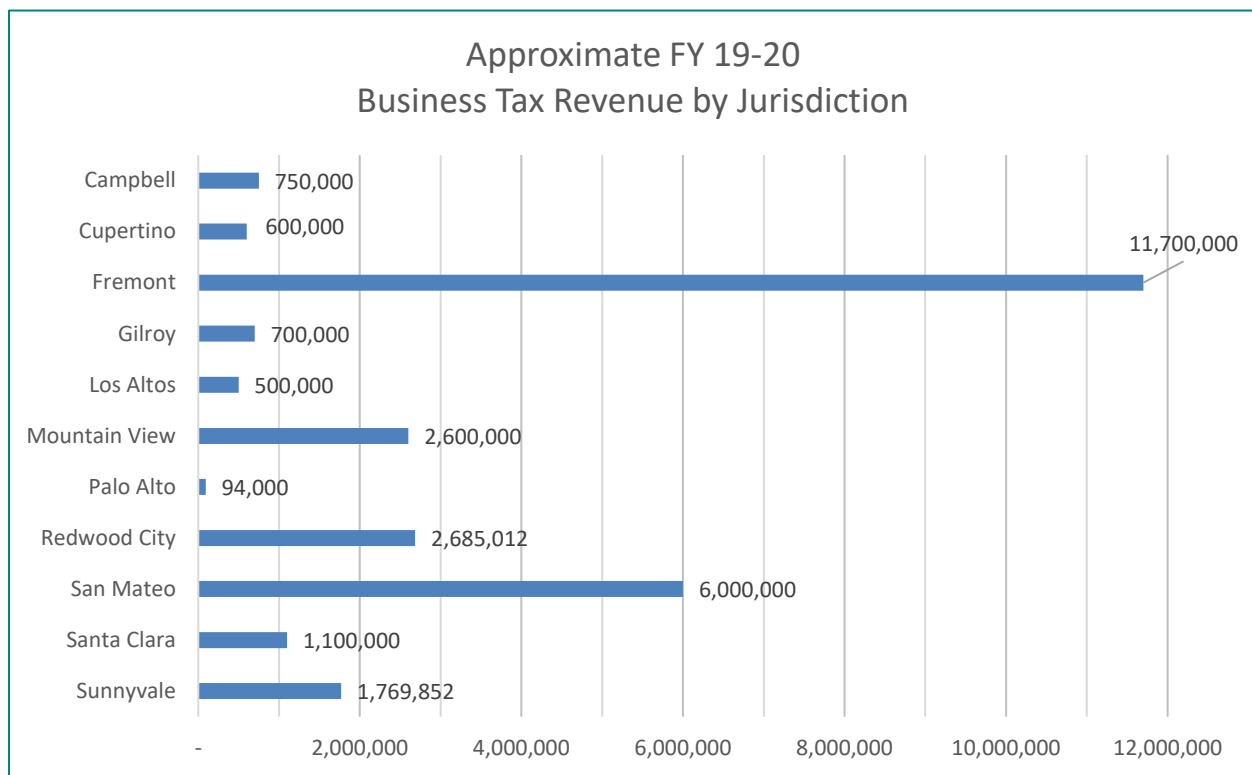


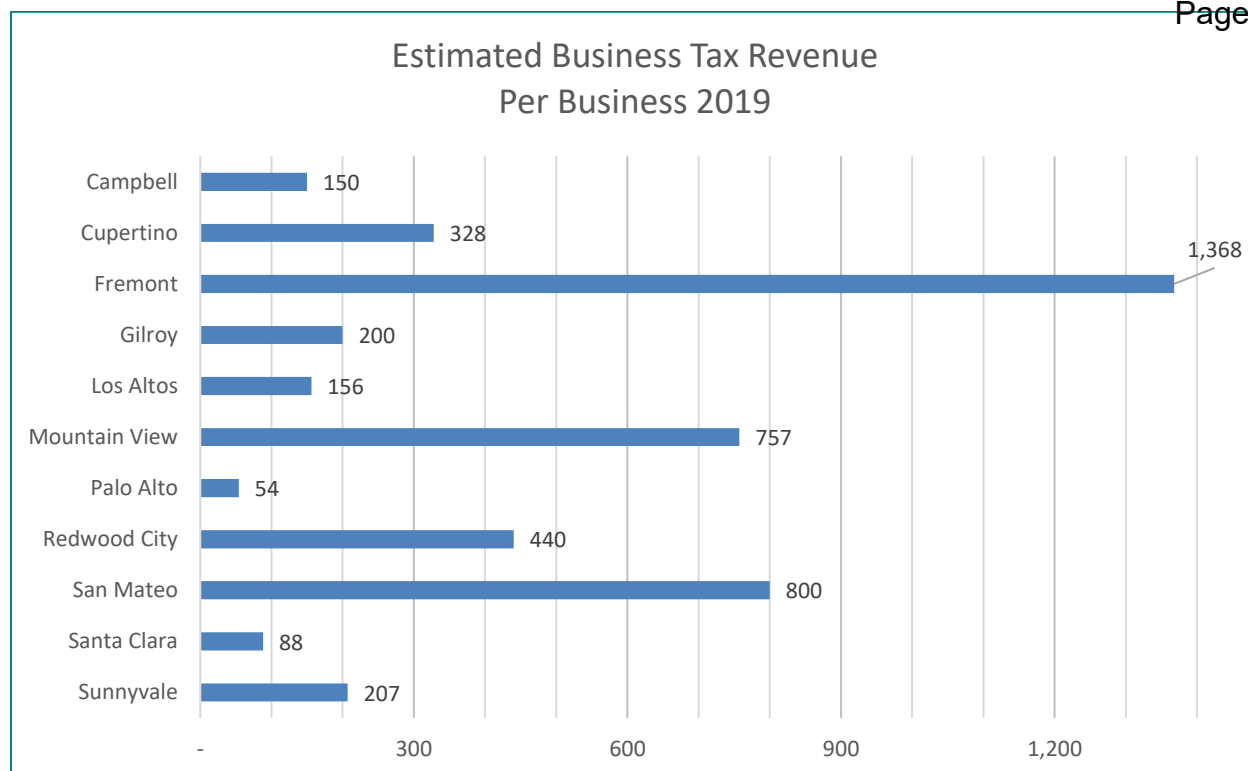
## Comparison Cities

Comparison Cities Summary Table

| City Name        | Population | Businesses | Tax Type          | Min Tax | Max Tax<br>(If applicable) | Est.<br>Revenue | Last Ord.<br>Revision |
|------------------|------------|------------|-------------------|---------|----------------------------|-----------------|-----------------------|
| Campbell         | 41,544     | 5,000      | Employee          | \$71    | \$576                      | \$750,000       | 2019                  |
| Cupertino        | 64,443     | 1,829      | Sqft/Flat         | \$146   | N/A                        | \$600,000       | 1992                  |
| Fremont          | 237,807    | 8,553      | Gross<br>Receipts | \$30    | N/A                        | \$11,700,000    | 2009                  |
| Gilroy           | 57,664     | 3,500      | Gross<br>Receipts | \$30    | \$2,000                    | \$700,000       | 2019                  |
| Los Altos        | 30,743     | 1,600      | Employee          | \$37.50 | N/A                        | \$500,000       | 2019                  |
| Los Altos Hills  | 8,580      | 1,812      | Flat Fee          | \$60    | \$240                      | \$271,800       | 2018                  |
| Morgan Hill      | 45,037     | 4,990      | Employee          | \$20    | N/A                        | \$199,089       | 2019                  |
| Mountain<br>View | 80,430     | 3,433      | Employee          | \$75    | N/A                        | \$2,600,000     | 2018                  |
| Palo Alto        | 67,178     | 1,740      | Flat Fee          | \$50    | \$50                       | \$94,000        | 2019                  |
| Redwood City     | 86,201     | 6,096      | Employee          | \$68    | N/A                        | \$2,685,012     | 2018                  |
| San Mateo        | 104,748    | 7,500      | Gross<br>Receipts | \$31    | N/A                        | \$6,000,000     | 2019                  |
| Santa Clara      | 128,717    | 12,485     | Employee          | \$15    | \$500                      | \$1,100,000     | 2014                  |
| Sunnyvale        | 155,567    | 9,666      | Employee          | \$38.26 | \$12,122                   | \$1,769,852     | 2018                  |

## Similar and Surrounding Jurisdictions





## Comparison Detail

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

- |                                   |                        |
|-----------------------------------|------------------------|
| 1) <b>City of Campbell</b>        | <b>(Pages 36 - 37)</b> |
| 2) <b>City of Cupertino</b>       | <b>(Pages 38 - 40)</b> |
| 3) <b>City of Fremont</b>         | <b>(Pages 41 - 45)</b> |
| 4) <b>City of Gilroy</b>          | <b>(Pages 46 - 47)</b> |
| 5) <b>City of Los Altos</b>       | <b>(Pages 48 - 49)</b> |
| 6) <b>Town of Los Altos Hills</b> | <b>(Pages 50 - 51)</b> |
| 7) <b>Town of Los Gatos</b>       | <b>(Pages 52 - 54)</b> |
| 8) <b>City of Milpitas</b>        | <b>(Pages 55 - 57)</b> |
| 9) <b>City of Morgan Hill</b>     | <b>(Pages 58 - 59)</b> |
| 10) <b>City of Mountain View</b>  | <b>(Pages 60 - 61)</b> |
| 11) <b>City of Palo Alto</b>      | <b>(Pages 62 - 62)</b> |
| 12) <b>City of Redwood City</b>   | <b>(Pages 63 - 64)</b> |
| 13) <b>City of San Jose</b>       | <b>(Pages 65 - 66)</b> |
| 14) <b>City of San Mateo</b>      | <b>(Pages 67 - 69)</b> |
| 15) <b>City of Santa Clara</b>    | <b>(Pages 70 - 73)</b> |
| 16) <b>Town of Saratoga</b>       | <b>(Pages 74 - 75)</b> |

To skip ahead to Section 3, please see page 17.

## SECTION 2 – Ordinance Modification Options

### Objective 1 – General Review

City business tax ordinances typically fall into either a regulatory or revenue generating category, meaning simply that the ordinance is either intended solely to raise revenues (Government Code) or to regulate the activities of businesses conducted within the jurisdiction (Business & Professions Code). The ordinance has a declaration of the purpose of revenue; however, as discussed later in this document, can in many instances apply regulatory provisions.

During the review, HdL analyzed key sections of the ordinance and have identified the following areas that may require additional review or action. This preliminary review is based on existing code and rate structures. Should the City elect to make significant modifications, additional review may be required and ultimately the City may be better served with an entire re-write.

The information and recommendations provided in this report are based on the experience of HdL providing business tax services to California jurisdictions and is not intended as legal advice.

#### 5.04.070 – 5.04.080. Exemptions and exclusions—

*Nothing contained in this chapter shall be deemed or construed to require the payment of any license tax by any institution or organization which is conducted, managed or carried on wholly for the benefit of charitable purposes and from which profit is not derived, either directly or indirectly, by any person. (Ord. 1477 § 1, 1968; prior code § 6-1.202).*

*Nothing contained in this chapter shall be deemed or construed to require the payment of any fees or license tax by any honorably discharged or relieved veteran described in Section 16001 or 16001.5 of the Business and Professions Code of California, as amended, who is physically unable to earn a livelihood by manual labor and who is a voter or resident of this state, and who desires to hawk, peddle or vend goods, wares or merchandise owned by him, except spirituous malt, or vinous, or other intoxicating liquors, or to distribute circulars..*

#### Overview

There are four total exemptions/exclusions in these sections. The first is 5.04.060, which is catch all section that prevents the tax from applying where the state or federal government preempts the City from taxing. However, the second and third sections (5.04.070 & 5.04.080 above) regarding charitable organizations and disabled veterans, are redundant and can create some confusion. These two sections already exist in state law, and in some ways contradict the City's version.

#### Recommendation

The City may consider eliminating Sections 5.04.070 and 5.04.080 and simply rely on Section 5.04.060. This will provide a more concise version of the exemption and prevent the City from having to change the local ordinance every time the state makes a change to theirs.

**5.04.120. License tax—Method of computing number of employees.**

*“The total number of employees for whom a tax is to be paid shall be determined in the following manner:*

*(a) For any business having a fixed place of business in the city, the total number of employees shall be the greatest number of persons employed or expected to be employed or taking part in the business during any twenty-four-hour period.*

*(b) For any business not having a fixed place of business in the city, the total number of employees shall be the greatest number of persons employed or expected to be employed or taking part in the business within city limits during any twenty-four-hour period. (Ord. 2769-04 § 3; Ord. 1477 § 1, 1968; prior code § 6-1.303).”*

**Overview**

This section defines how a business arrives at an employee count for use in calculating taxes, which is established as the total number of employees that may be in a City during any 24 hour period.

**Recommendation**

Should the City stay with an employee based structure, this section may be modified to reflect hours worked or some other variable that can be more accurately measured and apportioned. The City should investigate whether the current model creates possible apportionment issues.

**5.04.140. License—Application and fee.**

*“All applications for licenses to be issued hereunder, including first time licenses, licenses for newly established businesses, and renewals of any previously issued license must be accompanied by payment of an application fee at the time of submittal. Pursuant to Section 5.04.130, the amount of the fee shall be fixed by resolution of the city council.*

*Each person making application for the first license to be issued hereunder, or a license for a newly established business, shall furnish to the collector a sworn statement (upon a form provided by the collector) setting forth the following information:*

*(a) The exact nature or kind of business for which a license is requested;*

*(b) The place where such business is to be carried on;*

*(c) If the license is to be issued to a person doing business under a fictitious name, the application shall set forth the names of the owners of the business;*

*(d) If the license is to be issued to a corporation or a partnership, the application shall set forth the names of the officers or partners thereof;*

*(e) The number of employees employed in the business which is the subject of the application;*

*(f) Any further information which the collector may require. (Ord. 2769-04 § 4; Ord. 2727-03 § 1; Ord. 1793-75 § 4; Ord. 1477 § 1, 1968; prior code § 6-1.401)."*

## Overview

This section requires specific information and a fee, set by council, to be paid during application and renewal. Should the City decide to move forward with a new tax this section may need to be modified.

## Recommendation

Since the business license is a tax and there should be no discernable "approvals" related to the payment of the tax, the City should consider whether an application fee is appropriate to charge based on current state law. Additionally, the sections related to the contents of the forms, may be better codified as "... all licenses shall be submitted on a designated form".

### 5.04.150. License—Issuance.

*"The collector is authorized to issue licenses required to be obtained under this chapter upon persons making application therefor, furnishing the sworn statement when required, and paying the license tax imposed. Each license issued shall state upon its face:*

*(a) The name of the person to whom issued;*

*(b) The kind of business licensed;*

*(c) The location of such business;*

*(d) The date of expiration of the license;*

*(e) The number of employees; and*

*(f) Such other information as shall be deemed necessary by the collector to enforce this chapter. (Ord. 1793-75 § 5; Ord. 1477 § 1, 1968; prior code § 6-1.402)."*

## Overview

This section provides for the issuing of licenses and the contents mandated on the license.

## Recommendation

The City should consider eliminating this section, or at minimum replacing the contents with a more generic description such as "issues a license in a form deemed necessary by the collector".

### 5.04.160. License—Conformance to other regulations required.

*"The payment of a license tax and the issuance of a license to any person by the city shall not entitle the licensee to carry on any business unless he has complied with all the requirements of this code and all other applicable laws, nor to engage in or to carry on any business in any building or in any premises designated in such license in the event such building or premises are situated in an area or locality in which the*

*conduct of such business is in violation of this code, or any ordinance of the city, or any other law. (Ord. 1477 § 1, 1968; prior code § 6-1.403)."*

## Overview

The intent of this section is to provide clear notice that the business must also comply with all other laws. However, the existing language may create a perception that the license is an authorization to conduct business, which conflicts with the intent of the tax.

## Recommendation

Considering Section 5.04.040 already addresses requirements with other City Law, HdL recommends the City replace this language with a simpler, more "California standard", provision. This section could state,

"The business license issued constitutes a receipt for the tax paid and shall have no other legal effect. A business license is a requirement, not a permit or authorization to conduct, manage or carry on any business activity within the city."

### 5.04.230. License—Verification of sworn statements.

*"(a) No sworn statement required to be filed shall be conclusive as to the matter set forth therein. The filing of a sworn statement shall not preclude the city from collecting any sum of money actually due and payable under this chapter by appropriate action.*

*(b) The collector shall have the right to examine and audit at all reasonable times the books and records of any licensee, or person making application for a license in order to (1) verify any sworn statement filed and the items contained therein, and (2) verify or ascertain the amount of any business license tax due. (Ord. 1477 § 1, 1968; prior code § 6-1.410)."*

## Overview

This section stipulates that statements filed are not final and are subjected to review by the City. Subsection (b) also grants the City authority to audit.

## Recommendation

While Subsection (a) can be left, HdL recommends eliminating subsection (b) and replacing it with a more thorough version, preferably in a separate headed section. During a full code rewrite, it may be beneficial to put this language under a consolidated section regarding the "collector's" powers and duties. Preferred versions of the audit section could be.

- a) **Audit And Examination Of Records And Equipment:** The Director of Finance and the Director's deputies, designates or any other person deemed appropriate by the Director, shall have the power to audit and examine all books, and records, and, where necessary, all equipment, of any person engaged in business in the City for the purpose of ascertaining the amount of business tax, sales or use tax, if any, required to be paid by the provisions hereof, and for the purpose of verifying the statements, or any item thereof, when filed by any taxpayer pursuant to this article. If such person, after written demand by the Director of Finance or the Director's deputies, designates or any other person deemed appropriate by the director, refuses to

make available for audit, examination or verification such books, records or equipment as the director of finance administration or the director's deputies, designates or any other person deemed appropriate by the director, requests, the director of finance administration may make an assessment in the manner provided of this article of any taxes estimated to be due.

**5.04.240. License—Determination of tax upon failure to file statements or application—Notice.**

*“If any person fails to file any required statement within the time prescribed, or if after demand therefor made by the collector he fails to file a corrected statement, or if any person subject to the tax imposed by this chapter fails to apply for a license, the collector shall proceed in such manner as he may deem best to obtain facts and information on which to base his estimate of the tax due. In case such determination is made, the collector shall give a notice of the amount so assessed by serving it personally or by depositing it in the United States mail, postage prepaid, addressed to the person so assessed at his last known place of address. (Ord. 1477 § 1, 1968; prior code § 6-1.411).”*

**Overview**

This section authorizes the City to conduct tax assessments on certain non-compliant businesses. However, the section does have some limitations and could be further expanded upon.

**Recommendation**

The City should expand this section to include a broader scope of assessments. For example, the current language does not allow the City to assess audit deficiencies. A more inclusive section could be added with language such as:

- a) If the Collector is not satisfied that any statement filed as required under the provisions of this article is correct, or that the amount of tax is correctly computed, or that the business classification has been correctly determined, or that any tax is due or may be due to the city of under the provisions of this article, the Collector, or the Collector's designate, may compute and determine the amount to be paid and make an assessment upon the basis of the facts contained in the statement or upon the basis of any information in the city's possession or that may come into the city's possession, one or more assessments of the amount of tax due for a given period or periods may be made. When a person discontinues engaging in a business, an assessment may be made at any time within three (3) years thereafter as to any tax liability arising from engaging in such business.

**5.04.350. License revocation—Grounds.**

*“A license issued under the provisions of this chapter may be revoked by the collector if the licensee shall conduct, engage in or carry on his business in an unlawful manner or fails to comply with the provisions of this chapter, or any other provisions of this code. (Ord. 1477 § 1, 1968; prior code § 6-1.601).”*



## Overview

This section allows the City to revoke a license for various purposes. However, as the intent of the tax is for revenue, the City should never have a need to revoke a license, as it does not authorize any business.

## Recommendation

The City should consider removing the section and subsequent process related section 5.04.360.

### 5.04.410. Enforcement—Duties of collector.

*“(a) It shall be the duty of the collector and he is directed to enforce each and all of the provisions of this chapter, and the chief of the department of public safety shall render such assistance in the enforcement hereof as may from time to time be required.*

*(b) The collector in the exercise of the duties imposed upon him hereunder shall examine or cause to be examined all businesses conducted in the city of Sunnyvale to ascertain whether the provisions of this chapter have been complied with. (Ord. 1477 § 2, 1968).”*

## Overview

This section requires enforcement of the ordinance by the collector and other relative positions.

