



RECEIVED

By Anjanette Allen at 10:32 am, Jun 17, 2024

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

68 July 23, 2024

Edward Yen
EDWARD YEN
EXECUTIVE OFFICER

June 17, 2024

Kenneth Hahn Hall of Administration
Attn: Jeff Levinson, Interim-Executive Officer, Board of Supervisors
500 West Temple Street, Room 383
Los Angeles, California 90012

Honorable Members:

The City Council of the City of Santa Monica respectfully requests that the Board of Supervisors approve the City's request to consolidate Santa Monica's municipal election with the County's Statewide General Election to be held November 5, 2024. The City also requests approval of provision of services to the City of Santa Monica by the Los Angeles County Registrar-Recorder. Attached please find copies of the following related certified resolutions as adopted by the City Council:

Resolution No. 11591 (CCS) entitled: "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MONICA CALLING AND GIVING NOTICE FOR THE HOLDING OF A GENERAL MUNICIPAL ELECTION TO BE HELD ON TUESDAY, NOVEMBER 5, 2024, FOR ELECTION OF CERTAIN OFFICERS AS REQUIRED BY THE CALIFORNIA ELECTIONS CODE AND PROVISIONS OF THE SANTA MONICA CITY CHARTER."

Resolution No. 11592 (CCS) entitled: "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MONICA, CALIFORNIA, REQUESTING THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES TO CONSOLIDATE A GENERAL MUNICIPAL ELECTION OF THE CITY OF SANTA MONICA TO BE HELD ON NOVEMBER 5, 2024, WITH THE STATEWIDE GENERAL ELECTION TO BE HELD ON SAID DATE PURSUANT TO ELECTIONS CODE SECTION 10403, AND TO RENDER SPECIFIED SERVICES TO THE CITY RELATING TO THE GENERAL MUNICIPAL ELECTION"

It is respectfully requested that these resolutions be considered at the next meeting of the Board of Supervisors of Los Angeles County, pursuant to California Election Code Sections 10400, 10401, and 10403.

Sincerely,

DocuSigned by:

7032651F371E430...

NIKITTA S. NEWSOME

Interim City Clerk

Cc: Los Angeles County Registrar-Recorder Elections Division

City Council Meeting: June 11, 2024

Santa Monica, California

RESOLUTION NUMBER 11591 (CCS)

(City Council Series)

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MONICA
CALLING AND GIVING NOTICE FOR THE HOLDING OF A GENERAL
MUNICIPAL ELECTION TO BE HELD ON TUESDAY, NOVEMBER 5, 2024, FOR
ELECTION OF CERTAIN OFFICERS AS REQUIRED BY THE CALIFORNIA
ELECTIONS CODE AND PROVISIONS OF THE SANTA MONICA CITY
CHARTER

WHEREAS, City Charter Section 1400 provides that a General Municipal Election shall be held on the first Tuesday following the first Monday of November of each even numbered year for the purpose of electing officers; and

WHEREAS, under the provisions of the City Charter, four members of the Council shall be elected to a full term of four-years; and

WHEREAS, under the provisions of the City Charter, two members of the Rent Control Board shall be elected for a full term of four years; and

WHEREAS, under the provisions of the City Charter and Section 5220 of the Education Code, three members of the Santa Monica-Malibu Unified School District Board of Education shall be elected for a full term of four years;

WHEREAS, under the provisions of Section 72034 of the Education Code and resolutions adopted by the Board of Trustees of the Santa Monica Community College District, three members of the Santa Monica Community College District Board of Trustees shall be elected for a full term of four years; and

WHEREAS, the Education Code and the Elections Code authorize the consolidation of the election of members of the Santa Monica Community College District Board of Trustees and the Santa Monica-Malibu Unified School District Board of Education with the General Municipal Election.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SANTA MONICA DOES RESOLVE AS FOLLOWS:

SECTION 1. A General Municipal Election shall be held in the City of Santa Monica on Tuesday, November 5, 2024, which is the election required for the purposes of electing four members of the City of Santa Monica City Council for four-year terms expiring in 2028; two members of the City of Santa Monica Rent Control Board for four-year terms expiring in 2028; three members of the Santa Monica-Malibu Unified School District Board of Education for four-year terms expiring in 2028; and, three members of the Santa Monica Community College District Board of Trustees for four-year terms expiring in 2028, and the placing before the voters of qualified initiatives and referendums.

