

Business License Tax Proposal Hermosa Beach

Andrea Jacobsson

TIER		ACTIVITY		
Number of employees in Hermosa Beach	SERVICE	RETAIL (Sales Tax Revenue)	PROFESSIONAL	CONTRACTORS
1	100.00	100.00	140.00	100.00
2-5	175.00	175.00	245.00	175.00
6-12	250.00	250.00	350.00	250.00
13-25	350.00	350.00	490.00	350.00
26-50	475.00	475.00	665.00	475.00
51-100	625.00*	625.00	875.00**	625.00
	office employee	restaurants	lawyers	construction
	bookkeeping	retail sales	physicians	contractors
	pet grooming	supermarkets	bankers (new category)	
	janitorial	manufacturing	accountants	
	nail salons		real estate brokers	
	hair salons		hospitals	
	facials			
	landscape/gardening			
	housekeeping			
	personal trainer			
	psychic			
	tattoo			
APTS/MOTEL/HOTELS				
hotels and motels (TOT tax)				
apartments		25/unit	cap \$2500.00	
mobile home		15/unit	cap \$1500.00	
		10/unit	cap \$1000.00	
* 625/51=\$12.25				
**825/51=\$17.15				
professional is 1.4 x retail				

BUSINESS LICENSE FEE

A Business License is required by any entity (individuals, corporations, LLCs licensed individuals, financial service companies, etc.) doing business within the City of Hermosa Beach. Each location within the City will be considered a separate entity.

The fee for a Business License includes the first 2 employees/rental units

Category A

Businesses whose goods and services are subjected to State of California Sales Tax for at least FIFTY (51%) of gross revenue

\$200/ year plus \$25/year for each employee Cap 25 employees for businesses with less than 4000 sq.ft.

Category B

Business whose goods and services that DO NOT MEET INCLUSION OF Category A

\$300/year plus \$25 for each employee/or rental unit. (Cap 25 employees for business under 5000sq ft.) . **Residents of Hermosa Beach will receive a \$100 RESIDENT**

CREDIT for Home Based Business.

Category C (cap includes employees)

1. Business with State of California Alcohol License for beer and wine only: Category A PLUS **0.0015%** of gross revenue greater than \$100,000/year cap \$1150

2. Business with Full Liquor License State of California: Category A fees PLUS **0.0015%** of gross revenue greater than \$100,000/year cap of \$2000.

3. Business with Alcohol License of State of California AND who either have a **cover charge or live entertainment**: Category A fees PLUS **0.0015%** of gross revenue greater than 100,000/year cap of \$2500

4. Any Category C business with operational hours after MIDNIGHT: Category A fees PLUS **0.0015%** of gross revenue greater than \$100,000/year cap of \$4000

5. Business with State of California Resale License for Alcohol: Category A fees PLUS **0.002%** of gross revenue greater than \$100,000/year from alcohol related sales cap \$4000

Category D \$150/year additional for any business selling tobacco products

Category E

Disabled Veterans with greater than 50% service connected disability, with a business NOT in Category C, \$100 Business License Fee plus \$25 employee with same Cap as Category A.

Non-profits /Charities domiciled in Hermosa Beach, \$25/year registration fee, with wavier of Business License Fee plus \$25 employee with same Cap as Category A

Category F

Business domiciled outside of Hermosa Beach, Delivery Services, Motion Picture Production, Taxi/Auto for hire, Alarm Monitor Services, and public Utilities and others subjected to a Franchise Fee, will obtain a business license, but be exempt from employee charges.

Category G. Vacation Rentals (see attached)

Category H. Optional Annual Resident/Business owner fee of \$100/year, to allow day work on said property without obtaining Business License by service.

REVENUE COLLECTED ANNUALLY, ADJUSTED FOR LA COUNTY CPI, GREATER THAN \$800,000/year, 100% WILL BE ALLOCATED TO THESEWER FUND FOR INFRASTRUCTURE ONLY, WITHOUT THE ABILITY FOR THE CITY TO SWEEP FUNDS TO THE GENERAL OR OTHER FUNDS.

NUMBERS

2766 Business Lic =	553,000
1155 out of area Assume 50% Cat B	58,000
Assume 1000 employee/unit rental	25,000

Assume All Cat C elect to pay Caps vs. \$150/\$100,000 of gross revenue or cap.

C-1 43 at cap 1150	49,000
C-2 6 2000	12,000
C-3 23 2500	57,000
C-4	
C-5	
C-4 will probably add to C-3 (1500 add)	9,000
C-5 will probably add 5 at additional 4000	20,000
	820,000

293 Resident Home businesses

-\$100/Resident/Credit

-29,000

NET \$791,000

This does not include vacation rental, additional license fees from lack of enforcement, licensed professionals, etc.

Sales Tax Revenue 2006-2007 Cat B 22A-B23F =/- \$42,672,020

City 1% = \$426,672

Since the expected 2011 sales tax, revenue is projected to be .877 of index year, revenue of \$374,234 from these categories.

Total Proposed Alcohol related Caps 147,000. This with sales tax revenue is 1,428/day.

What is the cost to the community for services provided related to this industry? 60% of a police shift is diverted, plus maintenance, etc.

The City manager stated that 3/5 of police on one shift are scheduled to patrol these businesses. This equates to 0.198 of total

police expenses, or \$2,084,890/yr or 5,712/day.

Should the community be subsidizing this? Should the Taverns/Bars/Restaurants/Vendors that cause the City to spend \$4,284/day, greater than revenue the City receives, in security services be required to have there own patrol with a licensed security company, thus allowing the police to patrol the City?

	2010	Proposed 2011
B/W – Ent C-1	1160	1150
Liq- Ent C-2	1926	2000
Ent C-3	1722	2500
MN + C-4	?	4000

Fees paid were \$97,000 2009/10. Cat C -3 (with ent) actually paid less that non-ent! 1722 vs. 1926? I feel it is reasonable to increase Cat C 3, since it is impossible to account for cash cover charges and additional benefit to business from ent.

Business License Tax Proposal

Hermosa Beach		Brittney Burford	
TIER	ACTIVITY		
Number of employees in Hermosa Beach	SERVICE no. sales tax	RETAIL sales tax	CONTRACTORS
1	\$100.00	\$100.00	\$100.00
2-5	\$200.00	\$150.00	\$150.00
6-12	\$300.00	\$200.00	\$250.00
13-25	\$400.00	\$300.00	\$350.00
26-50	\$500.00	\$500.00	\$450.00
51-100	\$600.00	\$750.00	\$600.00
	office employee	restaurants	contractors
	bookkeeping	retail sales	sub contractors
	pet grooming	supermarkets	bankers (new category)
	janitorial	manufacturing	accountants
	nail/hair/facial salons	wholesale	real estate brokers
	gym		hospitals
	psychic		
Current Average Per Business License	\$186.80	\$803.46	\$202.46
\$312.28			\$398.23
APTS/MOTEL/HOTELS MOBILE HOME PARK			
hotels and motels (TOT tax)			cap \$2500.00
apartments	\$25/unit		cap \$1500.00
mobile home	\$15/unit		cap \$1000.00
Current Average Per Apt/Motel/Hotel			
\$240.27			