## Recommendation

The City may consider removing subsection (b), as the current language is likely not accomplishable.

## Code Review – Potential Additions / Misc. Items

### **Tax Calculation - Proration / Annualization / Measures / Gross Receipts**

Depending on the final method selected by the City, there are numerous definitions, methodologies, and tax processes that may need to be added or addressed. These are unique solutions which require further refinement of the final tax model. HdL will assist with the enhancement of these items during the SMC modification process should the City elect to proceed.

### **“License” vs “Certificate”**

The use of “license”, and ultimately the standard usage and interpretation as an authorization, can create confusion for the City and the business community. The City may wish to consider eliminating all references and concepts of “license” and replace with a more appropriate “certificate” or “registration” based language.

### **Rules and Regulations**

The City may consider additional enforcement authority language. For example: “The collector may adopt rules and regulations which are not inconsistent with the provisions of this chapter, as may be necessary or desirable to supplement or clarify such provisions or aid in their enforcement.”

### **Vending / Coin-Op Machines**

The City does not currently have a tax category for vending machines. California Business and Profession Code 16002.5 requires a City to collect taxes on these types of business strictly on gross receipts. Employee based taxes are not allowed.

## SECTION 3 – Category & Tax Analysis

The City has requested that HdL conduct an analysis of the current tax structures as they relate to business license and explore options for modifying the rates and categories. In Section 1, 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.

In this section HdL has provided options for modifying the rate scale and the classifications. Using the data compiled in section 1 of this report on current license revenues, models were developed to estimate potential fiscal impacts to the City as well as how those changes may have an effect on the business community.

HdL has provided a summary chart on page 33 that provides a quick look at each model's impact on the City and the business community.

### **Tax Revenues & Collection Periods**

During the review of the City's business tax, a City process was discovered that differs from most California cities. The City currently collects 2 years of taxes during the application and renewal processes, achieved by extending the renewal periods to once every two years instead of annually. As such, the City is collecting double the tax from half the businesses each year, an effect that may be close to a neutral revenue proposition from the City's perspective. In order to effectively estimate revenues and true annual filing requirements, HdL made a series of data enhancements to create the revenue baselines for this study. Due to these data enhancements and other ancillary revenue recognition policies, the numbers indicated in this study will not tie directly to actual or forecasted City budget revenues for business tax.

### **License Classification and Rate Types**

The City currently has a very basic structure for taxing businesses, limiting rate categories to either employees or units. This structure can simplify reporting and tax processing, but makes grouping businesses difficult, as there are over 170 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 on the following page.

**Category 1 – Grouping by General Type of Business**

Category 1 groups the businesses by similar type of activity. In consolidating the types of business, HdL is able to substantially reduce the number of categories in the existing data. The table below reflects an example of how the categories could be consolidated and streamlined, creating various taxing methodologies. Total revenues and the breakout of taxes have been estimated, while also estimating categories not identified in City data.

| Grouping         | Total Taxes | Average Tax | Maximum  |
|------------------|-------------|-------------|----------|
| Contractor       | \$200,000   | \$77        | \$3,700  |
| General Business | \$646,000   | \$185       | \$12,122 |
| Property Rental  | \$405,645   | \$340       | \$5,423  |
| Service          | \$382,207   | \$86        | \$12,122 |
| Professionals    | \$136,000   | \$106       | \$7,080  |
| TOTAL >          | \$1,769,852 |             |          |

**Category 2 – Grouping by Tax Amount**

HdL has grouped the businesses categories by the taxes charged for each type of business. The grouping amount below indicates the payment made, total and average revenues, and the number of businesses contributing to the group.

| Category          | Record Count | Average Paid | Taxes       |
|-------------------|--------------|--------------|-------------|
| \$1 - \$50        | 5,826        | \$37         | \$213,194   |
| \$51 - \$100      | 4,867        | \$64         | \$310,640   |
| \$101 - \$250     | 1,440        | \$143        | \$205,723   |
| \$251 - \$500     | 476          | \$316        | \$150,632   |
| \$501 - \$1,000   | 203          | \$682        | \$138,509   |
| \$1,001 - \$5,000 | 228          | \$2,008      | \$457,925   |
| \$5,001 and Over  | 33           | \$8,886      | \$293,229   |
| TOTALS >          | 13,073       |              | \$1,769,852 |

## Employee Tax: Model 1 – Existing Categories with Simple Increases

The City may elect to not modify the existing structure, but rather modify 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. An example of an across the board % increase is indicated in the following table below:

| Rate Classes Unchanged (with % Rate Increase) |                 |               |              |               |              |
|---|-----------------|---------------|--------------|---------------|--------------|
| Tax Amount Paid                               | Number of Accts | Current Taxes | 20% Increase | 40 % Increase | 60% Increase |
| \$1 - \$50                                    | 5,826           | \$213,194     | \$255,832    | \$298,471     | \$341,110    |
| \$51 - \$100                                  | 4,867           | \$310,640     | \$372,768    | \$434,896     | \$497,024    |
| \$101 - \$250                                 | 1,440           | \$205,723     | \$246,867    | \$288,012     | \$329,156    |
| \$251 - \$500                                 | 476             | \$150,632     | \$180,758    | \$210,884     | \$241,011    |
| \$501 - \$1,000                               | 203             | \$138,509     | \$166,210    | \$193,912     | \$221,614    |
| \$1,001 - \$5,000                             | 228             | \$457,925     | \$549,510    | \$641,095     | \$732,680    |
| \$5,000 and Over                              | 33              | \$293,229     | \$351,874    | \$410,520     | \$469,166    |
| TOTALS >                                      | 13,073          | \$1,769,852   | \$2,123,819  | \$2,477,790   | \$2,831,761  |

### Cap Adjustment

The table above reflects standard increases to each scale and the cap across the board. The City could however modify or remove the cap entirely. The table below represents the increased revenue resulting from a removal of the cap. This method carries on the existing \$63.80 per 5 employee/unit in the existing scale, without limitation.

| Type / Cap Amount | Number of Accts | Total Emps/Units Above Cap | Tax Per 5 Emp/Unit | Extended Scale Revenue |
|-------------------|-----------------|----------------------------|--------------------|------------------------|
| 421 +Units        | 8               | 1,990                      | \$63.80            | \$25,584               |
| 946 + Emps        | 15              | 28,641                     | \$63.80            | \$365,701              |

**Model 1 – Highlights and Impact Review**

As indicated in the Table (A) above, a simple increase on employee and unit counts could keep the existing structures in place while yielding higher revenues to the City. The City can replace any of the sample % increases with varying degrees of increase or could elect to only apply the increases to certain categories. For example, increasing the rates on employees and residential property rental by 60%, while increasing others rates by 20% or not at all.

This option provides the City with the simplest method of increasing revenues which is also the most accurate to forecast. Additionally, for those flat rate categories, the City could use the existing standard CPI adjustment to those appropriate categories to ensure the rates stay current over the course of time.

Should the City wish to see specific calculations or examples of specific category rate increases, HdL will provide the calculations and attach as an addendum to this report.

**Employee Tax: Model 2 - Unified Employee & Unit Tax Rate**

Model 2 keeps the employee and unit-based structure of the City's existing code, but eliminates the sliding scale grouping and maximum tax amounts.

**Potential Tax Structure**

| <b>Tax Basis</b>    | <b>Tax Rate</b>         |
|---------------------|-------------------------|
| Employee / Unit Tax | \$20 / Employee or Unit |

**Model 2 Estimates Table**

The table below indicates the potential revenues from implementing a unified per employee/unit tax of either, \$20 per or \$25 per. Information for the estimates comes from the City's actual total reported employee count.

| <b>Gross Receipts</b> | <b>Number<br/>of Accts</b> | <b>Total<br/>Employee/Unit</b> | <b>Tax Amount<br/>(\$20.00)</b> | <b>Tax Amount<br/>(\$25.00)</b> |
|-----------------------|----------------------------|--------------------------------|---------------------------------|---------------------------------|
| General / Retail      |                            |                                |                                 |                                 |
| Employee / Unit Tax   | 13,073                     | 146,000                        | \$2,920,000                     | \$3,650,000                     |

**Model 2 – Highlights and Impact Review**

This option represents the simplest method of implementation, eliminating the need for a tax table to calculate amounts and consolidates every activity into a single tax structure, while not changing substantially from the City's existing rates. Due to this similarity, the impact on the business community and the City can be precisely measured, making for the most accurate estimates of revenues.

This model will lower the effective rate for small employers, however virtually every business with over 6 employees will see a small tax increase under this model. Due to the elimination of the sliding scale, all businesses with the sample employee / unit count will pay the same amount.

While a small amount of the increase is obtained through the base rate, the vast majority of the overall revenue increase comes from the businesses currently paying a cap. As indicated in Model 1, there are approximately 23 businesses currently paying the cap in the City, with an approximate total of \$225,000. Under this model those businesses would contribute an additional \$740,000 of revenues.

### Employee Tax: Model 3 - Classification Based Rates

In implementing this option, the City could choose to stay with employee based taxes, but vary the tax rate by the type of business. This would create varying rate multipliers based on the employees for each type of business the City desires to have a separate rate structure for.

For this model, HdL has utilized the standard categories established during data analysis. However, the City could have a structure with any number of categories or business type break downs. For example, in some cases cities can have hundreds of rate categories using SIC or NAICS codes as the basis for the category delineation.

#### Tax Structure

| Tax Rate     | Categories              | Tax Rate        |
|--------------|-------------------------|-----------------|
| Employee Tax | General / Retail        | \$15 / Employee |
| Unit Tax     | Property Rentals        | \$25 / Unit     |
| Employee Tax | Contractors             | \$20 / Employee |
| Employee Tax | Service / Professionals | \$25 / Employee |

#### Estimates Table

Using the varying structures above, the table below indicates potential revenues from one possible classification model based on the continued model of taxing employees and units.

| Category                 | Number of<br>Accts | Taxable<br>Employees /Unit | Tax Rate | Tax Amount  |
|--------------------------|--------------------|----------------------------|----------|-------------|
| General / Retail         | 3,500              | 36,038                     | \$15     | \$540,570   |
| Rental Units (Com & Res) | 1,233              | 31,971                     | \$25     | \$799,000   |
| Service / Professionals  | 5,762              | 62,995                     | \$25     | \$1,574,875 |
| Contractors              | 2,600              | 14,998                     | \$20     | \$299,960   |
| TOTALS>                  |                    |                            |          | \$3,214,405 |

## Employee Tax: Model 4 – Escalating Scale

Similar to the City's current model in method, this option provides a more condensed scaled approach to taxing employees and units. It also provides an escalating multiplier and charging more to a business as their employee counts rise.

To estimate the revenues for this model, HdL separated the businesses into each of the unique scales below.

| Categories       | Tax Structure                             | Tax Rate                                    |
|------------------|---|---|
| General Business | Employee Tax<br>1 Employee                | \$40  |
| General Business | Employee Tax<br>2 - 25 Employees          | \$40 + \$20 Per Employee<br>Over 1          |
| General Business | Employee Tax<br>26 - 500 Employees        | \$520 + \$25 Per Employee<br>Over 25        |
| General Business | Employee Tax<br>501 - 1,000 Employees     | \$12,395 + \$30 Per Employee<br>Over 500    |
| General Business | Employee Tax<br>1,001 - 5000 Employees    | \$27,395 + \$35 Per Employee<br>Over 1,000  |
| General Business | Employee Tax 5,001<br>and above Employees | \$167,395 + \$40 Per Employee<br>Over 5,000 |
|                  |   |   |
| Rental Property  | Unit Tax: 1 – 2 Units                     | Excluded                                    |
| Rental Property  | Unit Tax: 3 Units                         | \$75  |
| Rental Property  | Unit Tax: 4 or more Units                 | \$25 / Unit                                 |

Estimates Table

| Number of Accts         | Number of<br>Accts | Taxable<br>Employees /Unit | Tax Rate             | Tax Amount  |
|-------------------------|--------------------|----------------------------|----------------------|-------------|
| 1 Employee              | 5,611              | 5,611                      | \$40                 | \$224,440   |
| 2-25 Employees          | 5,811              | 29,933                     | \$40 + \$20 per      | \$715,280   |
| 26 – 500 Employees      | 398                | 32,523                     | \$520 + 25 per       | \$771,285   |
| 501 – 1,000 Employees   | 6                  | 4,397                      | \$12,395 + \$30 per  | \$116,280   |
| 1,001 – 5,000 Employees | 12                 | 26,060                     | \$27,395 + \$35 per  | \$824,065   |
| 5,001 and above         | 2                  | 15,825                     | \$167,395 + \$40 per | \$567,790   |
|                         |                    |                            |                      |             |
| 3 Units                 | 201                | 417                        | \$75 Flat            | \$10,425    |
| 4 Units and Above       | 1,032              | 32,467                     | \$25 / Unit          | \$811,675   |
| TOTALS>                 |                    |                            |                      | \$4,041,240 |



## Gross Receipts

### Gross Receipts Tax - Replace Employee & Unit Categories with Gross Receipts Tax

Taxing gross receipts is a common model for California business tax with over 50% of Cities using the taxing structure. A variety of models are commonly used including a scale method or the use of a standard rate multiplier to determine the tax amount owed. This model can be implemented as a standard rate applying to any business or one that can vary by business class. 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.

As the Gross Receipts method can result in \$0.00 returns or negligible amounts, most cities have a minimum tax or other method of ensuring a base tax. Another option is to create a base tax plus gross receipts rate. This allows for a minimum tax for businesses that generate gross receipts in excess of the base amount.

The “single rate” method of taxing on gross receipts provides an even distribution of the effective tax rate because all businesses subjected to the tax will pay the same rate. This method also provides the simplest method of calculation due to every business using a single multiplier.

#### Gross Receipts Tax – Background

Due to the lack of information available on current gross receipts for all Sunnyvale businesses, HdL is not able to accurately predict the impact of changing the structure to a single gross receipts model. HdL was able to use averages for those businesses where data on gross receipts reporting was available; however, direct comparisons are not available on a city-wide basis; and certain information may overlap between categories. 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.

## Gross Receipts Tax – Data Analysis & Variables

HdL has prepared key data elements for use in estimating the gross receipts tax on businesses where information was otherwise not available. The following information was used as a basis for the tax tables and models in subsequent options below.

|                          | Category        | Total<br>Accts/Units | Avg Rent / Unit /Year | Total Gross<br>Receipts |
|--------------------------|-----------------|----------------------|-----------------------|-------------------------|
| Rental Unit<br>Estimates | Rental Property | 1,211 / 32,000       | \$30,000              | \$960,000,000           |

|  | Category      | Estimate # of<br>Accounts | Total Gross<br>Receipts |
|--|---------------|---------------------------|-------------------------|
| Contractor Estimates                             | In/Out Town   | 2,600                     | \$325,000,000           |
| General / Retail Businesses /<br>Mfg / Wholesale | General       | 3,500                     | \$2,750,000,000         |
| Professional Estimates                           | Professionals | 1,300                     | \$390,000,000           |
| Personal Services / Misc<br>Service Estimates    | Service       | 4,462                     | \$1,115,500,000         |

|                          | Number of Records | Business Tax Total Taxable Gross |
|--------------------------|-------------------|----------------------------------|
| Combined Gross Estimates | 13,073            | \$5,540,500,000                  |

## Gross Receipts Tax – Model 1: Single Gross Receipts Rate

Model 1 reflects the potential revenues for converting the City tax to a single rate type gross receipts model. This would eliminate the current structure of employee taxes and unit variables whereby each business would pay based on the estimated gross receipts attributed within the City.

### Potential Tax Structure

| Tax Basis          | Tax Rate  |
|--------------------|---|
| Registration Tax   | \$25  |
| Gross Receipts Tax | \$1 per thousand dollars of Gross (0.001 x Gross) |

### Model 1 Estimates Table

The table below indicates the potential revenues from implementing a gross receipts tax with two options, \$1 / thousand, and \$0.50 / thousand. Information for the estimates comes from the data in the section above.

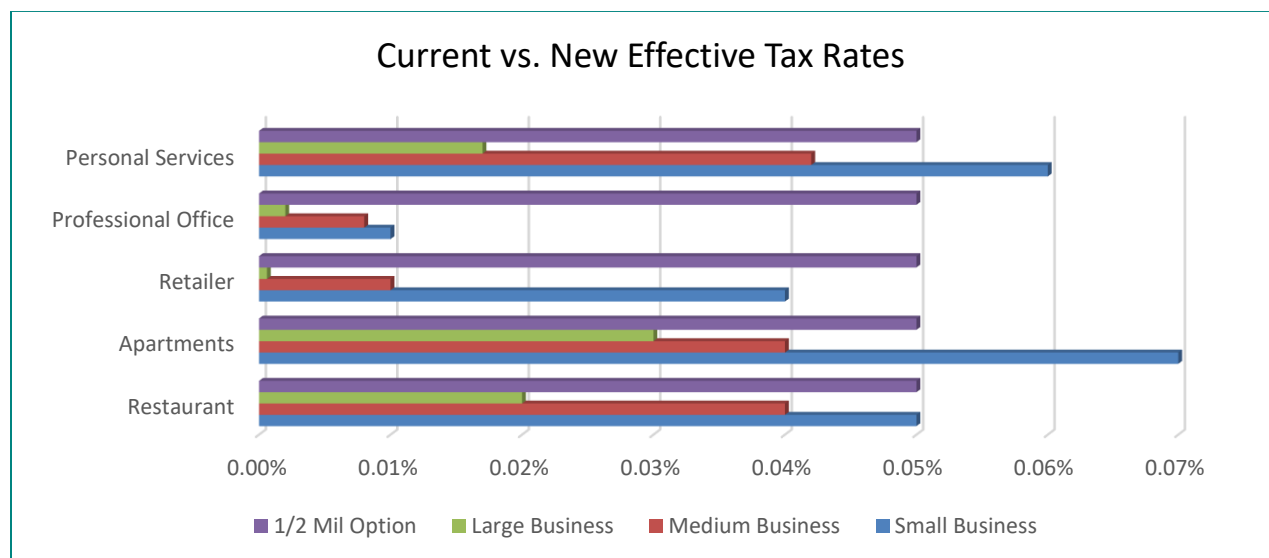
| Gross Receipts     | Number of Accts | Taxable Gross Receipts | Tax Amount (.001) | Tax Amount (.0005) |
|--------------------|-----------------|------------------------|-------------------|--------------------|
| General / Retail   |                 |                        |                   |                    |
| Registration Tax   | 13,073          | Flat Rate              | \$326,825         | \$326,825          |
| Gross Receipts Tax |                 | \$5.54B                | \$5,540,500       | \$2,770,250        |
| TOTALS>            |                 |                        | \$5,867,325       | \$3,097,075        |

### Model 1– 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 subjected to the tax will pay the same rate. This method also provides the simplest method of calculation due to every business using a single multiplier. Under this method, no cap is put in place and therefore a majority of the revenues are received from the highest grossing businesses.

Model 1 shows the most potential for expanded revenue while keeping the tax structure simple and easy to understand for businesses. Using the 1 Mil (.001 rate) as our baseline, we can see that revenues are increased substantially in a filing year, while still seeing a modest increase using the ½ Mil (.0005). The large increase is primarily due to moving to gross receipts, but removal of a cap is a contributing factor as well.

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. Additionally, the base registration tax can be treated as a separate item, as above, or as a minimum tax, which would eliminate the charge and ultimately lower the taxes to the business and revenues to the City.



# Expanded Tax Base - Property Unit Exclusion

## Expanded Tax Base – Residential Property Background

The City currently excludes residential and commercial property rentals where the total units are less than 3. The current ordinance also appears to exclude commercial spaces not used for office space, parking or mobile homes. Given the make-up of the City, this leaves many potential businesses without being taxed. The City could consider removing the unit exemption entirely requiring even renters of single family homes to pay the tax. Furthermore, the definition could be changed to residential and non-residential property, picking up any property rental within the City.

## Property Analysis

It is estimated that the City currently has over 5,000 units on parcels which are currently untaxed. Conservatively estimating the actual number of rentals and rents being charged, the City could expect to receive as much as \$150,000 in new revenues under the smaller rate plan in Model 1 of Option 2 and as much as \$450,000 under the model 2 rate plan of the same option. This is in addition to the existing revenues from property rental identified in each model.