SECTION 2. The ballots to be used at the General Municipal Election shall be both as to form and matter contained therein such as may be required by law.

SECTION 3. The City Clerk is authorized, instructed, and directed to coordinate with the County of Los Angeles Registrar-Recorder/County Clerk to procure and furnish any and all official ballots, notices, printed matter and all supplies, equipment, and paraphernalia that may be necessary in order to properly and lawfully conduct the General Municipal Election.

SECTION 4. The vote centers for the General Municipal Election shall be open at 7:00 a.m. on the day of the election and shall remain open continuously until 8:00 p.m. of the same day when the vote centers shall be closed, pursuant to Election Code 10242, except as provided in Sections 14212, 14401 of the Elections Code.

SECTION 5. The notice of the time and place of holding of the General Municipal Election is hereby given; and the City Clerk is authorized, instructed, and directed to give such further or additional notice of the election in the time, form, and manner required by law.

SECTION 6. Pursuant to Elections Code Section 12109, the City Clerk is authorized, instructed, and directed to give notice of the central counting place in the time, form, and manner required by law.

SECTION 7. An election for members of the Santa Monica-Malibu Unified School District Board of Education and the Santa Monica College District Board of Trustees shall be consolidated with the General Municipal Election. Separate ballots shall be provided for those voters who reside outside the City of Santa Monica pursuant to Elections Code Section 10409.

SECTION 8. The City Clerk is directed to send a copy of this Resolution to the Board of Supervisors and to the Registrar of Voters/County Clerk of the County of Los Angeles.

SECTION 9. In the event the General Municipal Election is consolidated with the Statewide General Election on the same date, the provisions of this Resolution which are applicable only in the event the election is conducted by the City shall be of no force or

effect.


SECTION 10. The City Clerk shall certify to the adoption of this Resolution, and thenceforth and thereafter the same shall be in full force and effect.

APPROVED AS TO FORM:

DocuSigned by:
DOUGLAS SLOAN
61C02D0CAE84432...

DOUGLAS SLOAN
City Attorney

Adopted and approved this 11th day of June, 2024.

DocuSigned by:

FF645AF0515A449...

Phil Brock, Mayor


I, Nikima S. Newsome, Interim City Clerk of the City of Santa Monica, do hereby certify that Resolution No. 11591 (CCS) was duly adopted at a meeting of the Santa Monica City Council held on the 11th day of June, 2024, by the following vote:

AYES: Councilmembers Zwick, Parra, Davis, Torosis,
Mayor Pro Tem Negrete, Mayor Brock

NOES: None

ABSENT: Councilmember de la Torre

ATTEST:

DocuSigned by:

7032651F371E430...

Nikima S. Newsome, Interim City Clerk

City Council Meeting: June 11, 2024

Santa Monica, California

RESOLUTION NUMBER 11592 (CCS)
(City Council Series)

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MONICA, CALIFORNIA, REQUESTING THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES TO CONSOLIDATE A GENERAL MUNICIPAL ELECTION OF THE CITY OF SANTA MONICA TO BE HELD ON NOVEMBER 5, 2024, WITH THE STATEWIDE GENERAL ELECTION TO BE HELD ON SAID DATE PURSUANT TO ELECTIONS CODE SECTION 10403, AND TO RENDER SPECIFIED SERVICES TO THE CITY RELATING TO THE GENERAL MUNICIPAL ELECTION

WHEREAS, the City Council of the City of Santa Monica has called a General Municipal Election in the City of Santa Monica to be held on November 5, 2024, for the purpose of electing officers of the City Council of Santa Monica, the Santa Monica Rent Control Board, the Santa Monica Community College District Board, and the Santa Monica- Malibu Unified School District Board of Education; and