## Residential Rental Unit Estimates

| Category        | Total Rental Units | Avg. Rent / Unit /Year | Total Gross Receipts |
|-----------------|--------------------|------------------------|----------------------|
| Untaxed Parcels | 5,000              | \$30,000               | \$150,000,000        |

## City of Sunnyvale vs. Neighboring Jurisdictions

### Current Rate Comparison Table

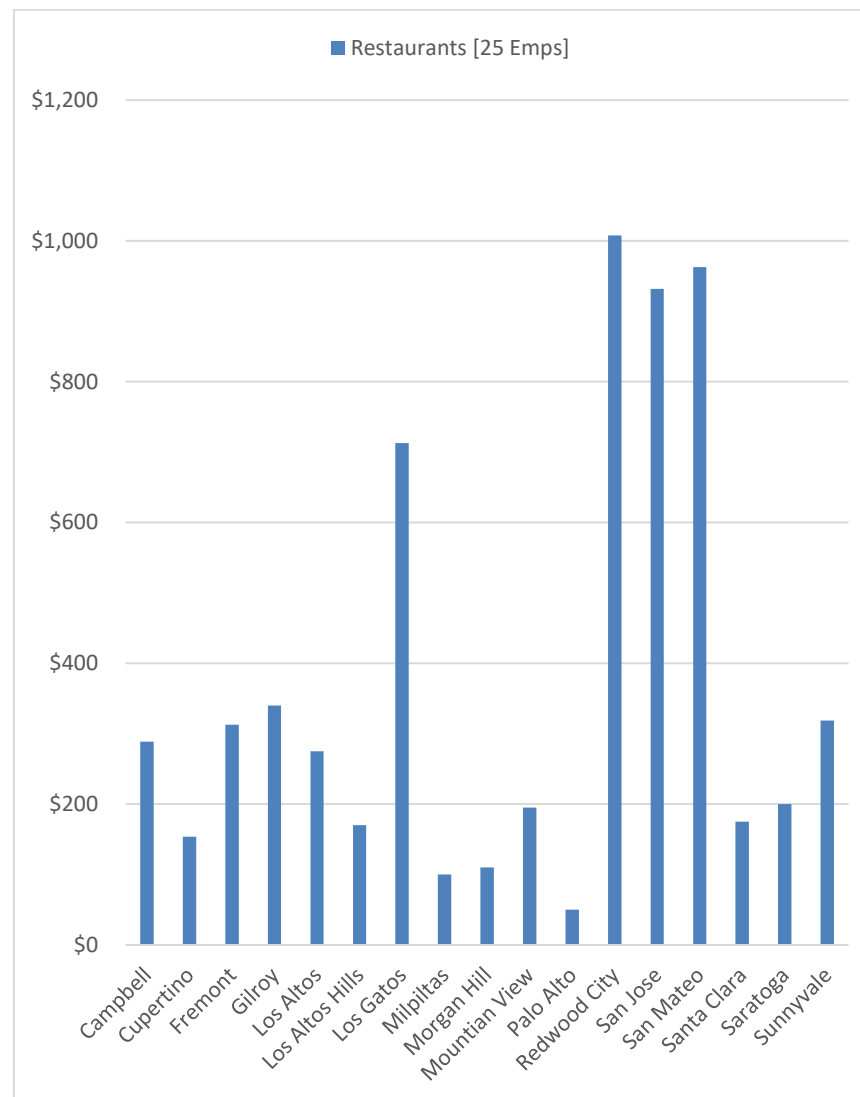
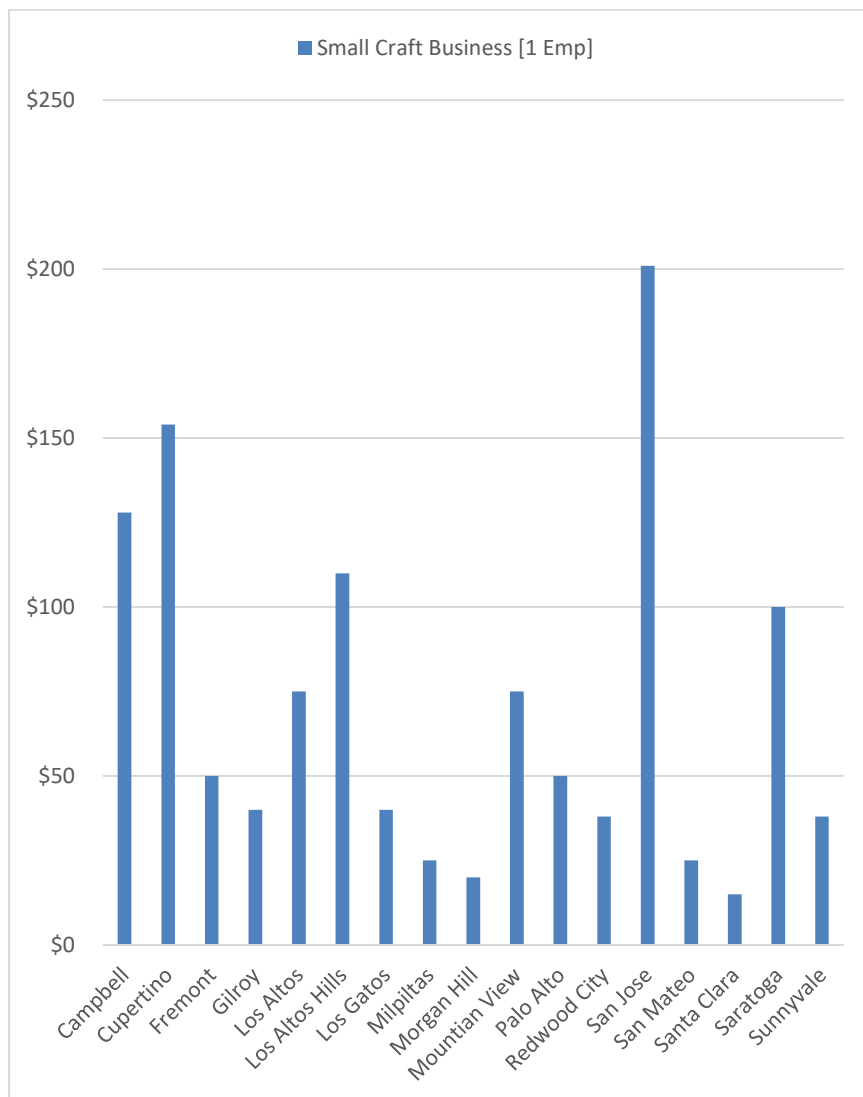
| Sample Business                         | Campbell<br>Current Rates | Cupertino<br>Current Rates | Fremont<br>Current Rates | Gilroy<br>Current Rates | Los Altos<br>Current Rates | Los Altos Hills<br>Current Rates | Los Gatos<br>Current Rates | Milpitas<br>Current Rate | Morgan Hill<br>Current Rate |
|---|---------------------------|----------------------------|--------------------------|-------------------------|----------------------------|----------------------------------|----------------------------|--------------------------|-----------------------------|
| Small Craft Business<br>1 employee      | \$128                     | \$154                      | \$50                     | \$40                    | \$75                       | \$110                            | \$40                       | \$25                     | \$20                        |
| Restaurant –<br>25 Employees            | \$289                     | \$154                      | \$313                    | \$340                   | \$275                      | \$170                            | \$713                      | \$100                    | \$110                       |
| Big Retailer –<br>275 Employees         | \$576                     | \$154                      | \$4,780                  | \$2,000                 | \$2,775                    | \$170                            | \$40                       | \$228                    | \$1,445                     |
| Hotel / Rental Property<br>50 Employees | \$175                     | \$654                      | \$1,980                  | \$340                   | \$300                      | \$170                            | \$40                       | \$122                    | \$215                       |
| Doctors Office-<br>20 Employees         | \$404                     | \$154                      | \$2,030                  | \$400                   | \$320                      | \$170                            | \$40                       | \$95                     | \$160                       |
| Professional Firm-<br>15 Employees      | \$404                     | \$154                      | \$1,130                  | \$320                   | \$175                      | \$145                            | \$40                       | \$90                     | \$135                       |
| Small Contractor –<br>1 Employee        | \$128                     | \$154                      | \$133                    | \$80                    | \$75                       | \$270                            | \$20                       | \$50                     | \$60                        |
| Contracting Firm-<br>3 Employees        | \$128                     | \$154                      | \$148                    | \$120                   | \$125                      | \$170                            | \$40                       | \$50                     | \$60                        |

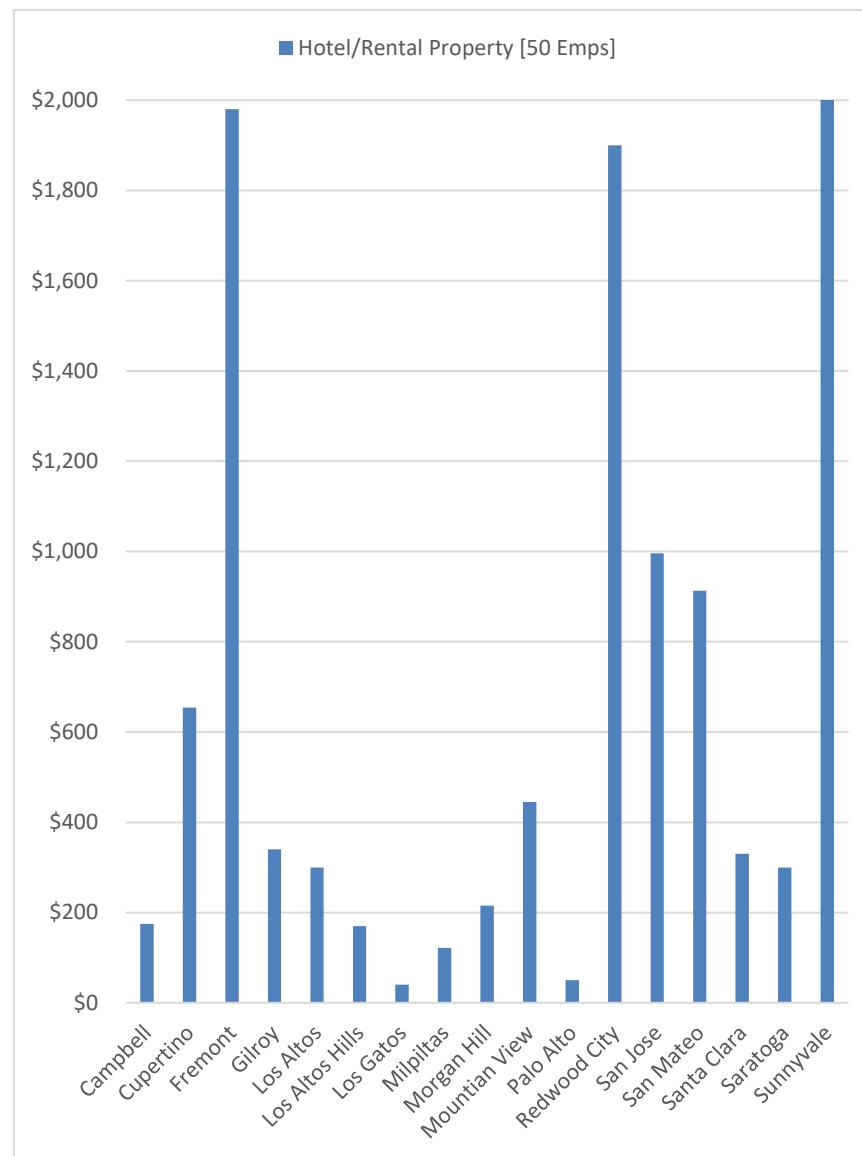
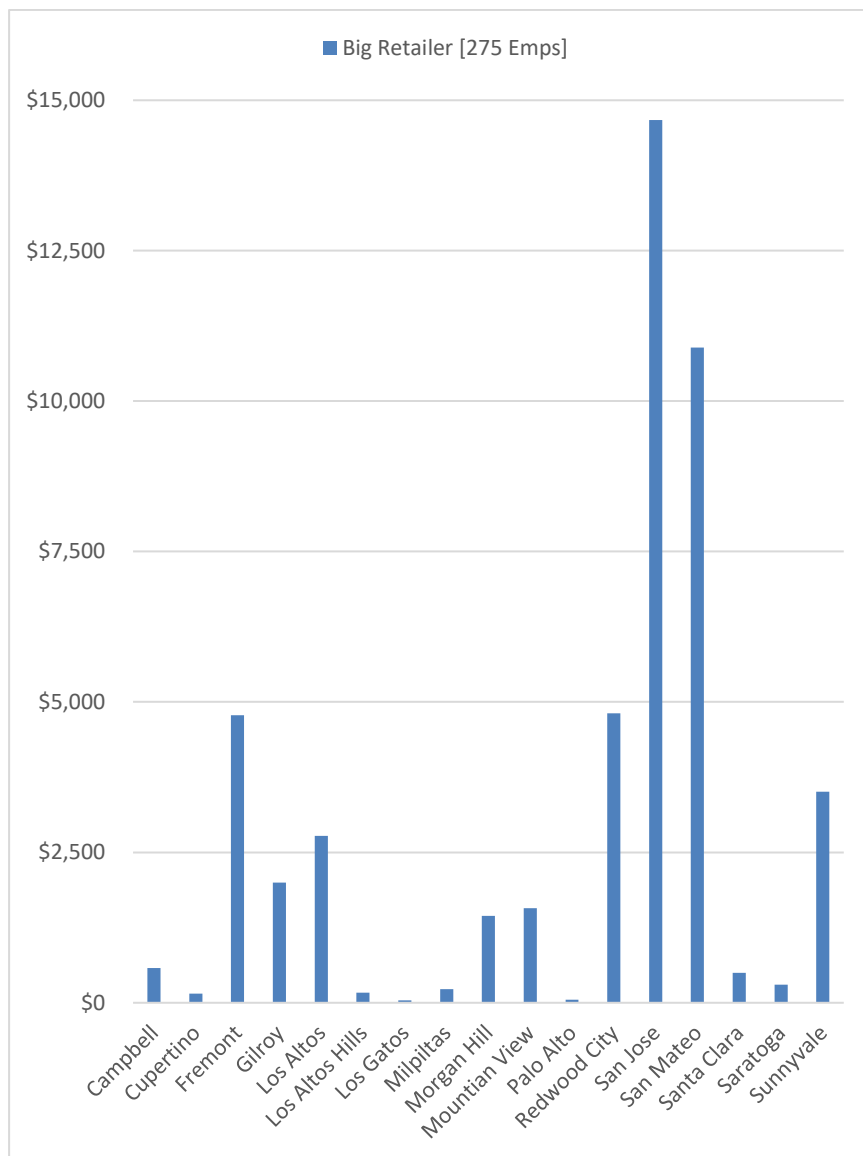
## Current Rate Comparison Table (Continued)

| Sample Business                         | Mountain View<br>Current Rates | Palo Alto<br>Current Rate | Redwood City<br>Current Rates | San Jose<br>Current Rates | San Mateo<br>Current Rates | Santa Clara<br>Current Rates | Saratoga<br>Current Rates | Sunnyvale<br>Current Rates |
|---|--------------------------------|---------------------------|-------------------------------|---------------------------|----------------------------|------------------------------|---------------------------|----------------------------|
| Small Craft Business<br>1 employee      | \$75                           | \$50                      | \$38                          | \$201                     | \$25                       | \$15                         | \$100                     | \$38                       |
| Restaurant –<br>25 Employees            | \$195                          | \$50                      | \$1,008                       | \$932                     | \$963                      | \$175                        | \$200                     | \$319                      |
| Big Retailer –<br>275 Employees         | \$1,570                        | \$50                      | \$4,811                       | \$14,670                  | \$10,888                   | \$500                        | \$300                     | \$3,509                    |
| Hotel / Rental Property<br>50 Employees | \$445                          | \$50                      | \$1,900                       | \$996                     | \$913                      | \$330                        | \$300                     | \$638                      |
| Doctors Office-<br>20 Employees         | \$200                          | \$50                      | \$760                         | \$773                     | \$1,198                    | \$115                        | \$300                     | \$255                      |
| Professional Firm-<br>15 Employees      | \$200                          | \$50                      | \$570                         | \$614                     | \$685                      | \$115                        | \$300                     | \$191                      |
| Small Contractor –<br>1 Employee        | \$75                           | \$50                      | \$39                          | \$200                     | \$86                       | \$15                         | \$45                      | \$38                       |
| Contracting Firm–<br>3 Employees        | \$90                           | \$50                      | \$39                          | \$232                     | \$71                       | \$30                         | \$130                     | \$64                       |

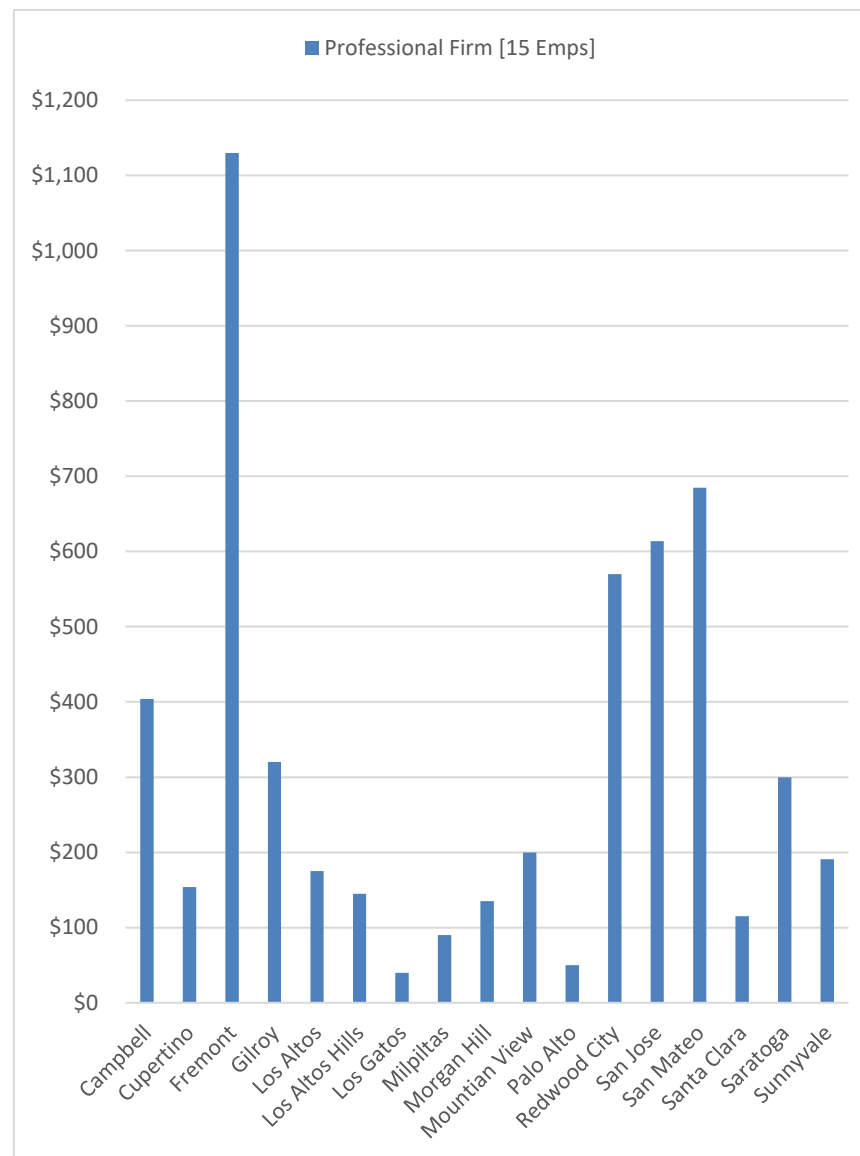
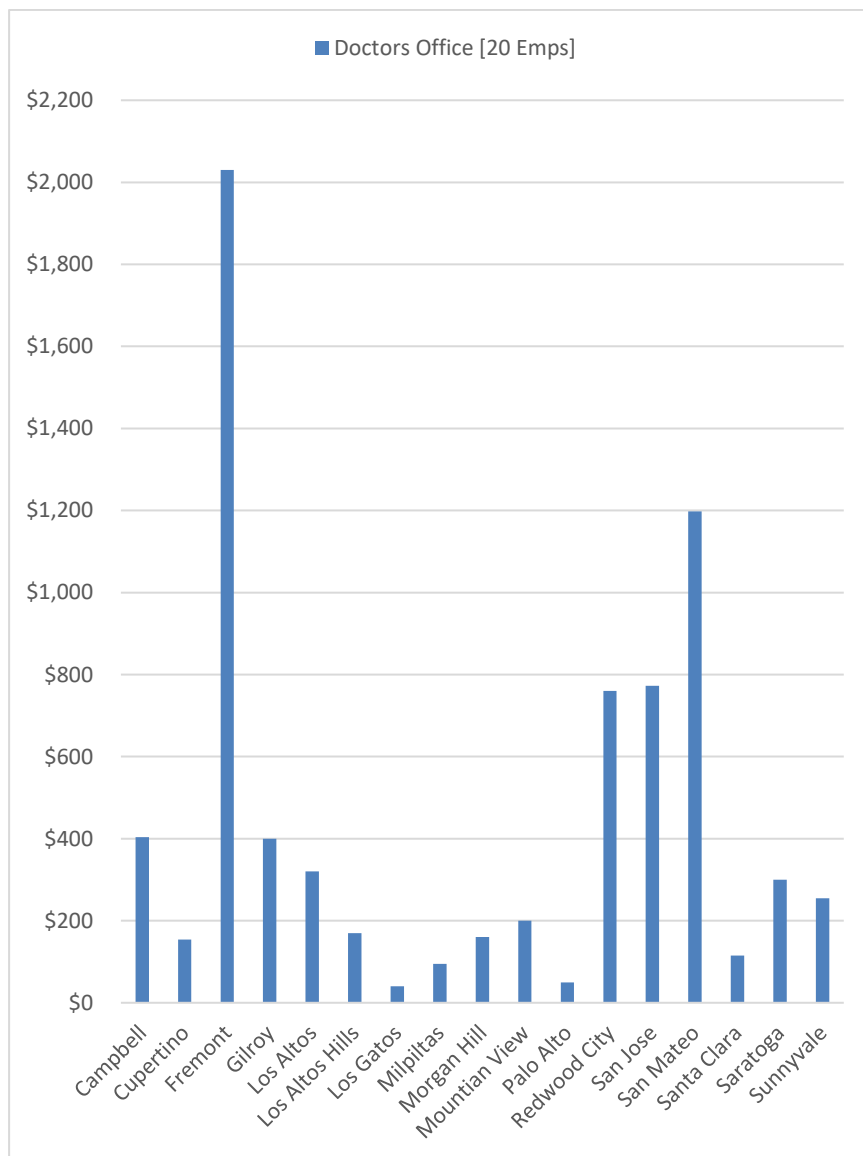
## City of Sunnyvale vs. Neighboring Jurisdictions

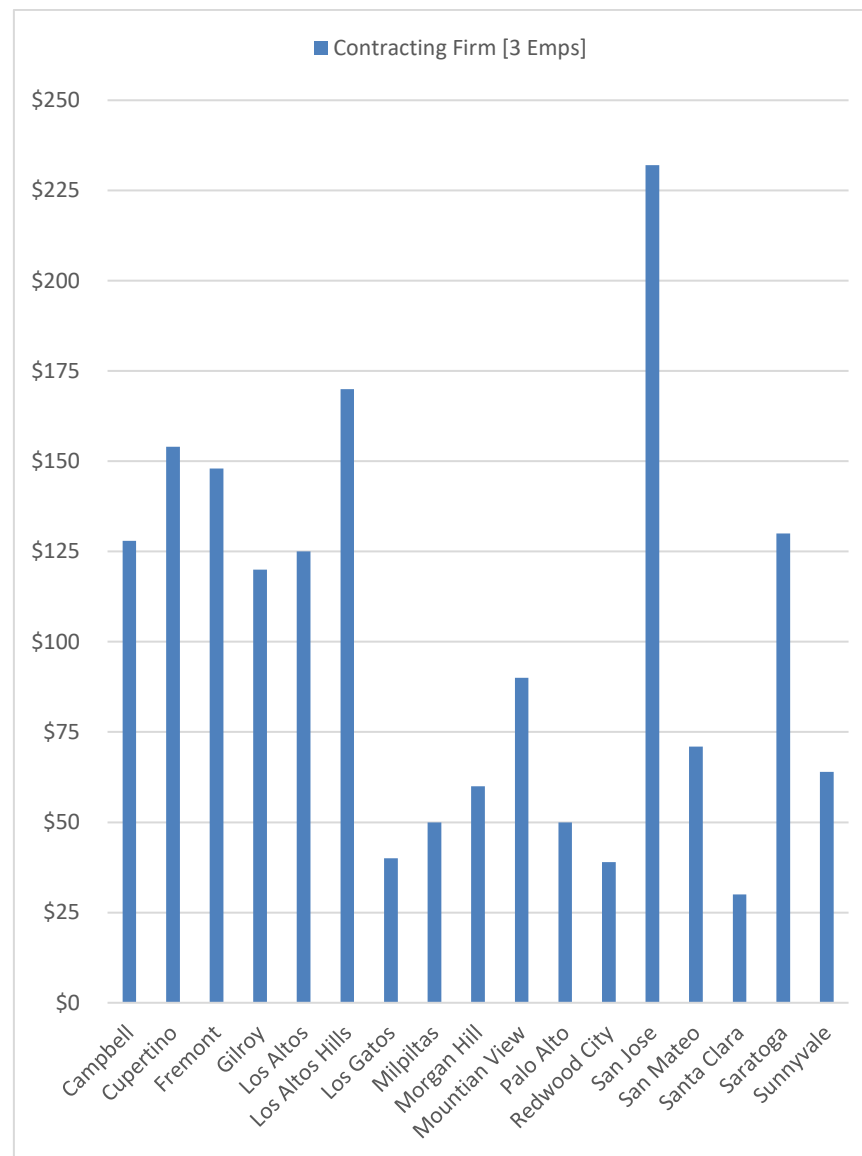
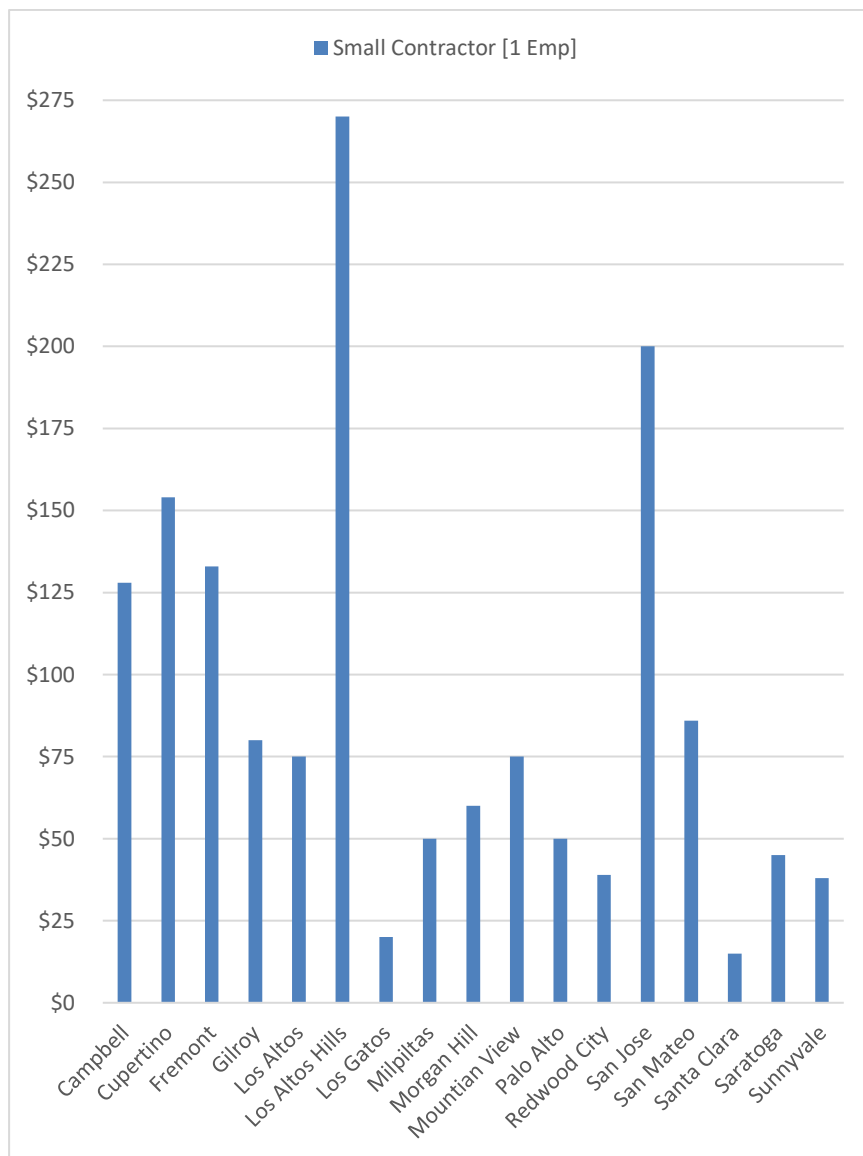
Current Rate Comparison Chart











## Proposed Rates Comparison Table

| Sample Business   | Sunnyvale<br>Current Rates | Sunnyvale<br>Employee Tax<br>Model 1<br>(0% & No Cap) | Sunnyvale<br>Employee Tax<br>Model 1<br>(60% & No Cap) | Sunnyvale<br>Emp Tax<br>Model 2<br>(\$20 Per) | Sunnyvale<br>Emp Tax<br>Model 3<br>(\$15-\$25 Per) | Sunnyvale<br>Emp Tax<br>Model 4<br>(Sliding Scale) | Sunnyvale<br>Gross Receipts Tax<br>Model 1<br>(\$1/thousand) |
|---|----------------------------|---|--|---|--|--|--|
| Small Craft Business<br>1 employee <20K Gross               | \$38                       | \$38  | \$61   | \$20  | \$15   | \$40   | \$25   |
| Restaurant –<br>25 Employees / \$1.25M Gross                | \$656                      | \$656   | \$1,050  | \$500   | \$375  | \$540  | \$1,250  |
| Big Retailer –<br>275 Employees / \$19M Gross               | \$3,509                    | \$3,509   | \$5,615  | \$5,500                                       | \$4,125  | \$6,770  | \$19,000   |
| Rental Property<br>50 Units / \$1.5M Gross                  | \$638                      | \$638   | \$1,021  | \$1,000                                       | \$1,250  | \$1,250  | \$1,500  |
| Doctors Office-<br>20 Employees / \$2M Gross                | \$255                      | \$255   | \$408  | \$400   | \$500  | \$420  | \$2,000  |
| Service Firm-<br>15 Employees / \$1.1M Gross                | \$191                      | \$191   | \$306  | \$300   | \$375  | \$320  | \$1,100  |
| Small Contractor –<br>1 Employee / \$75K Gross              | \$38                       | \$38  | \$61   | \$20  | \$25   | \$40   | \$75   |
| “Avg Tax Capped” Business–<br>2855 Employees / \$171M Gross | \$12,122                   | \$36,430  | \$66,895   | \$57,200                                      | \$71,375   | \$92,320   | \$171,000  |
| Estimated Business Tax Revenue                              | \$1,769,852                | \$2,161,137   | \$3,363,295  | \$2,920,000                                   | \$3,214,405  | \$4,041,240  | \$5,867,325  |

## Additional Information

### Ordinance Review

HdL conducted a review of the ordinance sections related to business tax. The recommended changes indicated in section 2 are technical recommendations based on the information available and direction provided by the City. Should the City elect to move forward with specific changes, HdL recommends the office of the City Attorney or their designee review each proposed change and craft language that accomplishes the City's final objectives.

### Procedure / Ordinance Conflicts

In many cities, HdL has identified a number of processes and procedures currently in place, that do not appear to conform to the city tax code. Some of these are the result of unclear language that requires subjective interpretation of the code. Over time, various administrators can create policies in isolation, without considering the impact on the business community as a whole, or on how those policies might conflict with city laws.

Should the City wish to review current policies and practices prior to implementation of a new code, HdL will participate in a process and procedure review with the City. Based on the final direction, HdL will provide a full detailed analysis of the potential conflicts as well as recommended changes designed to align practices and procedures with the code.

### Voter & Additional Approvals

Some of the changes may or may not require voter or additional approval. The City should review each change and determine which changes can be made via powers granted to the collector or other City staff members and which changes will require additional processes.

Additionally, the City does have codified increase language, allowing the City Council to make modifications to the rates. The City should investigate if this would allow the City to make these rate adjustments through a simple council resolution rather than a ballot measure.

### General Regulatory Provisions

In general, HdL recommends that any City Ordinance for business license where the intent is to generate revenue be limited to the scope of generating revenue. Some of the City current ordinance provisions are designed to stop people for paying for or being issued a license. Many of these requirements can be burdensome on licensing staff and many times create review requirements that are outside the scope of their expertise.

The City would be better served and the intent of generating revenue preserved if the requirements for things like building and safety are kept with the sections and regulatory provisions that govern those items. HdL feels additional discussion of these items is warranted to review the implications of removing those sections and others potentially affected.

### Additional Support

While HdL is not able to provide specific legal advice, HdL will work with the City's designee to assist in crafting the final changes as well as provide advice and additional analysis should the City elect to move

forward with modification of its ordinances. Should the City wish to contract out legal services, HdL can provide references for firms that specialize in local government ordinances.

### **Comparative Jurisdictions**

The analysis of surrounding jurisdictions was conducted to provide background of the overall structure and taxes imposed by neighboring cities. This information can be valuable and may be considered by the City when making its final determinations to ensure that changes made to the tax structure remain competitive with other cities.

### **Additional Cities**

HdL selected cities from surrounding jurisdictions that were similar in size or tax structure. Should the City wish to expand the analysis to additional jurisdictions, HdL can provide further details as an addendum to this report.

### **Rate Structure Modification and Modernization**

The primary focus of the rate analysis and change review was the current tax structure. Options indicated in this report 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. HdL will work with the City to craft any additional classifications or structures that the City feels may be worth considering.

## Addendum

### Campbell, CA



#### Demographics:

- Population: 41,544
- County: Santa Clara
- Incorporation: March 28, 1952
- Estimated median household income: \$119,366
- Land area: 5.89 square miles
- Population Density: 6,953 people per square mile

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#### Rate Structures and Fees - Renewal Cycles:

##### Issuance Period: 5.01.065

Annual licenses shall date from the first day of the month in which the license is purchased, effective for one year from the effective date; monthly licenses shall date from the first day of the calendar month for which they are issued; daily or weekly licenses shall be due and payable each day or week in advance.

##### Rate Structures and Fees - Penalties: 5.01.080

**Penalties:** If any annual or quarterly license remains unpaid at the end of the calendar month in which it becomes due and payable, a penalty of five percent per month shall be added to the same for each month that it remains unpaid, not exceeding in the aggregate a total of fifty percent of the amount of the license fee. Any such penalty so imposed shall be collected by the person in charge of the collection of the license to which the penalty is added.

**Delinquency:** All annual license fees, under the provisions of this chapter, shall be issued on an anniversary date basis and shall be due and payable in advance on the anniversary date, which is the first day of the month in which the license was effective. No annual license issued on an anniversary date basis shall be prorated.

**City of Campbell License Tax Rates & Fees:**

**In – City**

**5.04.010**

*\* All out of City businesses pay a flat \$103*

| Commercial Zoned | # of Employees       | Tax Rate |
|------------------|----------------------|----------|
|                  | 1 to 5 employees     | \$128    |
|                  | 6 to 15 employees    | \$202    |
|                  | 16 to 50 employees   | \$289    |
|                  | 51 or more employees | \$576    |

| Industrial Zoned | # of Employees       | Tax Rate |
|------------------|----------------------|----------|
|                  | 1 to 5 employees     | \$128    |
|                  | 6 to 50 employees    | \$202    |
|                  | 51 or more employees | \$346    |

| Professionals | # of Employees       | Tax Rate |
|---------------|----------------------|----------|
|               | 1 to 3 employees     | \$128    |
|               | 4 to 10 employees    | \$232    |
|               | 11 to 50 employees   | \$404    |
|               | 51 or more employees | \$576    |

| Lodging           | # of Units                    | Tax Rate                    |
|-------------------|-------------------------------|-----------------------------|
| Apartments        | 1 <sup>st</sup> unit          | \$71                        |
|                   | Each add. unit in excess of 1 | \$3 per unit in excess of 1 |
| Hotels            | Base Tax                      | \$175                       |
|                   | + # of Rooms                  | \$3 per room                |
| Mobile Home Parks | Base Tax                      | \$175                       |
|                   | + # of Rooms                  | \$3 per room                |



# Cupertino, CA

## Demographics:

- Population: 64,344
- County: Santa Clara
- Incorporation: September 27, 1955
- Estimated median household income: \$134,872
- Land area: 11.31 square miles
- Population Density: 5,331 people per square mile

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### Rate Structures and Fees - Renewal Cycles: 5.04.210

#### Issuance Period:

Unless otherwise proscribed in this chapter, a business license shall be issued for a twelve-month period and shall automatically expire at the end of said period.

### Rate Structures and Fees - Penalties: 5.04.250

**Interest:** Any person who fails to pay any tax required to be paid by this chapter shall pay interest at the rate of one percent per month, or fraction thereof, on the amount of the tax, exclusive of penalties, from the date on which the tax first becomes due and payable until paid. Interest shall run during any period of time for which an extension of time has been granted by the City for payment of the tax. Interest required by any of the provisions of this chapter shall be subject to waiver or compromise by the Collector. The interest shall not be compounded, but shall be on principle only.

**Penalties:** All taxes imposed by this chapter shall be subject to the following penalties:

**Delinquency:** Any person who fails to pay any tax, or any fraction thereof required to be paid by this chapter within the time required, shall pay a penalty of twenty percent per month of the amount of unpaid tax. Such penalty shall not exceed one hundred percent of the tax for any calendar year for each year that the tax is unpaid. This penalty shall accrue on the first day of each calendar month for which the tax remains unpaid.

**Fraud:** If the Collector, after notice to the applicant or licensee and hearing, determines that the nonpayment of any tax due under this chapter is due to fraud, a penalty of ninety percent of the amount of the unpaid tax shall be added thereto, in addition to any other penalties set forth in this section. Where after notice and hearing to the applicant or licensee, the Collector determines that a corporate officer, director or shareholder is responsible for the fraud resulting in the nonpayment of the tax of a corporation, the Collector may designate the tax, interest and penalties unpaid, including the penalty provided for in this subsection due to such fraud, as a personal debt of the officer, director or shareholder.

**Merger of Interest and Penalties:** Such interest as is accrued, and every penalty imposed under the provisions of this section, shall become a part of the tax required to be paid under this chapter.

**Penalties on Principle:** All penalties imposed hereunder shall be calculated on principle only, and shall not be compounded.