WHEREAS, it is desirable that the General Municipal Election be consolidated with the Statewide General Election to be held on the same date; that within the City of Santa Monica and the School and Community College Districts, the precincts, polling places and election officers of the two elections be the same; that the Registrar of Voters of the County of Los Angeles canvass the returns of the General Municipal Election; and that the Statewide General Election and General Municipal Election be held in all respects as if there were only one election; and

WHEREAS, in the course of conduct of the General Municipal Election and in relation thereto, it will be necessary to mail sample ballots and polling place information to the registered voters of the City of Santa Monica; and

WHEREAS, the City of Santa Monica desires the Registrar of Voters to furnish such other election assistance as may be authorized by state law; and

WHEREAS, all necessary expense in performing these services shall be paid by the City of Santa Monica.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SANTA MONICA DOES RESOLVE, DECLARE AND ORDER AS FOLLOWS:

SECTION 1. Pursuant to the requirements of Elections Code Section 10403, the Board of Supervisors of the County of Los Angeles is hereby requested to consent and agree to the consolidation of a General Municipal Election with the Statewide General election on Tuesday, November 5, 2024, for the purpose of electing officers of the City of Santa Monica, the Santa Monica Rent Control Board, the Santa Monica Community College District Board, and the Santa Monica-Malibu Unified School District Board of Education. The consolidated election will be held and conducted in the manner prescribed in Elections Code Section 10418. The offices to be voted upon at the General Municipal Election are as follows: Member of the City Council – 4; Member of the Rent Control Board– 2; Member of the Board of Trustees for the Santa Monica Community College District – 3; Member of the Board of Education for the Santa Monica-Malibu Unified School District – 3. The names of candidates appearing on the ballot shall be filed with the Registrar of Voters of the County of Los Angeles no later than 81 days prior to the General Municipal Election.

SECTION 2. The Registrar of Voters is authorized to canvass the returns of the General Municipal Election which it is hereby requested to consolidate with the Statewide General Election and said election shall be held in all respects as if there were only one Election, and only one form of ballot shall be used.

SECTION 3. The Board of Supervisors of the County of Los Angeles is hereby requested to issue instructions to the Registrar of Voters to take any and all steps necessary for the holding of the consolidated election.

SECTION 4. The City of Santa Monica recognizes that additional costs will be incurred by the County of Los Angeles by reason of this consolidation and agrees to reimburse the County of Los Angeles for any such costs.

SECTION 5. Pursuant to Elections Code Section 10002, the City Council requests the Board of Supervisors of the County of Los Angeles to permit the Registrar of Voters to provide the following services to the City to the extent determined necessary by the City Clerk: (1) prepare and furnish to the City of Santa Monica for use in conducting its General Municipal Election the computer record of the names and addresses of eligible registered voters in the City of Santa Monica in order that the City of Santa Monica may print labels to be attached to self-mailer sample ballot pamphlets; (2) furnish to the City of Santa Monica printed indices of the voters to be used by the precinct board at the polling places; (3) make available to the City of Santa Monica additional election equipment and assistance according to state law; and (4) provide such other services as may be deemed necessary to reduce the expense and administrative burden of the election.

SECTION 6. The City of Santa Monica shall reimburse the County of Los Angeles

for services performed when the work is completed and upon presentation to the City of a properly approved bill.

SECTION 7. The City Clerk is directed to transmit and file a certified copy of this Resolution with the Board of Supervisors of the County of Los Angeles and with the Registrar of Voters.


SECTION 8. The City Clerk shall certify to the adoption of this Resolution, and thenceforth and thereafter the same shall be in full force and effect.

APPROVED AS TO FORM:

DocuSigned by:
DOUGLAS SLOAN
61C02D0CAE84432...

DOUGLAS SLOAN
City Attorney

Adopted and approved this 11th day of June, 2024.

DocuSigned by:

FF645AF0515A449...

Phil Brock, Mayor


I, Nikima S. Newsome, Interim City Clerk of the City of Santa Monica, do hereby certify that Resolution No. 11592 (CCS) was duly adopted at a meeting of the Santa Monica City Council held on the 11th day of June, 2024, by the following vote:

AYES: Councilmembers Zwick, Parra, Davis, Torosis,
Mayor Pro Tem Negrete, Mayor Brock

NOES: None

ABSENT: Councilmember de la Torre

ATTEST:

DocuSigned by:

7032651F371E430...