**City of Cupertino License Tax Rates & Fees:**

**In – City**

**5.04.280**

| <b>Business Tax Generally</b> | <b>Square Feet</b> | <b>Rate per Square Foot</b> |
|-------------------------------|--------------------|-----------------------------|
|                               | 0 - 5,000          | 0.0200                      |
|                               | 5,001 - 25,000     | 0.0175                      |
|                               | 25,001 - 75,000    | 0.0150                      |
|                               | 75,001 - 100,000   | 0.0125                      |
|                               | 100,001 - 150,000  | 0.0100                      |
|                               | 150,001 and above  | 0.0025                      |

| <b>City of Cupertino License Tax Rates &amp; Fees:</b>       | <b>Tax</b>  | <b>Equation to Calculate “Current Year Tax Rate”</b>   |
|--|---|--|
| Agents, Solicitors, and Salespersons                         | \$75.00   | A divided by B times C equals D<br>A = current year CPI; B = base year CPI;<br>C = base year tax rate; D = current year tax rate |
| Amusement Center   | \$150 plus \$5 per machine  | A divided by B times C equals D<br>A = current year CPI; B = base year CPI;<br>C = base year tax rate; D = current year tax rate |
| Amusements Generally   | \$75 per day  | A divided by B times C equals D<br>A = current year CPI; B = base year CPI;<br>C = base year tax rate; D = current year tax rate |
| Apartment House  | \$100 first 4 units and \$7 per additional unit   | A divided by B times C equals D<br>A = current year CPI; B = base year CPI;<br>C = base year tax rate; D = current year tax rate |
| Seasonal Lot Sales   | \$150   | A divided by B times C equals D<br>A = current year CPI; B = base year CPI;<br>C = base year tax rate; D = current year tax rate |
| Concerts, Circuses and Performances                          | \$150 first day and \$25 per day thereafter   | A divided by B times C equals D<br>A = current year CPI; B = base year CPI;<br>C = base year tax rate; D = current year tax rate |
| Lumberyard, Building Material Yard, Junkyard-Plant Nurseries | \$75 per plus \$5 per day per acre owned leased or rented the amount shall not exceed the index | A divided by B times C equals D<br>A = current year CPI; B = base year CPI;<br>C = base year tax rate; D = current year tax rate |
| Coin-operated Device   | \$75 per year plus \$5 for each machine   | A divided by B times C equals D<br>A = current year CPI; B = base year CPI;<br>C = base year tax rate; D = current year tax rate |
| Contractors  | \$75 per year   | A divided by B times C equals D<br>A = current year CPI; B = base year CPI;<br>C = base year tax rate; D = current year tax rate |
| Home Occupations   | \$75  | A divided by B times C equals D<br>A = current year CPI; B = base year CPI;<br>C = base year tax rate; D = current year tax rate |

|   |                                  |  |
|---|----------------------------------|--|
| Hotels, Motels, Auto Courts and Lodginghouses   | \$75 plus \$5 per year each room | A divided by B times C equals D<br>A = current year CPI; B = base year CPI;<br>C = base year tax rate; D = current year tax rate |
| Peddling  | \$150                            | A divided by B times C equals D<br>A = current year CPI; B = base year CPI;<br>C = base year tax rate; D = current year tax rate |
| Rest, Convalescent, Guest and Family Care Homes | \$150                            | A divided by B times C equals D<br>A = current year CPI; B = base year CPI;<br>C = base year tax rate; D = current year tax rate |
| Private Schools                                 | \$150                            | A divided by B times C equals D<br>A = current year CPI; B = base year CPI;<br>C = base year tax rate; D = current year tax rate |
| Taxicab or Automobiles for Hire                 | \$175                            | A divided by B times C equals D<br>A = current year CPI; B = base year CPI;<br>C = base year tax rate; D = current year tax rate |
| Theaters and Shows                              | \$150 plus \$2 per seat          | A divided by B times C equals D<br>A = current year CPI; B = base year CPI;<br>C = base year tax rate; D = current year tax rate |
| Small-Income Businesses                         | \$25                             | A divided by B times C equals D<br>A = current year CPI; B = base year CPI;<br>C = base year tax rate; D = current year tax rate |



## Fremont, CA

### Demographics:

- Population: 237,807
- County: Alameda County
- Incorporation: February 18, 1874
- Estimated median household income: \$114,684
- Land area: 87.62 square miles
- Population Density: 2,604 people per square mile

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### Rate Structures and Fees - Renewal Cycles: 5.04.010 – Definitions

All business taxes due under the terms of this chapter shall be payable in advance of the applicable tax period prescribed as follows:

- (1) Businesses subject to daily business taxes: Taxes shall be paid on their effective date and shall be delinquent at 5:00 p.m. on that date.
- (2) Businesses subject to monthly business taxes: Taxes shall be paid on the first day of each month for which the business tax is sought and shall be delinquent at 5:00 p.m. on the tenth day of that month.
- (3) Businesses subject to quarterly business taxes: Taxes shall be paid on the first day of January, April, July and October and shall be delinquent at 5:00 p.m. on the last day of the first month in which the quarterly business tax is due.
- (4) Existing businesses subject to annual business taxes: Taxes shall be paid on the first day of January and shall be delinquent at 5:00 p.m. on the last day of February.
- (5) New businesses subject to annual business taxes: Taxes shall be paid on the first day of January, April, July and October. Taxes due on January 1st shall be delinquent at 5:00 p.m. on the last day of February; all other businesses with due dates of April 1st, July 1st and October 1st shall be considered delinquent at 5:00 p.m. on the last day of the month of their due date

### Rate Structures and Fees - Penalties: 5.05.150 – Penalties

**Penalties:** For failure to pay a business tax when due, the collector shall add a penalty of five percent per month of said business tax, including the registration tax, and shall in no event exceed 25 percent of the business tax due. Where an audit or inspection of the books or records of a business reveals the amount of business tax paid for any business tax period is less than the amount which was actually due, it shall be deemed for purposes of this subsection that such deficiency was a failure to pay a business tax when due. All taxes imposed and remaining unpaid after delinquency, including any deficiency in payment of taxes, shall bear interest at the rate of one percent per month or fraction thereof until paid. Penalties and interest as provided in this subsection shall be assessed from the date when said deficiency was required to be paid pursuant to this chapter.

### City of Fremont Business Tax Rates & Fees:

#### Professionals 5.05.206

- (a) Generally. Every person conducting, carrying on, or engaged in a profession or vocation requiring a period of specialized training and certification shall pay an annual business tax of \$1.30 for each \$1,000 of gross receipts.

(b) Real Estate Broker.

(1) A real estate broker who has a fixed place of business in the city shall pay an annual business tax of \$38.00 for each fixed place of business, plus an additional business tax of \$25.00 for each person performing services at such fixed place of business as a licensed real estate salesperson, not including the broker, office manager or other salesperson in charge of the office.

(2) A real estate broker who does not have a fixed place of business in the city shall not be deemed to be doing business in the city unless in a calendar year he or she has been engaged in three or more revenue-generating transactions with respect to real property in the city or earned \$10,000 or more in commissions or fees with respect to real property in the city, whichever occurs first. Whenever such a real estate broker has earned such amount in fees or commissions, or has been engaged in three or more revenue-generating transactions with respect to real property in a calendar year, whichever occurs first, he or she shall be required to pay a business tax of \$30.00 for such calendar year.

(3) As used in this section, "transaction" shall mean performance of services as a selling broker with respect to real property, or performance of services as a listing broker with respect to real property which has been sold during the listing period, or performance of service as an appraiser of real property. Where a sale of real property is consummated by a broker who is also the listing broker with respect to the property involved, two transactions shall be deemed to have occurred with respect to such broker.

(4) If a real estate broker, who has a fixed place of business in the city, also operates a real estate office in another city, any Fremont listings or sales generated from the out-of-town location shall be deemed to be operations of a real estate broker not having a fixed place of business in the city of Fremont for purposes of this section. (Ord. 1876 § 2, 6-6-89; Ord. 16-2009 § 9, 7-21-09. 1990 Code § 5-1203.)

**Contractors 5.05.270**

(a) Every person conducting, carrying on or managing a business as a licensed contractor and who undertakes to, or offers to undertake to, or purports to have the capacity to undertake to, or submits bids to, or does himself or herself or by or through others, construct, alter, repair, add to, subtract from, improve, move, wreck or demolish any building, highway, road, railroad, excavation, or other structure, project, development or improvement, or to do any part thereof, including the erection of scaffolding or other structures or works in connection therewith, is defined as a contractor. The term "contractor" as used in this section also includes subcontractors and specialty contractors.

(1) Every contractor with a fixed place of business in the city shall pay an annual business tax of \$95.00 per calendar year, plus \$0.10 for each \$1,000 of gross receipts.

(2) Every contractor who does not have a fixed place of business in the city shall pay a business tax of \$30.00 per calendar quarter, plus \$0.10 for each \$1,000 of gross receipts.

(b) Any newly established contractor with a fixed place of business in the city may have the business taxes prorated depending upon the calendar quarter said business begins operating. A contractor who does not have a fixed place of business in the city may elect to pay a business tax on an annual basis in accordance with subsection (a)(1) of this section.

(c) For purposes of this section, the gross receipts of a contractor shall not include the gross receipts only of any persons attributable to construction, structural additions, or improvements for which a tax is required pursuant to Section [5.05.280](#) (where such person is required to pay a tax pursuant to such section); provided, that such contractor lists his/her subcontractors and the amounts paid or payable to such subcontractors for any such construction. (Ord. 1876 § 2, 6-6-89; amended during 2012 reformat. 1990 Code § 5-1204.)

#### **Construction Tax 5.05.280**

(a) Every person who constructs a new dwelling, makes additions in habitable space to any existing dwelling, or improves land as a mobile home lot shall be subject to a business tax consisting of a flat rate for new residential construction or mobile home lots, or a square footage tax on all additions to existing residential structures for such construction. The collector shall set the annual rates effective July 1st of each year based on the changes in the gross national product (GNP) deflator.

The addition to a dwelling of a patio structure, garage or shed shall not be deemed to add habitable space to a dwelling. The number of square feet of floor area shall be determined by the building official based on the data submitted by the applicant.

(b) The business tax shall be due and payable upon the issuance of the building permit. No building permit shall be issued until such tax has been paid.

(1) In the case of improvement of land in a mobile home lot, the business tax shall be due and payable upon commencement of the improvement. No work shall be commenced until the tax has been paid. Delinquency penalties for failure to pay when due shall be as prescribed in Section [5.05.150](#)(a).

(2) The tax shall be paid by or on behalf of the contractor/owner as taxpayer to the collector, who shall certify such payment to the building official.

(c) The business tax shall be refundable in the event that the building permit is issued and has thereafter expired and become null and void because the building and work authorized by such permit was not commenced within 180 days from the date of such permit.

(d) Any person who is required to pay a business tax pursuant to this section shall only be required to pay the contractors flat rate as prescribed in Section [5.05.270](#). (Ord. 1876 § 2, 6-6-89. 1990 Code § 5-1204.1.)

#### **Wholesalers, Manufacturers, Other Businesses**

(a) Every person conducting, carrying on or managing any business consisting of manufacturing or selling at wholesale any goods or merchandise, maintaining administrative offices with minimal sale of goods, merchandise or services, or providing telephone or telegraph services shall pay an annual business tax of \$0.30 for each \$1,000 of gross payroll.

(b) Every person conducting, carrying on or managing a business of quarrying shall pay an annual business tax of \$1.00 for each \$1,000 of gross payroll. For the purposes of this section, "quarrying" shall also mean producing earth, rock, crushed stone, building stone, slate, limestone, gravel, sand, minerals, or other similar material products. (Ord. 1876 § 2, 6-6-89. 1990 Code § 5-1205.)

### **Recreation and Entertainment 5.05.310**

(a) Every person conducting, carrying on, or managing any business of offering for lease or rental any residential real property, commercial real property or industrial real property shall pay an annual business tax of \$1.30 for each \$1,000 of gross receipts. For purposes of this section, persons who rent, lease or manage no more than four residential dwelling units shall not be deemed to be in business. This exception shall not apply to persons who rent five or more residential dwelling units, or who rent any commercial or industrial real property in the city. Persons who rent commercial or industrial real property in the city shall also report all residential units.

(b) Every person conducting, carrying on or managing a trailer court, mobile home park or similar enterprise shall pay an annual business tax of \$12.00 for each \$1,000 of gross receipts.

Each person who rents real property to others and is subject to this tax shall not be required to pay more than one registration tax for all lots (including buildings) in the city.

The business taxes provided for herein are cumulative. If the same lot, dwelling unit, office or other space, or any portion thereof is leased and subleased to more than one person in the same time period, each separate lease or sublease to each person shall constitute the rental of a rental unit. Taxes provided for herein are in addition to any business taxes which may be required to be paid by real estate brokers, agents or other persons engaged in business and taxes pursuant to other provisions of this chapter.

(c) Every person conducting, carrying on or managing any business of renting out accommodations substantially on a transient occupancy basis shall pay a business tax of \$1.00 for each \$1,000 of gross receipts. This classification includes but is not limited to hotels, motels, bed-and-breakfast inns, etc. (Ord. 1876 § 2, 6-6-89. 1990 Code § 5-1207.)

### **Transportation – Out-of-town businesses 5.05.320**

Every person with no fixed place of business in the city who is engaged within the city in a business of conducting, managing or running, driving or operating any vehicle used for transportation, selling, collecting, or delivery of goods, merchandise, or other personal property of any kind, or of soliciting for work, labor or services to be performed upon the public streets in or from a vehicle shall pay a business tax of \$30.00 per year in advance per vehicle used in the city. However, such persons may elect to pay a tax pursuant to Section [5.05.250](#) for all remaining tax periods other than the original tax period. (Ord. 1876 § 2, 6-6-89. 1990 Code § 5-1208.)

### **Miscellaneous businesses 5.05.330**

(a) Carnival or Circus. Any person conducting, carrying on or managing any business which consists of operating a carnival or circus shall pay a business tax of \$420.00 for the first day of operation and \$210.00 for each additional day of operation.

(b) Canvassers and Solicitors. Any person who engages in the business of going from house to house, place to place, on or along the streets within the city, or by telephone, selling or taking orders for, or offering to sell or take orders for, goods, merchandise or other things of value for future delivery or for service to be performed in the future shall pay a business tax of \$85.00 per person per calendar quarter or \$35.00 per person per month.

Any business which conducts its business through the use of persons assigned as solicitors to established and defined routes regularly serviced by such solicitors may, pursuant to Section [5.05.240](#), pay an annual business tax in lieu of the tax for each solicitor prescribed by this section, based on the total annual gross receipts derived from all orders

solicited by such solicitors. Regular service to a route shall be deemed to have been accomplished if in each quarter not less than 50 percent of the houses and places upon a route from which an order was taken in the same or previous quarter are solicited, canvassed or an order taken.

(c) Christmas Tree Lots. Any person conducting, carrying on or managing any business consisting of selling Christmas trees shall pay a business tax of \$65.00 per month.

(d) Itinerant Vendors. Any person who engages in a temporary business in the city by selling or offering for sale any goods, merchandise or things or articles of value for a period of not more than 120 days in any calendar year shall pay a business tax of \$75.00 per month per location per person.

(e) Peddlers.

(1) Any person who engages in the business of going from house to house, place to place, on or along the streets within the city and making immediate delivery or offering for sale and immediate delivery such items as food, beverages, home-manufactured articles, novelties, notions, toys, souvenirs, flowers, medicines, or patent medicines shall pay a business tax of \$45.00 per person or vehicle per calendar quarter.

(2) Any person who engages in the peddling of wearing apparel, cloth, furs, jewelry, cosmetics, perfume, toilet articles, silver or plated ware, household furnishings, auto parts or accessories, cooking utensils or any other goods, wares or merchandise not otherwise specifically taxed pursuant to this chapter shall pay a business tax of \$210.00 per person per month.

(f) Tool Sharpeners and Curb Painters. Any person traveling from house to house or place to place for the purpose of grinding or sharpening scissors, knives, cutlery or mechanical tools, making keys, or painting house or address numbers upon private real property or an adjacent street curb shall pay a business tax of \$25.00 per person per day.

(g) Warehousing. Any person conducting, carrying on or managing any business consisting of maintaining or renting warehouse and storage space shall pay an annual business tax of \$65.00 for every 50,000 square feet of floor space. (Ord. 1876 § 2, 6-6-89. 1990 Code § 5-1209.)



# Gilroy, CA

## Demographics:

- Population: 57,664
- County: Santa Clara
- Incorporation: March 12, 1870
- Estimated median household income: \$81,056
- Land area: 16.15 square miles
- Population Density: 3,021.7 people per square mile

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## Rate Structures and Fees - Renewal Cycles: 13.22

**Annual License:** The license year for businesses with fixed fees shall be the fiscal year commencing on July 1 and ending on June 30 next succeeding. The license year for licenses based on gross receipts shall be the calendar year commencing on January 1 and ending on December 31 next succeeding. The annual licenses shall be due and payable, and shall constitute a debt due and owing, to the city on the first day of each tax year.

Any person doing business for less than the full fiscal year for which an annual fixed license fee is provided shall be required to pay the full annual rate; provided, that any such person commencing any business after January first of any fiscal year shall be required to pay only one-half of the full annual rate for the balance of such fiscal year.

## Rate Structures and Fees

**Penalties: 13.29:** If any license provided by this chapter shall remain unpaid after the last business day of the month due, or if received in the mail with a postmark after the month due, a penalty of twenty-five (25) per cent shall be added to the amount of such license and be collected by the employee having charge of the collection of the licenses. An additional penalty of ten (10) percent shall be added for each additional month, or fraction thereof, during which the license remains unpaid.

**Delinquency: 13.20:** The city administrator may at any time bring suit in the name of the city for the recovery of license tax. In such actions a penalty of fifty (50) percent and costs shall be added to the amount of any judgment recovered by the city in addition to any other penalty or penalties then due or owing.

## Rate Schedule

### Business Tax Rates

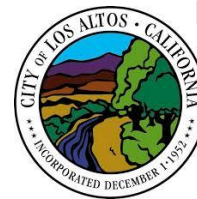
The rates of license fees for all businesses in the city shall be fixed and established by council resolution, and the same shall be paid by all persons engaged in business in the city.



**City of Gilroy License Tax Rates & Fees:**

| <b>Inside – Fixed Place</b> | <b>Gross Receipt</b>       | <b>Rate per Gross Receipt</b> |
|-----------------------------|----------------------------|-------------------------------|
|                             | \$0 - \$40,000             | \$40                          |
|                             | \$40,001 - \$140,000       | \$80                          |
|                             | \$140,001 - \$240,000      | \$120                         |
|                             | \$240,001 - \$340,000      | \$160                         |
|                             | \$340,001 - \$540,000      | \$200                         |
|                             | \$540,001 - \$740,000      | \$240                         |
|                             | \$740,001 - \$940,000      | \$280                         |
|                             | \$940,001 - \$1,140,000    | \$320                         |
|                             | \$1,140,001 - \$17,740,000 | \$320 + \$20 per \$200,000    |
|                             | \$17,740,001 or more       | \$2,000                       |

| <b>Apartments</b> | <b>Number of Units</b> | <b>Rate per Units</b> |
|-------------------|------------------------|-----------------------|
|                   | 0 - 2                  | \$0                   |
|                   | 3 - 5                  | \$40                  |
|                   | 6 - 20                 | \$80                  |
|                   | 21 - 40                | \$120                 |
|                   | 41 - 60                | \$180                 |
|                   | 61 - 80                | \$200                 |
|                   | 81 - 100               | \$240                 |
|                   | 101 - Over             | \$280                 |



# Los Altos, CA

## Demographics:

- Population: 30,743
- County: Santa Clara
- Incorporation: December 1, 1952
- Estimated median household income: \$157,500
- Land area: 6.4 square miles
- Population Density: 28,976 people per square mile

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## Rate Structures and Fees - Renewal Cycles:

**Issuance:** 4.04.070 Every person required to have a license under the provisions of this chapter shall make application for the same to the finance director. Upon the payment of the prescribed license tax, and after issuance of any other license or permit required by law, the finance director shall issue a license to the applicant.

**Anniversary License:** 4.04.120 Unless otherwise specifically provided, all licenses shall be issued for a period of twelve (12) months and shall be renewed annually on the anniversary date of the first issue. Failure to receive a renewal notice from the city shall not excuse nonpayment or the imposition of late charges where applicable.

## Rate Structures and Fees - Penalties: 4.04.130

- A. For failure to pay a license tax within sixty (60) days after commencing business in the city, the finance director shall impose a penalty fee in an amount set by the annual fee schedule.
- B. For failure to renew a license tax on or before the due date, the finance director shall add a penalty of twenty-five (25) percent of such license tax for each month, or fraction thereof, after the due date thereof; provided, however, the amount of such penalty to be added in no event shall exceed fifty percent of the amount of the license tax due.

## Rate Schedule

### Business Tax Rates

The rates of license fees for all businesses in the city shall be fixed and established by council resolution, and the same shall be paid by all persons engaged in business in the city.

**City of Los Altos License Tax Rates & Fees:**

**Inside Contractors**

| <b>Business Type</b>        | <b>License Duration</b> | <b>Base Fee</b> |
|-----------------------------|-------------------------|-----------------|
| General Contractor (A or B) | One (1) Year            | \$150           |
| Sub-Contractor              | One (1) Year            | \$75            |

**Outside Contractors**

| <b>Business Type</b>        | <b>License Duration</b> | <b>Base Fee</b> |
|-----------------------------|-------------------------|-----------------|
| General Contractor (A or B) | Six (6) Months          | \$75            |
| General Contractor (A or B) | One (1) Year            | \$150           |
| Sub-Contractor              | Six (6) Months          | \$37.50         |
| Sub-Contractor              | One (1) Year            | \$75            |

**All Other Businesses**

|  | <b>Base Fee</b>                                      | <b>Additional Fee</b>   |
|--|--|---|
| Retail / Service / Manufacturing,<br>Wholesaling or Processing | \$75 first 5 employees                               | \$10/additional employee  |
| Business Professional / Real Estate                            | \$180 up to 5 non-professional<br>and 1 professional | \$75/additional professional.<br>\$10/additional non-professional |
| Vehicle Delivery / Beauty Salon /<br>Nail Salon / Barber       | \$75 for 1 vehicle or chair                          | \$25/additional vehicle or chair                                  |



# Los Altos Hills, CA

## Demographics:

- Population: 8,580
- County: Santa Clara
- Incorporation: January 27, 1956
- Estimated median household income: \$244,000
- Land area: 8.92 square miles
- Population Density: 4,535 people per square mile

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## Rate Structures and Fees - Renewal Cycles:

**Annual License: 3-1.117:** All annual license taxes shall be due and payable in advance on the first business day in January of each year.

## Rate Structures and Fees:

**Penalties: 3-1.117:** All annual license taxes shall be due and payable in advance on the first business day in January of each year and shall become delinquent thirty (30) days thereafter. License taxes covering new business operations commenced after January 1st shall be due and payable on the day such business is commenced and shall be delinquent thirty (30) days thereafter. The license fee for a new business commenced after July 1st shall be fifty (50) percent of the annual license fee specified in this chapter for that business.

**Delinquencies: 3-1.118:** For failure to pay a license tax when due, the City Clerk shall add a penalty of a percent of the license tax on the last day of each month after the due date thereof and the amount of which shall be set by resolution; provided, however, the amount of such penalty to be added shall in no event exceed a certain percent of the amount of the license tax due, the amount of which also shall be set by resolution.

## Rate Schedule

### Business Tax Rates: 3-1.201

Every person engaged in business in the Town shall pay a license tax in the amount to be set by resolution.

**City of Los Altos License Tax Rates & Fees:**

| <b>Contractors</b>        |  | <b>Description</b>                 | <b>Fee</b> |
|---------------------------|--|------------------------------------|------------|
|                           |  | General                            | \$270      |
|                           |  | Sub-Contract (1 person)            | \$130      |
|                           |  | Sub- Contract (2 or more)          | \$170      |
| <b>Real Estate Broker</b> |  | <b>Description</b>                 | <b>Fee</b> |
|                           |  | First Broker                       | \$160      |
|                           |  | Each additional Broker exceeding 1 | \$40       |
|                           |  | Each additional Broker exceeding 3 | \$15       |
|                           |  | First 3 Employees                  | \$15       |
|                           |  | Each additional Emp. Exceeding 3   | \$5        |
| <b>Other Licenses</b>     |  |                                    | <b>Fee</b> |
| Home Occupation           |  |                                    | \$110      |
| Services                  |  |                                    | \$60       |



# Los Gatos, CA

## Demographics:

- Population: 30,724
- County: Santa Clara
- Incorporation: August 10, 1887
- Estimated median household income: \$122,860
- Land area: 11.25 square miles
- Population Density: 2,635.7 people per square mile

## Rate Structures and Fees- Renewal Cycles:

**Issuance Period:** 14.10.070A: Unless otherwise specifically provided, all annual license taxes under the provisions of this chapter shall be due and payable in advance on the second day of January of each year; provided, that annual license taxes covering new operations commenced after the first day of January shall be due and payable in advance at the time of filing the application..

## Rate Structures and Fees:

**Penalties:** 14.10.075: For failure to pay a license tax under this chapter when due, the Tax and License Collector shall add a penalty of twenty-five (25) percent of such license tax on the last day of each month after the due date thereof; provided, that the amount of such penalty to be added shall in no event exceed one hundred (100) percent of the amount of the license tax due. No license shall be issued to or renewed for any applicant who is delinquent in the payment of such license tax or penalty until such license tax and penalty are both paid in full.

**To Be A Debt To The Town:** 14.10.085: The amount of any license tax and penalty imposed by the provisions of this chapter shall be deemed a debt to the Town and any person carrying on any business without first having procured a license from the Town to do so shall be liable to an action in the name of the Town, in any court of competent jurisdiction, for the amount of license tax and penalties imposed on such business.

## Town of Los Gatos License Tax Rates & Fees:

| Business Type    | Tax Rate |
|------------------|----------|
| Contractor       | \$224    |
| Professional     | \$200    |
| Semiprofessional | \$200    |

| Retail | Gross Receipts             | Tax Rate |
|--------|----------------------------|----------|
|        | \$0 to \$50,000            | \$75     |
|        | \$50,001 to \$100,000      | \$112    |
|        | \$100,001 to \$150,000     | \$150    |
|        | \$150,001 to \$200,000     | \$188    |
|        | \$200,001 to \$250,000     | \$225    |
|        | \$250,001 to \$300,000     | \$263    |
|        | \$300,001 to \$350,000     | \$300    |
|        | \$350,001 to \$400,000     | \$338    |
|        | \$400,001 to \$450,000     | \$375    |
|        | \$450,001 to \$500,000     | \$413    |
|        | \$500,001 to \$600,000     | \$450    |
|        | \$600,001 to \$700,000     | \$488    |
|        | \$700,001 to \$800,000     | \$525    |
|        | \$800,001 to \$900,000     | \$563    |
|        | \$900,001 to \$1,000,000   | \$600    |
|        | \$1,000,001 to \$1,100,000 | \$638    |
|        | \$1,100,001 to \$1,200,000 | \$675    |
|        | \$1,200,001 to \$1,300,000 | \$713    |
|        | \$1,300,001 to \$1,400,000 | \$750    |
|        | \$1,400,001 to \$1,500,000 | \$788    |
|        | \$1,500,001 to \$1,600,000 | \$825    |
|        | \$1,600,001 to \$1,700,000 | \$863    |
|        | \$1,700,001 to \$1,800,000 | \$900    |
|        | \$1,800,001 to \$1,900,000 | \$938    |
|        | 1,900,001 and Over         | \$975    |

**Manufacturing &  
Wholesaling**

| <b>Gross Receipts</b>        | <b>Tax Rate</b>  |
|------------------------------|--|
| \$0 to \$200,000             | \$150  |
| \$200,001 to \$300,000       | \$188  |
| \$300,001 to \$400,000       | \$263  |
| \$400,001 to \$500,000       | \$338  |
| \$500,001 to \$600,000       | \$450  |
| \$600,001 to \$700,000       | \$563  |
| \$700,001 to \$800,000       | \$675  |
| \$800,001 to \$900,000       | \$788  |
| \$900,001 to \$1,000,000     | \$900  |
| \$1,000,001 to \$1,200,000   | \$1,013  |
| \$1,200,001 to \$1,400,000   | \$1,125  |
| \$1,400,001 to \$1,600,000   | \$1,238  |
| \$1,600,001 to \$1,800,000   | \$1,350  |
| \$1,800,001 to \$2,000,000   | \$1,463  |
| \$2,000,001 to \$2,500,000   | \$1,575  |
| \$2,500,001 to \$3,000,000   | \$1,688  |
| \$3,000,001 to \$3,500,000   | \$1,800  |
| \$3,500,001 to \$4,000,000   | \$1,913  |
| \$4,000,001 to \$4,500,000   | \$2,025  |
| \$4,500,001 to \$5,000,000   | \$2,138  |
| \$5,000,001 to \$5,500,000   | \$2,250  |
| \$5,500,001 to \$6,000,000   | \$2,363  |
| \$6,000,001 to \$6,500,000   | \$2,175  |
| \$6,500,001 to \$7,000,000   | \$2,588  |
| \$7,000,001 to \$7,500,000   | \$2,700  |
| \$7,500,001 to \$8,000,000   | \$2,813  |
| \$8,000,001 to \$8,500,000   | \$2,925  |
| \$8,500,001 to \$9,000,000   | \$3,038  |
| \$9,000,001 to \$9,500,000   | \$4,500  |
| \$9,500,001 to \$10,000,000  | \$4,613  |
| \$10,000,001 to \$11,000,000 | \$4,725  |
| \$11,000,001 to \$12,000,000 | \$4,838  |
| \$12,000,001 and Over        | \$4,838 + plus \$75 for each \$550,000 or fraction thereof in excess of \$12,000,000 |





# Milpitas, CA

## Demographics:

- Population: 80,430
- County: Santa Clara County
- Incorporation: January 26, 1954
- Estimated median household income: \$110,752
- Land area: 13.62 square miles
- Population Density: 5,922 people per square mile

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### Rate Structures and Fees - Renewal Cycles: *Title III Chapter 1.16.01:*

**Annual License:** Licenses are due first day of January of year and expire December 31<sup>st</sup> every year.

### Rate Structures and Fees - Penalties *Title III Section 21:*

**Penalties:** For failure to pay a license tax when due, the license tax collector shall add a penalty of 10% of said license tax on the last day of each month after the due date thereof, providing that the amount of such penalty to be added shall in no event exceed 100% of the amount of the license tax due.

### Rate Schedule

#### Business Tax Rates

Every person conducting a business (other than those specifically enumerated in this article) from a fixed place of business within the City shall pay a license fee according to the following schedule:

**Business License Rates**

**Flat Rate Tax**

|   |                 |
|---|-----------------|
| Retail Sales or Service                             |                 |
| Basic rate per year                                 | \$35.00         |
| First 10 employees in excess of owner/manager       | 5.00 per person |
| Next 100 employees in excess of 10 employees        | 1.00 per person |
| Each additional employee in excess of 100 employees | 0.25 per person |
| Manufacturing, wholesaling or processing            |                 |
| Basic rate per year                                 | \$35.00         |
| First 10 employees in excess of owner/manager       | 5.00 per person |
| Next 100 employees in excess of 10 employees        | 1.00 per person |
| Each additional employee in excess of 100 employees | 0.25 per person |
| Business or Profession                              |                 |
| Basic rate per year                                 | \$35.00         |
| First 10 employees in excess of owner/manager       | 5.00 per person |
| Each additional employee in excess of 10 employees  | 1.00 per person |
| Real Estate   |                 |
| Basic rate per year                                 | \$35.00         |
| First 10 employees in excess of owner/manager       | 5.00 per person |
| Each additional employee in excess of 10 employees  | 1.00 per person |

- 17-01-1.1 Real estate businesses located without a fixed place of business within the City of Milpitas shall pay the same license fees as stated in this Subsection, except that employees counted shall be those working within the City of Milpitas.

**Business License Rates**

**Flat Rate Tax**

|   |                  |
|---|------------------|
| Barber shops or beauty shops                        |                  |
| Basic rate per year                                 | \$35.00          |
| First 10 employees in excess of owner/manager       | 5.00 per person  |
| Each additional employees in excess of 10 employees | 1.00 per person  |
| General contractors or subcontractors               |                  |
| Basic rate per year                                 | \$50.00          |
| Rate per six month                                  | \$35.00          |
| Apartment, hotels, motels, or mobile home parks     |                  |
| First four units, rooms or space                    | \$30.00 annually |
| Each additional unit, room, or space                | 2.00 annually    |
| Home Occupations                                    |                  |
| Basic Rate per year                                 | \$25.00          |
| All businesses not classified or enumerated         |                  |
| Basic rate per year                                 | \$35.00          |

- 17-01-2.1 General contractors or subcontractors located without a fixed place of business within the City of Milpitas shall pay the same license fees as stated in this Subsection for those having a fixed place of business within the City of Milpitas.
- III-1-17.03 - No Fixed Place of Business—Wholesale Deliveries or Services
  - A. Every person not having a fixed place of business within the City of Milpitas and providing wholesale sales or services shall pay an annual license tax of Fifty Dollars plus an additional sum of Ten Dollars for each vehicle in use in the City (and regardless of the number of vehicles in the City at any one time) in excess of one vehicle.
  - B. Provided, however, that the total tax under this Section shall not exceed One Hundred and Ten Dollars plus the fee for identification tags specified in Subsection III-1-17.08. (Ord. 76.9, 4/6/71)
- III-1-17.04 - Transient Vendors Every individual who does not have a fixed place of business within a commercial or industrial zoned area in the City of Milpitas and who goes in or upon any private residence in the City of Milpitas not having been requested or invited to do so by an owner or occupant of said premises for the purpose of soliciting orders for or selling, renting or delivering or agreeing to sell, rent or deliver any goods, wares or merchandise, or soliciting orders for or providing or agreeing to provide any work, labor or services shall pay an annual license tax of One Hundred Dollars.
- 17.04-1 The license tax imposed under this Subsection III-1-17.04 is a license tax upon individuals, and each individual is subject to the provisions of this Subsection III-1-17.04, regardless of whether he is an employee of another.
- 17.04-2 As used herein, "individual" shall not include salesmen or agents of wholesale businesses or firms who solicit orders from licensed retail dealers for resale, or who solicit orders from licensed manufacturers for manufacturing purposes, or to bidders for public works or supplies.

## Morgan Hill, CA



### Demographics:

- Population: 45,037
- County: Santa Clara
- Incorporation: November 10, 1906
- Estimated median household income: \$107,161
- Land area: 12.76 square miles
- Population Density: 3,277 people per square mile

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### Rate Structures and Fees - Renewal Cycles: 5.04.130:

**Annual License:** All license taxes required to be paid by this chapter, except where otherwise specifically provided in this chapter shall be due and payable as follows:

- A. Annual licenses, July 1 of each year.

### Rate structures and fees- Penalties: 5.04.340

**Penalties:** Every annual license which is not paid within a period of thirty days from the time the same becomes due and payable is declared to be delinquent, and the license administrator shall thereupon add to the license and collect a penalty of ten percent of the license so delinquent, and if such license is not paid within sixty days from the time such license becomes due and payable, an additional sum of fifteen percent of the license tax due shall be added and collected as a penalty.

**City of Morgan Hill License Tax Rates & Fees:**

**In City:**

| <b>Business License Rates</b> | <b>Flat Rate Tax</b> |
|-------------------------------|----------------------|
| Home-based businesses         | \$20                 |
| Construction Contractors      | \$60                 |
| Apartments                    | \$15 + \$3 per unit  |

**Outside City:**

| <b>Business License Rates</b> | <b>Flat Rate Tax</b> |
|-------------------------------|----------------------|
| No Fixed                      | \$45                 |
| Construction Contractors      | \$60                 |

| <b>Business License Rates</b> | <b>Flat Rate Tax</b>  | <b>Employee Type</b> | <b>Employee</b> |
|-------------------------------|-----------------------|----------------------|-----------------|
| In City Commercial            | \$20 + # of employees | Full-time            | \$6             |
|                               | \$20 + # of employees | Part-time            | \$3             |
| In City Professionals         | \$60 + # of employees | Full-time            | \$5             |
|                               | \$60 + # of employees | Part-time            | \$3             |



# Mountain View, CA

## Demographics:

- Population: 83,377
- County: Santa Clara County
- Incorporation: November 07, 1902
- Estimated median household income: \$120,351
- Land area: 12 square miles
- Population Density: 6,174 people per square mile

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### Rate Structures and Fees - Renewal Cycles: *Chapter 18 - 18.10:*

**Annual License:** The annual business license taxes shall be due and payable to the city on the first day of January of each year, unless otherwise established by resolution of the city council. All business license taxes under this chapter shall be paid by the due date in the legal currency of the United States at the office of the tax administrator

### Rate Structures and Fees - Penalties *18.12:*

**Original Delinquency:** Any person who is subject to the business license tax who fails to remit any amount imposed by this chapter within the time required shall pay a penalty of ten (10) percent of the amount of the business license tax owed in addition to the amount due.

**Continued Delinquency:** Any person who is subject to the business license tax who fails to remit any delinquent remittance on or before a period of thirty (30) days following the date on which the remittance first became delinquent shall pay a second delinquency penalty of ten (10) percent of the amount of the business license tax owed in addition to the amount of the tax and the ten (10) percent penalty first imposed.

**Fraud:** If the tax administrator determines that the nonpayment of any remittance due under this chapter is due to fraud, a penalty of twenty-five (25) percent of the amount of the business license tax shall be added thereto in addition to the penalties stated in subparagraphs a. and b. of this section.

**Interest:** In addition to the penalties imposed, any person engaged in a business who fails to remit any business license tax imposed by this chapter shall pay interest at the rate of one (1) percent per month or fraction thereof on the amount of the business license tax, exclusive of penalties, from the date on which the remittance first became delinquent until paid.

**Penalties Merged With Tax:** Every penalty imposed and such interest as accrues under the provisions of this section shall become a part of the business license tax herein required to be paid.

## Rate Schedule

### Business Tax Rates

**Sec.18.16 License Tax Imposed; Method of Calculation:** Every Business operator in the city shall pay an annual business registration and license tax based on the average number of employees of the business in the city, in the most recent four (4) quarters completed before the date of the payment as set forth. The average number of employees of the business shall be the number of employees reported to the Employment Development Department. The average number of employees of the business may also be disclosed in a manner as approved by the tax administrator.

| Business Type      | Code Sec. | Base Registration Tax | Employee Rate  |
|--------------------|-----------|-----------------------|--|
| In City Businesses | 18.16     | Number of Employees   | Authorized Maximum Business Registration and License Tax       |
|                    |           | 1                     | \$75   |
|                    |           | 2-25                  | \$75 + \$5/employee for each employee over 1                   |
|                    |           | 26-50                 | \$195 + \$10/employee for each employee over 25                |
|                    |           | 51-500                | \$445 + \$75/employee for each employee over 50 employees      |
|                    |           | 501-1,000             | \$34,195 + \$100/employee for each employee over 500 employees |
|                    |           | 1,001 – 5,000         | \$84,195 + \$125/employee for each employee over 1,000         |
|                    |           | 5,001 +               | \$584,195 + \$150/employee for each employee over 5,000        |

| Business Type          | Code Sec. | Annual Rate     |
|------------------------|-----------|-----------------|
| Out-of-Town Businesses | 18.16     | 6-64 Days 25%   |
|                        |           | 65-129 Days 50% |
|                        |           | 130+ Days 100%  |

# Palo Alto, CA



## Demographics:

- Population: 67,1785
- County: Santa Clara
- Incorporation: April 21, 1894
- Estimated median household income: \$137,000
- Land area: 25.77 square miles
- Population Density: 2,497 people per square mile

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### Rate Structures and Fees - Renewal Cycles: 4.04.070:

**Annual License:** Unless otherwise specified in the provisions covering a particular license ... annual licenses shall expire on June 30th.

### Rate structures and fees- Penalties: 4.04.080

**Debt to City:** The amount of any license or permit fee imposed under any section of this title shall be deemed a debt owing to the city at the time of the commencement of the business, occupation, or activity requiring such license or permit fee and payment thereof.

**Delinquent Fees:** All license and permit fees delinquent for thirty days or more shall be subject to a charge of fifty percent of the original fee, which charge shall be added to the amount of the fee collected; provided, however, the minimum charge shall be as set forth in the municipal fee schedule.

### City of Palo Alto License Tax Rates & Fees:

| Business Registry | Fee               |
|-------------------|-------------------|
|                   | \$50 per Business |





## Redwood City, CA

### Demographics:

- Population: 86,201
- County: San Mateo County
- Incorporation: 1867
- Estimated median household income: \$90,461
- Land Area: 19 square miles
- Population Density: 4,546 people per square mile

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### Rate Structures and Fees - Renewal Cycles: Chapter 5 Article V:

**Annual License:** All license taxes due hereunder shall be paid in advance in the lawful money of the United States at the office of the Director. All license taxes due hereunder shall be due and payable and delinquent as follows:

General: Except as provided in subdivision B hereinafter, all license taxes shall be due and payable on or before the first day of the period for which the license is issued and shall become delinquent thirty (30) calendar days thereafter.

Daily, Weekly, Monthly Period: All license taxes issued for a daily, weekly or monthly period shall be payable in advance of the commencement of business of the business specified therein and shall be delinquent upon commencement of such business.

### Rate Structures and Fees - Penalties Sec. 32.108:

To all delinquent license taxes there shall be added a penalty of ten percent (10%) of the amount of the tax due plus an additional ten percent (10%) for each month delinquent thereafter providing that the amount of any penalty shall in no event exceed one hundred percent (100%) of the amount of the license tax due.

**Base Tax Rate:** The annual rate for the base tax is:

\$43.00 effective July 1, 2012;  
\$50.00 effective July 1, 2013; and  
\$58.00 effective July 1, 2014.

**Incremental Tax Rate:** Except where some other rate is set forth in [Section 32.154](#), the rate for the incremental tax is:

\$28.00 per employee, effective July 1, 2012;  
\$33.00 per employee, effective July 1, 2013; and  
\$38.00 per employee, effective July 1, 2014.

The number of employees for a business shall be the average number of persons employed, including employees of contractors, subcontractors and professional persons engaged in or to be engaged in such business.