Nikima S. Newsome, Interim City Clerk



June 26, 2024

Kenneth Hahn Hall of Administration
Attn: Jeff Levinson, Interim-Executive Officer, Board of Supervisors
500 West Temple Street, Room 383
Los Angeles, California 90012

Honorable Members:

In a letter dated June 17, 2024, the City of Santa Monica requested to consolidate our Municipal Election with the County's Statewide General Election to be held on November 5, 2024. As we wait for the request to be placed on the Board's agenda for approval, we are enclosing for your consideration a certified copy of a resolution adding a ballot measure to the Santa Monica General Municipal Election and a request to consolidate Santa Monica's municipal election with the County's Statewide General Election. Resolution Number 11603 was adopted by the City Council of the City of Santa Monica at their regular meeting of June 25, 2024.

RESOLUTION NUMBER 11603 (CCS): "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MONICA SUBMITTING TO THE VOTERS A MEASURE TO AMEND CHAPTERS 6.04, 6.08, 6.12, AND 6.16 OF THE SANTA MONICA MUNICIPAL CODE TO MODERNIZE THE CITY'S BUSINESS LICENSE TAX, INCREASING THE EXEMPTIONS FOR SMALL BUSINESSES, RAISING THE CORPORATE ADMINISTRATIVE HEADQUARTERS RATE TO .25%, REMOVING AUTO DEALER TAX EXEMPTIONS, RESTORING A PROCESSING FEE, AND AUTHORIZING CITY COUNCILMEMBERS TO FILE WRITTEN ARGUMENTS FOR OR AGAINST THE MEASURE AND DIRECTING THE CITY ATTORNEY TO PREPARE AN IMPARTIAL ANALYSIS OF THE MEASURE"

The Ballot language is as follows:

MEASURE " ": To fund essential city services such as 911 emergency response, public safety, and addressing homelessness, shall the measure modernizing the City of Santa Monica's 1990 business license tax ordinance to improve tax equity and fairness, exempting small businesses from the tax, decreasing tax rates for most retailers and restaurants, raising the corporate headquarters rate to 0.25%, removing auto dealer tax exemptions, and restoring a business license processing fee, generating approximately \$3,000,000 annually, until ended by voters, be adopted?

It is respectfully requested that this measure be considered at your next meeting of the Board of Supervisors of Los Angeles County, pursuant to California Election Code Sections 10400, 10401, and 10403 and be added to the City's Municipal Election consolidation.

Sincerely,

Nikima S. Newsome
Interim City Clerk

Cc: Los Angeles County Registrar-Recorder Elections Division

RECEIVED

By Tonya Terry at 2:19 pm, Jun 26, 2024

City Council Meeting: June 25, 2024

Santa Monica, California

RESOLUTION NUMBER 11603 (CCS)
(City Council Series)

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MONICA SUBMITTING TO THE VOTERS A MEASURE TO AMEND CHAPTERS 6.04, 6.08, 6.12, AND 6.16 OF THE SANTA MONICA MUNICIPAL CODE TO MODERNIZE THE CITY'S BUSINESS LICENSE TAX, INCREASING THE EXEMPTIONS FOR SMALL BUSINESSES, RAISING THE CORPORATE ADMINISTRATIVE HEADQUARTERS RATE TO .25%, REMOVING AUTO DEALER TAX EXEMPTIONS, RESTORING A PROCESSING FEE, AND AUTHORIZING CITY COUNCILMEMBERS TO FILE WRITTEN ARGUMENTS FOR OR AGAINST THE MEASURE AND DIRECTING THE CITY ATTORNEY TO PREPARE AN IMPARTIAL ANALYSIS OF THE MEASURE

WHEREAS, the City imposes a business license tax on businesses operating within the City (the "Business License Tax"); and

WHEREAS, the Business License Tax is a general tax imposed for general revenue purposes; and