**Business Tax Rates**

| Business Tax                | Base Rate | Unit Tax (add to base tax)                      |
|-----------------------------|-----------|---|
| Residential Property Rental | \$21      | per unit of dwelling space in excess of 3 units |
| Non-Residential Property    | \$21      | per 1,000 sq.ft or fraction                     |
| Real Estate Brokerage       | \$39      | per salesperson or employee                     |
| Dance Hall Operator         | \$579     | Flat annual                                     |
| Vehicle Wrecking Facility   | \$579     | Flat annual                                     |
| Christmas Tree Lot Sales    | \$579     | Flat annual                                     |
| Commercial Advertising      | \$579     | Flat annual                                     |
| Fortunetelling              | \$579     | Flat annual                                     |
| Junk Collector              | \$579     | Flat annual                                     |
| Pawnbroker                  | \$579     | Flat annual                                     |
| Itinerant Vendor            | \$39      | Per week  |
| Solicitors/Hawkers          | \$39      | Per day   |
| Peddlers                    | \$39      | Per person                                      |
| Curb Painters               | \$21      | Per day per person                              |
| Carnival Operator           | \$482     | Per day   |
| Coin-operated Device        | \$11      | Per device                                      |
| Com. Advertising Vehicle    | \$58      | Per vehicle (base tax not applicable)           |
| Contracting                 | \$39      | Flat annual                                     |

**Sec. 32.155. - Maximum Tax:**

Notwithstanding anything to the contrary contained in this Article, the annual business license tax payable for any one business shall not exceed:

\$3,535.00 effective July 1, 2012;  
\$4,124 effective July 1, 2013; and  
\$4,811 effective July 1, 2014.

## San Jose, CA

### Demographics:



- Population: 1,043,058
- County: Santa Clara County
- Incorporation: March 27, 1850
- Estimated median household income: \$104,675
- Land area: 180 square miles
- Population Density: 5,789 people per square mile

### Rate Structures and Fees - Renewal Cycles:

**Annual License:** Due 15<sup>th</sup> day of the calendar month in which the business began

### Rate Structures and Fees - Penalties

**Penalties:** If the tax is unpaid by the due date, a penalty of 25% will be added. If the tax is unpaid for one calendar month beyond the due date, and additional 25% penalty will be added. An interest rate of 1.5% will also be added unpaid tax and penalties.

### City of San Jose Business License Tax Rates & Fees:

| Businesses | Employee Count            | Tax       |
|------------|---------------------------|-----------|
|            | Base Tax 1-2 employees    | \$201     |
|            | Incremental Tax: 3-35     | \$32      |
|            | Incremental Tax: 36 - 100 | \$42      |
|            | Incremental Tax: 101-500  | \$53      |
|            | Incremental Tax: 501+     | \$64      |
|            | Cap                       | \$159,135 |

- Businesses Choose between calculating the number of employees based on full-time equivalent (FTE) or based on the number employees report to the California Employment Development Department (EDD).
- Incremental Tax rates are applicable per employee.
- As prescribed in San Jose Municipal Code Section 4.76.365, the base tax shall be adjusted annually if the cost of living in the City has increased over the preceding base period as shown by the Consumer Price Index (All Urban Consumers for all items for the San Francisco-Oakland-San Jose area) using February to February data; limited to 1.5% per year on the minimum base tax 3.0% per year on the incremental tax brackets and 3.0% per year on the Cap.

| Residential Landlords | Rental Units                          | Tax       |
|-----------------------|---------------------------------------|-----------|
|                       | Base Tax: 1-2 Units                   | \$201     |
|                       | Incremental Tax: 3-35 <sup>1</sup>    | \$11      |
|                       | Incremental Tax: 36-100 <sup>1</sup>  | \$16      |
|                       | Incremental Tax: 101-500 <sup>1</sup> | \$22      |
|                       | Incremental Tax: 501+ <sup>1</sup>    | \$27      |
|                       | Cap                                   | \$159,135 |

| Commercial Landlords | Square Foot  | Tax       |
|----------------------|--|-----------|
|                      | Base Tax   | \$201     |
|                      | Flat Incremental Tax: per Square Foot <sup>1</sup> | \$0.0265  |
|                      | Cap  | \$159,135 |

| Mobile Home Parks | Rental Lot                            | Tax       |
|-------------------|---------------------------------------|-----------|
|                   | Base Tax 1-2 Lots                     | \$201     |
|                   | Incremental Tax: 3+ lots <sup>1</sup> | \$11      |
|                   | CAP                                   | \$159,135 |

| Water Meter Connections | Gross Receipts Tax                                | Tax       |
|-------------------------|---|-----------|
|                         | Base Tax 1-2 employees                            | \$201     |
|                         | Flat Incremental Tax: 1+ connections <sup>1</sup> | \$1       |
|                         | CAP   | \$159,135 |

#### Out of Town Business Employee Count

| Employee Count               | 5 or less days | 6 - 29 Days | 30 - 89 Days | 90 - 119 Days | 120 Days  |
|------------------------------|----------------|-------------|--------------|---------------|-----------|
| Base Tax 1-2 employees       | \$0            | \$50        | \$75         | \$100         | \$201     |
| Flat Incremental Tax 3-35    | \$0            | \$8         | \$12         | \$16          | \$32      |
| Flat Incremental Tax 101-500 | \$0            | \$13        | \$20         | \$27          | \$53      |
| Flat Incremental Tax 500+    | \$0            | \$16        | \$24         | \$32          | \$64      |
| CAP                          | \$0            | \$159,135   | \$159,135    | \$159,135     | \$159,135 |

For businesses in San Jose only 5 or less days, there is no fee, but the business is still required to submit registration.



# San Mateo, CA

## Demographics:

- Population: 104,748
- County: San Mateo County
- Incorporation: September 3, 1894
- Estimated median household income: \$103,400
- Land area: 15.88 square miles
- Population Density: 8,013.8 people per square mile

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### Rate Structures and Fees- Renewal Cycles: 5.06.030:

**Annual License:** Business Taxes. As established by resolution of the Council or, in the case of a new business, prior to its commencement. They shall be valid only for the period of the certificate issued. *(Current Council resolution defines effective period of all annual licenses as expiring on December 31 of any given year)*

**6 Month License:** *(Council resolution defines effective period of all 6 month licenses as expiring at the end of the 6<sup>th</sup> month from the date of issuance)*

**3 Month License:** *(Council resolution defines effective period of all 3 month licenses as expiring at the end of the 3<sup>rd</sup> month from the date of issuance)*

**Daily License:** *(Council resolution defines effective period of all daily licenses as expiring at the end of the same day that the license was issued)*

### Rate Structures and Fees- Penalties 5.27.010:

**Delinquency:** If a tax certificate is not renewed by payment of the annual business tax by the 45th day after the tax becomes due, the Tax Collector shall add to the amount due, as a penalty, 5% thereof for each 30 days or fraction thereof after the 45th day that the tax is unpaid, provided that after 150 days from said 45th day, and after 7 days' notice from the Tax Collector, the penalty shall be 100% of the tax.

**Double Business Taxes:** Notwithstanding any other provision of this title, any person who has conducted any business in this city for which a tax payment is required, without first having paid the business tax due, and after having received seven days' notice from the collector in any year of the need to pay the tax, shall pay a business tax as follows:

If such a tax is payable in advance for a certain period the tax shall be double the amount otherwise required for such purpose and period, or double the amount otherwise required for the period during which the business has been conducted without paying the tax, whichever is the greater.

**License Tax Imposed 5.06.010:** It is unlawful for any person, either for himself or for any person, to commence or carry on any business in the City, without first having paid the applicable business taxes

and having obtained the tax certificate provided for in this title as proof of payment to the City, to do so, or without complying with any and all regulations of such business, contained in this title.

| Business Type                   | Code Sec. | Annual Gross Receipts | Tax Rate  |
|---------------------------------|-----------|-----------------------|---|
| All Businesses Other Than Below | 5.24.190  | \$30,000 and under    | \$31.00   |
|                                 |           | 30,001 – 40,000       | \$37.50   |
|                                 |           | 40,001 – 45,000       | \$47.00   |
|                                 |           | 45,001 – 50,000       | \$56.50   |
|                                 |           | 50,001 – 55,000       | \$67.50   |
|                                 |           | 55,001 – 65,000       | \$77.00   |
|                                 |           | 65,001 – 70,000       | \$86.50   |
|                                 |           | 70,001 – 75,000       | \$97.50   |
|                                 |           | 75,001 – 80,000       | \$107.00  |
|                                 |           | 80,001 – 85,000       | \$116.50  |
|                                 |           | 85,001 – 90,000       | \$127.50  |
|                                 |           | 90,001- 95,000        | \$137.00  |
|                                 |           | 95,001 – 100,000      | \$143.50  |
|                                 |           | Over 100,000          | \$143.50 + \$3.60 per \$5,000 gross receipts over \$100,000 |

| Business Type | Code Sec. | Classification       | Tax Rate |
|---------------|-----------|----------------------|----------|
| Contractors   | 5.24.090  | General Contractor   | \$128.00 |
|               |           | Specialty Contractor | \$53.00  |

| Business Type       | Code Sec. | Classification             | Tax Rate |
|---------------------|-----------|----------------------------|----------|
| Automotive Industry | 5.24.030  | Automobile Sales           | \$93.00  |
|                     |           | Automobile Repair          | \$37.00  |
|                     |           | Gasoline Sales             | \$106.00 |
|                     |           | Public Garage/ Parking Lot | \$30.00  |

| Business Type        | Code Sec. | Classification                 | Tax Rate  |
|----------------------|-----------|--------------------------------|---|
| Minor Business Class | 5.24.020  | Auctioneer                     | \$100 + \$50 per day                                      |
|                      | 5.24.060  | Carnival                       | \$30 per day  |
|                      | 5.24.070  | Tree & pumpkin sale lots       | \$50 per season   |
|                      | 5.24.080  | Circus                         | \$150 + \$30 per day                                      |
|                      | 5.24.140  | Pawnbroker                     | \$30 annual   |
|                      | 5.24.150  | Peddler                        | \$30 annual   |
|                      | 5.24.130  | Newspaper/ magazine publishing | \$100 for daily publishers, \$75 for non-daily publishers |
|                      | 5.24.170  | Public dance                   | \$30 per night or \$120 annual                            |
|                      | 5.24.180  | Real estate broker             | \$50 + \$5 per salesman                                   |
|                      | 5.24.200  | Private school                 | \$50 annual   |
|                      | 5.24.210  | Shows – exhibitions            | \$200 annual or \$50 per quarter                          |
|                      | 5.24.220  | Solicitor                      | \$75/ quarter + \$5 per solicitor over 2                  |
|                      | 5.24.240  | Street vendor                  | \$10 per day  |
|                      | 5.24.250  | Temporary vendor               | \$20 per day + \$5 per employee over 3                    |
|                      | 5.24.260  | Hauling, draying or moving     | \$30 per vehicle, annual                                  |
|                      | 5.24.280  | Water company                  | 1.35% of gross receipts                                   |



# Santa Clara, CA

## Demographics:

- Population: 128,717
- County: Santa Clara County
- Incorporation: July 05, 1852
- Estimated median household income: \$108,609
- Land area: 18.41 square miles
- Population Density: 6,905 people per square mile

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### Rate Structures and Fees - Renewal Cycles: 3.40.100:

**Annual License:** The annual business tax imposed under the provision of this chapter shall be due and payable at the time of commencement of business activity or upon occupying space in the business community and such certificate shall expire twelve (12) months after the date of application. The tax for the renewal of such certificate shall be due and payable upon expiration of the prior certificate. No tax paid herein shall be refundable.

### Rate Structures and Fees- Penalties 3.40.110:

(a) Any person who fails to apply for a tax certificate and fails to pay the tax as determined on or within thirty (30) days after opening, engaging in business, or occupying space in the business community, shall be subject to a penalty of one hundred percent (100%) of the tax due.

(b) Every annual tax which is not received and paid within a period of thirty (30) days after the tax became due is hereby declared to be delinquent, and a penalty of one hundred percent (100%) of the tax will be added to the tax due.

(c) Whenever a check is submitted in payment of a business tax and said check is subsequently returned unpaid by the bank upon which said check is drawn for any reason, the taxpayer shall be liable to pay a nonsufficient funds charge, the correct tax amount due, and a penalty.

(d) If any person fails to pay the annual renewal tax within ninety (90) days after the tax becomes due, his or her business tax certificate is considered revoked. The City is not required to send a notice of revocation for the revocation to be valid. Following revocation, the person must reapply for a new business tax certificate, pursuant to SCCC 3.40.061, and pay all associated penalties. Failure to reapply for a new business tax certificate shall constitute a violation, pursuant to SCCC.



**City of Santa Clara Business License Tax Rates & Fees:**

Every person having a fixed place of business within the city and who engages in any business not listed in SCCC [3.40.330](#) shall pay a tax based on the number of employees as defined and set forth in this chapter, according to the following rate schedules:

**3.40.350 Rental units.**

(a) Every person engaged in the business of renting rooms, apartments, single-family houses, or other accommodations for dwelling, sleeping or lodging purposes, in the city shall pay the following tax:

- (1) Three dollars (\$3.00) per annum for each rental unit;
- (2) Provided, however, that no tax shall be payable under this section, unless the person engaged in such business operates three or more rental units in the city.

(b) As used in this section, unit means a room or suite of two or more rooms (including, but not limited to single-family houses) designed for or used as separate accommodations for dwelling, sleeping or lodging purposes by a person living alone or two or more persons living together.

| Business Type | Code Sec. | Commercial Employees | Employee Rate |
|---------------|-----------|----------------------|---------------|
| Schedule 100  | 3.40.310  | 1                    | \$15          |
|               |           | 2-5                  | \$30          |
|               |           | 6-10                 | \$70          |
|               |           | 11-15                | \$90          |
|               |           | 16-20                | \$115         |
|               |           | 21-25                | \$175         |
|               |           | 26-30                | \$225         |
|               |           | 31-40                | \$280         |
|               |           | 41-55                | \$330         |
|               |           | 56-75                | \$380         |
|               |           | 76-100               | \$460         |
|               |           | 101+                 | \$500         |

| Professionals | Code Sec. | Professional Employee | Professional Rate |
|---------------|-----------|-----------------------|-------------------|
| Schedule 200  | 3.40.310  | 1                     | \$15              |
|               |           | 2-3                   | \$30              |
|               |           | 4-6                   | \$70              |
|               |           | 7-10                  | \$90              |
|               |           | 11-20                 | \$115             |
|               |           | 21-25                 | \$175             |
|               |           | 26-35                 | \$225             |
|               |           | 36-40                 | \$280             |
|               |           | 41-45                 | \$330             |
|               |           | 46-50                 | \$380             |
|               |           | 51-55                 | \$460             |
|               |           | 56+                   | \$500             |

| Manufacturing | Code Sec. | Employees | Tax   |
|---------------|-----------|-----------|-------|
| Schedule 300  | 3.40.310  | 1-3       | \$15  |
|               |           | 4-20      | \$45  |
|               |           | 21-30     | \$65  |
|               |           | 31-50     | \$100 |
|               |           | 51-75     | \$135 |
|               |           | 46-100    | \$175 |
|               |           | 101-125   | \$225 |
|               |           | 126-175   | \$280 |
|               |           | 226-300   | \$380 |
|               |           | 301-400   | \$460 |
|               |           | 401+      | \$500 |

-Business Subject to fixed 3.40.330

| <b>Business Type</b>         | <b>Fee.</b> | <b>Description</b>   |
|------------------------------|-------------|--|
| <b>Total number of units</b> |             |  |
| Ambulance Service            | \$45        | Plus \$15 per ambulance used in such service                     |
| Carnival                     | \$150       | Per day  |
| Carnival                     | \$15        | Concession, Ride, sideshow per each, per day                     |
| Christmas Tree               | \$150       | Christmas Tree sales (as defined in SCCC 5.15.030)               |
| Circus                       | \$150       | Per day  |
| Circus                       | \$15        | Concession, Ride, Sideshow, per each, per day                    |
| Detective                    | \$150       | Detective agency   |
| Entertainment                | \$263       | Entertainment permit Class I first year                          |
| Entertainment                | \$210       | Annual Renewal   |
| Entertainment                | \$90        | Entertainment Class II first year                                |
| Entertainment                | \$75        | Annual renewal   |
| Entertainment                | \$413       | Entertainment Class III first year                               |
| Entertainment                | \$360       | Annual Renewal   |
| Escort                       | \$150       | Escort Service (personal)  |
| Escort                       | \$150       | Escort Service (funeral)   |
| Fortuneteller                | \$15        | As defined in SCCC 5.45.010                                      |
| Bus                          | \$150       | Intercity bus service and public transportation                  |
| Itinerant                    | \$225       | Itinerant Merchant (maximum 190 Days)                            |
| Parade                       | \$15        | Parade Vendor (per Parade)                                       |
| Pawnbroker                   | \$150       | As defined by SCCC 5.05.010                                      |
| Peddler                      | \$113       | As defined by SCCC 5.05.10                                       |
| Promotional                  | \$150       | Promotional show per day   |
| Promotional                  | \$15        | Concession, ride, sideshow per each, per day                     |
| Pumpkin                      | \$150       | Pumpkin Sale lots (as defined by SCCC 5.15.030)                  |
| Seasonal                     | \$150       | Seasonal items sales lot (as defined in SCCC 5.15.030)           |
| Secondhand Dealer            | \$150       | Secondhand dealer (as defined in SCCC <a href="#">5.30.020</a> ) |
| Solicitor                    | \$113       | Solicitor as defined by SCCC 5.05.010                            |
| State Licensed               | \$45        | State licensed contractors                                       |
| Taxicab                      | \$15        | Taxicab per vehicle  |
| Taxicab                      | \$90        | Taxicab stand  |



# Saratoga, CA

## Demographics:

- Population: 30,905
- County: Santa Clara
- Incorporation: October 22, 1956
- Estimated median household income: \$173,136
- Land area: 12.48 square miles
- Population Density: 2,396 people per square mile

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### Rate Structures and Fees - Renewal Cycles: 4-05.090:

**Annual License:** All licenses required to be obtained pursuant to this Article shall be annual licenses issued for a period commencing on the date of issuance of the license and expiring one year later.

### Rate Structures and Fees- Penalties 4-05.110:

**Original delinquency:** Any person who fails to pay any business license fee within thirty days after the time it is due and payable under the terms of this Article, shall pay a penalty of ten percent of the amount of the fee in addition thereto...

**Continued delinquency.** An additional ten percent of the amount of such fee for each month of continued delinquency after the first month; provided, however, that the amount of such penalty shall in no event exceed the amount of the original license fee.

**New business delinquency.** In the case of a new business these penalties will be assessed if the license fee is not paid within thirty days of notification that a business license is required.

### License Tax Imposed 4-05.050:

It shall be unlawful for any person, whether as principal or agent, clerk or employee, either for himself or for any other person, to commence, engage in, conduct or carry on any business in the City not otherwise excluded by this Article, without first having registered such business with the City and having procured a license from the City to conduct such business, or without complying with any and all provisions contained in this Article.

| Business Type        | Code Sec. | Classification<br>In excess of 100 | Tax Rate                              |
|----------------------|-----------|------------------------------------|---------------------------------------|
| Major Business Class | 4-06.030  | Contractor/ Subcontractor          | \$45                                  |
|                      | 4-06.070  | Home Occupation                    | \$100 per occupation                  |
|                      | 4-06.140  | All Other Businesses               | \$100 + \$10 per employee up to \$200 |

| Business Type    | Code Sec. | Classification<br>In excess of 100 | Tax Rate   |
|------------------|-----------|------------------------------------|--|
| Property Leasing | 4-06.090  | Commercial Property                | \$100 + \$3 per 1,000 sq. ft. in excess of 5,000; up to 72,000 sq. ft. |
|                  | 4-06.130  | Residential Property               | \$100 + \$5 per unit over 4 units, maximum of 40 units                 |

| Business Type        | Code Sec. | Classification<br>In excess of 100 | Tax Rate                               |
|----------------------|-----------|------------------------------------|--|
| Minor Business Class | 4-06.020  | Jukebox/ Amusement Device          | \$50 per device                        |
|                      | 4-06.040  | Delivery Systems                   | \$100 per business                     |
|                      | 4-06.020  | Theatrical Performance             | \$100 per year or \$10 per performance |
|                      | 4-06.020  | Carnival/ Circus                   | \$250 per day                          |
|                      | 4-06.050  | Escort Service or Bureau           | \$500 + \$100 per employee             |

| Business Type    | Code Sec. | Classification<br>In excess of 100 | Tax Rate         |
|------------------|-----------|------------------------------------|------------------|
| Vending Machines | 4-06.120  | Products sold for \$0.25 or less   | \$25 per machine |
|                  |           | Products sold for \$0.26 to \$1.00 | \$45 per machine |
|                  |           | Products sold for \$0.26 to \$2.00 | \$55 per machine |
|                  |           | Products sold for \$0.26 to \$3.00 | \$65 per machine |
|                  |           | Products sold for more than \$3.00 | \$75 per machine |





## 2019 &amp; 2020 BUSINESS LICENSE TAX STRUCTURE

Amount due = 2019 Tax + 2020 Tax + \$4.00 State CASp Fee

To determine the tax due, look up the # of Employees / # of Rental Units in Sunnyvale (which ever one is higher). The amount due is the total found in the column 2019 + 2020 + CASp. Sunnyvale collects on a 2 year cycle and the base year amounts are listed for reference purposes only. If you have any questions, please contact our office at BusinessLicense@sunnyvale.ca.gov or 408-730-7620.

## TWO-YEAR BUSINESS LICENSE TAX TABLE

| # of Employees or Rental Units | 2019 + 2020 + CASp | 2019 Tax    | 2020 Tax    | # of Employees or Rental Units | 2019 + 2020 + CASp | 2019 Tax    | 2020 Tax    | # of Employees | 2019 + 2020 + CASp | 2019 Tax    | 2020 Tax    | # of Employees | 2019 + 2020 + CASp | 2019 Tax     | 2020 Tax     |
|--------------------------------|--------------------|-------------|-------------|--------------------------------|--------------------|-------------|-------------|----------------|--------------------|-------------|-------------|----------------|--------------------|--------------|--------------|
| 1                              | \$ 81.15           | \$ 38.26    | \$ 38.89    | 241-245                        | \$ 6,389.68        | \$ 3,126.20 | \$ 3,259.48 | 481-485        | \$ 12,645.04       | \$ 6,188.60 | \$ 6,452.44 | 726-730        | \$ 19,030.72       | \$ 9,314.80  | \$ 9,711.92  |
| 2-5                            | \$ 134.32          | \$ 63.80    | \$ 66.52    | 246-250                        | \$ 6,520.00        | \$ 3,190.00 | \$ 3,326.00 | 486-490        | \$ 12,775.36       | \$ 6,252.40 | \$ 6,518.96 | 731-735        | \$ 19,161.04       | \$ 9,378.60  | \$ 9,778.44  |
| 6-10                           | \$ 264.64          | \$ 127.60   | \$ 133.04   | 251-255                        | \$ 6,650.32        | \$ 3,253.80 | \$ 3,392.52 | 491-495        | \$ 12,905.68       | \$ 6,316.20 | \$ 6,585.48 | 736-740        | \$ 19,291.36       | \$ 9,442.40  | \$ 9,844.96  |
| 11-15                          | \$ 394.96          | \$ 191.40   | \$ 199.56   | 256-260                        | \$ 6,780.64        | \$ 3,317.60 | \$ 3,459.04 | 496-500        | \$ 13,036.00       | \$ 6,380.00 | \$ 6,652.00 | 741-745        | \$ 19,421.68       | \$ 9,506.20  | \$ 9,911.48  |
| 16-20                          | \$ 525.28          | \$ 255.20   | \$ 266.08   | 261-265                        | \$ 6,910.96        | \$ 3,381.40 | \$ 3,525.56 | 501-505        | \$ 13,166.32       | \$ 6,443.80 | \$ 6,718.52 | 746-750        | \$ 19,552.00       | \$ 9,570.00  | \$ 9,978.00  |
| 21-25                          | \$ 655.60          | \$ 319.00   | \$ 332.60   | 266-270                        | \$ 7,041.28        | \$ 3,445.20 | \$ 3,592.08 | 506-510        | \$ 13,296.64       | \$ 6,507.60 | \$ 6,785.04 | 751-755        | \$ 19,682.32       | \$ 9,633.80  | \$ 10,044.52 |
| 26-30                          | \$ 785.92          | \$ 382.80   | \$ 399.12   | 271-275                        | \$ 7,171.60        | \$ 3,509.00 | \$ 3,658.60 | 511-515        | \$ 13,426.96       | \$ 6,571.40 | \$ 6,851.56 | 756-760        | \$ 19,812.64       | \$ 9,697.60  | \$ 10,111.04 |
| 31-35                          | \$ 916.24          | \$ 446.60   | \$ 465.64   | 276-280                        | \$ 7,301.92        | \$ 3,572.80 | \$ 3,725.12 | 516-520        | \$ 13,557.28       | \$ 6,635.20 | \$ 6,918.08 | 761-765        | \$ 19,942.96       | \$ 9,761.40  | \$ 10,177.56 |
| 36-40                          | \$ 1,046.56        | \$ 510.40   | \$ 532.16   | 281-285                        | \$ 7,432.24        | \$ 3,636.60 | \$ 3,791.64 | 521-525        | \$ 13,687.60       | \$ 6,699.00 | \$ 6,984.60 | 766-770        | \$ 20,073.28       | \$ 9,825.20  | \$ 10,244.08 |
| 41-45                          | \$ 1,176.88        | \$ 574.20   | \$ 598.68   | 286-290                        | \$ 7,562.56        | \$ 3,700.40 | \$ 3,858.16 | 526-530        | \$ 13,817.92       | \$ 6,762.80 | \$ 7,051.12 | 771-775        | \$ 20,203.60       | \$ 9,889.00  | \$ 10,310.60 |
| 46-50                          | \$ 1,307.20        | \$ 638.00   | \$ 665.20   | 291-295                        | \$ 7,692.88        | \$ 3,764.20 | \$ 3,924.68 | 531-535        | \$ 13,948.24       | \$ 6,826.60 | \$ 7,117.64 | 776-780        | \$ 20,333.92       | \$ 9,952.80  | \$ 10,377.12 |
| 51-55                          | \$ 1,437.52        | \$ 701.80   | \$ 731.72   | 296-300                        | \$ 7,823.20        | \$ 3,828.00 | \$ 3,991.20 | 536-540        | \$ 14,078.56       | \$ 6,890.40 | \$ 7,184.16 | 781-785        | \$ 20,464.24       | \$ 10,016.60 | \$ 10,443.64 |
| 56-60                          | \$ 1,567.84        | \$ 765.60   | \$ 798.24   | 301-305                        | \$ 7,953.52        | \$ 3,891.80 | \$ 4,057.72 | 541-545        | \$ 14,208.88       | \$ 6,954.20 | \$ 7,250.68 | 786-790        | \$ 20,594.56       | \$ 10,080.40 | \$ 10,510.16 |
| 61-65                          | \$ 1,698.16        | \$ 829.40   | \$ 864.76   | 306-310                        | \$ 8,083.84        | \$ 3,955.60 | \$ 4,124.24 | 546-550        | \$ 14,339.20       | \$ 7,018.00 | \$ 7,317.20 | 791-795        | \$ 20,724.88       | \$ 10,144.20 | \$ 10,576.68 |
| 66-70                          | \$ 1,828.48        | \$ 893.20   | \$ 931.28   | 311-315                        | \$ 8,214.16        | \$ 4,019.40 | \$ 4,190.76 | 551-555        | \$ 14,469.52       | \$ 7,081.80 | \$ 7,383.72 | 796-800        | \$ 20,855.20       | \$ 10,208.00 | \$ 10,643.20 |
| 71-75                          | \$ 1,958.80        | \$ 957.00   | \$ 997.80   | 316-320                        | \$ 8,344.48        | \$ 4,083.20 | \$ 4,257.28 | 556-560        | \$ 14,599.84       | \$ 7,145.60 | \$ 7,450.24 | 801-805        | \$ 20,985.52       | \$ 10,271.80 | \$ 10,709.72 |
| 76-80                          | \$ 2,089.12        | \$ 1,020.80 | \$ 1,064.32 | 321-325                        | \$ 8,474.80        | \$ 4,147.00 | \$ 4,323.80 | 561-565        | \$ 14,730.16       | \$ 7,209.40 | \$ 7,516.76 | 806-810        | \$ 21,115.84       | \$ 10,335.60 | \$ 10,776.24 |
| 81-85                          | \$ 2,219.44        | \$ 1,084.60 | \$ 1,130.84 | 326-330                        | \$ 8,605.12        | \$ 4,210.80 | \$ 4,390.32 | 566-570        | \$ 14,860.48       | \$ 7,273.20 | \$ 7,583.28 | 811-815        | \$ 21,246.16       | \$ 10,399.40 | \$ 10,842.76 |
| 86-90                          | \$ 2,349.76        | \$ 1,148.40 | \$ 1,197.36 | 331-335                        | \$ 8,735.44        | \$ 4,274.60 | \$ 4,456.84 | 571-575        | \$ 14,990.80       | \$ 7,337.00 | \$ 7,649.80 | 816-820        | \$ 21,376.48       | \$ 10,463.20 | \$ 10,909.28 |
| 91-95                          | \$ 2,480.08        | \$ 1,212.20 | \$ 1,263.88 | 336-340                        | \$ 8,865.76        | \$ 4,338.40 | \$ 4,523.36 | 576-580        | \$ 15,121.12       | \$ 7,400.80 | \$ 7,716.32 | 821-825        | \$ 21,506.80       | \$ 10,527.00 | \$ 10,975.80 |
| 96-100                         | \$ 2,610.40        | \$ 1,276.00 | \$ 1,330.40 | 341-345                        | \$ 8,996.08        | \$ 4,402.20 | \$ 4,589.88 | 581-585        | \$ 15,251.44       | \$ 7,464.60 | \$ 7,782.84 | 826-830        | \$ 21,637.12       | \$ 10,590.80 | \$ 11,042.32 |
| 101-105                        | \$ 2,740.72        | \$ 1,339.80 | \$ 1,396.92 | 346-350                        | \$ 9,126.40        | \$ 4,466.00 | \$ 4,656.40 | 586-590        | \$ 15,381.76       | \$ 7,528.40 | \$ 7,849.36 | 831-835        | \$ 21,767.44       | \$ 10,654.60 | \$ 11,108.84 |
| 106-110                        | \$ 2,871.04        | \$ 1,403.60 | \$ 1,463.44 | 351-355                        | \$ 9,256.72        | \$ 4,529.80 | \$ 4,722.92 | 591-595        | \$ 15,512.08       | \$ 7,592.20 | \$ 7,915.88 | 836-840        | \$ 21,897.76       | \$ 10,718.40 | \$ 11,175.36 |
| 111-115                        | \$ 3,001.36        | \$ 1,467.40 | \$ 1,529.96 | 356-360                        | \$ 9,387.04        | \$ 4,593.60 | \$ 4,789.44 | 596-600        | \$ 15,642.40       | \$ 7,656.00 | \$ 7,982.40 | 841-845        | \$ 22,028.08       | \$ 10,782.20 | \$ 11,241.88 |
| 116-120                        | \$ 3,131.68        | \$ 1,531.20 | \$ 1,596.48 | 361-365                        | \$ 9,517.36        | \$ 4,657.40 | \$ 4,855.96 | 601-605        | \$ 15,772.72       | \$ 7,719.80 | \$ 8,048.92 | 846-850        | \$ 22,158.40       | \$ 10,846.00 | \$ 11,308.40 |
| 121-125                        | \$ 3,262.00        | \$ 1,595.00 | \$ 1,663.00 | 366-370                        | \$ 9,647.68        | \$ 4,721.20 | \$ 4,922.48 | 606-610        | \$ 15,903.04       | \$ 7,783.60 | \$ 8,115.44 | 851-855        | \$ 22,288.72       | \$ 10,909.80 | \$ 11,374.92 |
| 126-130                        | \$ 3,392.32        | \$ 1,658.80 | \$ 1,729.52 | 371-375                        | \$ 9,778.00        | \$ 4,785.00 | \$ 4,989.00 | 611-615        | \$ 16,033.36       | \$ 7,847.40 | \$ 8,181.96 | 856-860        | \$ 22,419.04       | \$ 10,973.60 | \$ 11,441.44 |
| 131-135                        | \$ 3,522.64        | \$ 1,722.60 | \$ 1,796.04 | 376-380                        | \$ 9,908.32        | \$ 4,848.80 | \$ 5,055.52 | 616-620        | \$ 16,163.68       | \$ 7,911.20 | \$ 8,248.48 | 861-865        | \$ 22,549.36       | \$ 11,037.40 | \$ 11,507.96 |
| 136-140                        | \$ 3,652.96        | \$ 1,786.40 | \$ 1,862.56 | 381-385                        | \$ 10,038.64       | \$ 4,912.60 | \$ 5,122.04 | 621-625        | \$ 16,294.00       | \$ 7,975.00 | \$ 8,315.00 | 866-870        | \$ 22,679.68       | \$ 11,101.20 | \$ 11,574.48 |
| 141-145                        | \$ 3,783.28        | \$ 1,850.20 | \$ 1,929.08 | 386-390                        | \$ 10,168.96       | \$ 4,976.40 | \$ 5,188.56 | 626-630        | \$ 16,424.32       | \$ 8,038.80 | \$ 8,381.52 | 871-875        | \$ 22,810.00       | \$ 11,165.00 | \$ 11,641.00 |
| 146-150                        | \$ 3,913.60        | \$ 1,914.00 | \$ 1,995.60 | 391-395                        | \$ 10,299.28       | \$ 5,040.20 | \$ 5,255.08 | 631-635        | \$ 16,554.64       | \$ 8,102.60 | \$ 8,448.04 | 876-880        | \$ 22,940.32       | \$ 11,228.80 | \$ 11,707.52 |
| 151-155                        | \$ 4,043.92        | \$ 1,977.80 | \$ 2,062.12 | 396-400                        | \$ 10,429.60       | \$ 5,104.00 | \$ 5,321.60 | 636-640        | \$ 16,684.96       | \$ 8,166.40 | \$ 8,514.56 | 881-885        | \$ 23,070.64       | \$ 11,292.60 | \$ 11,774.04 |
| 156-160                        | \$ 4,174.24        | \$ 2,041.60 | \$ 2,128.64 | 401-405                        | \$ 10,559.92       | \$ 5,167.80 | \$ 5,388.12 | 641-645        | \$ 16,815.28       | \$ 8,230.20 | \$ 8,581.08 | 886-890        | \$ 23,200.96       | \$ 11,356.40 | \$ 11,849.56 |
| 161-165                        | \$ 4,304.56        | \$ 2,105.40 | \$ 2,195.16 | 406-410                        | \$ 10,690.24       | \$ 5,231.60 | \$ 5,454.64 | 646-650        | \$ 16,945.60       | \$ 8,294.00 | \$ 8,647.60 | 891-895        | \$ 23,331.28       | \$ 11,420.20 | \$ 11,907.08 |
| 166-170                        | \$ 4,434.88        | \$ 2,169.20 | \$ 2,261.68 | 411-415                        | \$ 10,820.56       | \$ 5,295.40 | \$ 5,521.16 | 651-655        | \$ 17,075.92       | \$ 8,357.80 | \$ 8,714.12 | 896-900        | \$ 23,461.60       | \$ 11,484.00 | \$ 11,973.60 |
| 171-175                        | \$ 4,565.20        | \$ 2,233.00 | \$ 2,328.20 | 416-420                        | \$ 10,950.88       | \$ 5,359.20 | \$ 5,587.68 | 656-660        | \$ 17,206.24       | \$ 8,421.60 | \$ 8,780.64 | 901-905        | \$ 23,591.92       | \$ 11,547.80 | \$ 12,040.12 |
| 176-180                        | \$ 4,695.52        | \$ 2,296.80 | \$ 2,394.72 | 421+                           | \$ 11,081.20       | \$ 5,423.00 | \$ 5,654.20 | 661-665        | \$ 17,336.56       | \$ 8,485.40 | \$ 8,847.16 | 906-910        | \$ 23,722.24       | \$ 11,611.60 | \$ 12,106.64 |
| 181-185                        | \$ 4,825.84        | \$ 2,360.60 | \$ 2,461.24 | Rental Unit Cap                |                    |             |             | 666-670        | \$ 17,466.88       | \$ 8,549.20 | \$ 8,913.68 | 911-915        | \$ 23,852.56       | \$ 11,675.40 | \$ 12,173.16 |
| 186-190                        | \$ 4,956.16        | \$ 2,424.40 | \$ 2,527.76 | 426-430                        | \$ 11,211.52       | \$ 5,486.80 | \$ 5,720.72 | 671-675        | \$ 17,597.20       | \$ 8,613.00 | \$ 8,980.20 | 916-920        | \$ 23,982.88       | \$ 11,739.20 | \$ 12,239.68 |
| 191-195                        | \$ 5,086.48        | \$ 2,488.20 | \$ 2,594.28 | 431-435                        | \$ 11,341.84       | \$ 5,550.60 | \$ 5,787.24 | 676-680        | \$ 17,727.52       | \$ 8,676.80 | \$ 9,046.72 | 921-925        | \$ 24,113.20       | \$ 11,803.00 | \$ 12,306.20 |
| 196-200                        | \$ 5,216.80        | \$ 2,552.00 | \$ 2,660.80 | 436-440                        | \$ 11,472.16       | \$ 5,614.40 | \$ 5,853.76 | 681-685        | \$ 17,857.84       | \$ 8,740.60 | \$ 9,113.24 | 926-930        | \$ 24,243.52       | \$ 11,866.80 | \$ 12,372.72 |
| 201-205                        | \$ 5,347.12        | \$ 2,615.80 | \$ 2,727.32 | 441-445                        | \$ 11,602.48       | \$ 5,678.20 | \$ 5,920.28 | 686-690        | \$ 17,988.16       | \$ 8,804.40 | \$ 9,179.76 | 931-935        | \$ 24,373.84       | \$ 11,930.60 | \$ 12,439.24 |
| 206-210                        | \$ 5,477.44        | \$ 2,679.60 | \$ 2,793.84 | 446-450                        | \$ 11,732.80       | \$ 5,742.00 | \$ 5,986.80 | 691-695        | \$ 18,118.48       | \$ 8,868.20 | \$ 9,246.28 | 936-940        | \$ 24,504.16       | \$ 11,994.40 | \$ 12,505.76 |
| 211-215                        | \$ 5,607.76        | \$ 2,743.40 | \$ 2,860.36 | 451-455                        | \$ 11,863.12       | \$ 5,805.80 | \$ 6,053.32 | 696-700        | \$ 18,248.80       | \$ 8,932.00 | \$ 9,312.80 | 941-945        | \$ 24,634.48       | \$ 12,058.20 | \$ 12,572.28 |
| 216-220                        | \$ 5,738.08        | \$ 2,807.20 | \$ 2,926.88 | 456-460                        | \$ 11,993.44       | \$ 5,869.60 | \$ 6,119.84 | 701-705        | \$ 18,379.12       | \$ 8,995.80 | \$ 9,379.32 | 946+           | \$ 24,764.80       | \$ 12,122.00 | \$ 12,638.80 |
| 221-225                        | \$ 5,868.40        | \$ 2,871.00 | \$ 2,993.40 | 461-465                        | \$ 12,123.76       | \$ 5,933.40 | \$ 6,186.36 | 706-710        | \$ 18,509.44       | \$ 9,059.60 | \$ 9,445.84 | Employee Cap   |                    |              |              |
| 226-230                        | \$ 5,998.72        | \$ 2,934.80 | \$ 3,059.92 | 466-470                        | \$ 12,254.08       | \$ 5,997.20 | \$ 6,252.88 | 711-715        | \$ 18,639.76       | \$ 9,123.40 | \$ 9,512.36 |                |                    |              |              |
| 231-235                        | \$ 6,129.04        | \$ 2,998.60 | \$ 3,126.44 | 471-475                        | \$ 12,384.40       | \$ 6,061.00 | \$ 6,319.40 | 716-720        | \$ 18,770.08       | \$ 9,187.20 | \$ 9,578.88 |                |                    |              |              |
| 236-240                        | \$ 6,259.36        | \$ 3,062.40 | \$ 3,192.96 | 476-480                        | \$ 12,514.72       | \$ 6,124.80 | \$ 6,385.92 | 721-725        | \$ 18,900.40       | \$ 9,251.00 | \$ 9,645.40 |                |                    |              |              |