WHEREAS, the Business License Tax is imposed on a business's gross receipts or the cost of operations depending on the business classification; and

WHEREAS, among other things, Chapter 6.04 (Business Licenses), 6.08 (Business Classifications), 6.12 (Schedule of License Fees by Business Classifications and Tax Rate Group), and 6.16 (Appeals) of the Santa Monica Municipal Code relate to the City's business license tax; and

WHEREAS, the Business License Tax has remained largely unchanged since it was last modified by Ordinance No. 1523 (CCS) on May 8, 1990; and

WHEREAS, the number and types of businesses in Santa Monica have evolved, and continue to evolve, since the Business License Tax was amended in 1990; and

WHEREAS, the City seeks to support small businesses and microenterprises; and

WHEREAS, the City desires to appropriately tax emerging business models; and

WHEREAS, the City seeks to develop a taxing system that is competitive with neighboring jurisdictions with similar characteristics; and

WHEREAS, the City conducted a survey of over 20,000 businesses about the City's business license program and hosted virtual focus groups to discuss potential changes to the City's Business License Tax; and

WHEREAS, the City desires to create a fair, equitable, and simple taxing system that attracts, retains, and encourages business in the City; and

WHEREAS, many residents live in the City of Santa Monica because the City invests in community priorities, offers extensive services and programs that substantially enhance the quality of life of its residents; and

WHEREAS, an additional locally-controlled revenue source is needed to restore and enhance Santa Monica's essential city services; and

WHEREAS, increasing a small business exemption in the Business License Tax from \$40,000 in annual worldwide receipts to \$100,000 improves equity, supports developing businesses, and aligns with neighboring jurisdictions; and

WHEREAS, reducing the City's tax penalties relating to the Business License Tax aligns with other cities and promotes retaining existing businesses in the City; and

WHEREAS, eliminating a back tax Business License Tax calculation promotes equity and simplifies compliance for new businesses in the City; and

WHEREAS, lowering the Business License Tax rate for small residential property owners with three or less rental units to match the business license tax rate applicable to property owners with more units promotes equity; and

WHEREAS, retailers and restaurant operators have experienced numerous challenges following the pandemic, including declining revenue and increased costs for labor and supplies; and

WHEREAS, reducing the Business License Tax rate from \$1.25 to \$1.15 per \$1,000 for retailers and restaurants with annual gross receipts under \$5,000,000 supports local retailers and restaurants and promotes economic recovery; and

WHEREAS, since 1990, auto dealers have benefitted from a \$25,000 annual cap on the City's Business License Tax; and

WHEREAS, the auto dealer tax cap has not been increased since 1990; and

WHEREAS, no other business tax based on gross receipts in the City enjoys a flat cap on the Business License Tax owed; and

WHEREAS, every auto dealer in the City reaches the \$25,000 cap each year; and

WHEREAS, neighboring cities do not have similar caps on auto dealers; and

WHEREAS, removing the auto dealer tax cap promotes equity and fairness among businesses in the City; and

WHEREAS, removing the auto dealer tax cap allows auto dealers to be taxed on automobile repairs and other auto-related services at the rates generally applicable to these services; and

WHEREAS, the City's corporate administrative headquarters business license tax is based on the cost of operations and the current rate is below neighboring jurisdictions; and

WHEREAS, increasing the City's corporate administrative headquarters tax aligns with other jurisdictions, while allowing the City to retain these type of businesses; and

WHEREAS, the City previously charged a processing fee to review business license applications, renewals, and to issue business licenses; and

WHEREAS, the City desires to reinstate a processing fee not to exceed \$100 for general revenue purposes with the consent of the voters; and

WHEREAS, the revenue from the proposed changes to the City's Business License Tax are estimated to raise an additional \$3,000,000 in general fund revenue that may be used to fund general governmental services, such as: addressing homelessness, public safety, mental health services and emergency response teams to address safety issues on City streets and parks, staffing of public libraries, after-school programs for public school children, traffic safety improvements around schools, including crossing guards; and

WHEREAS, under applicable law, the City Council of the City of Santa Monica must present a proposed increase to the Business License Tax to the electorate of the City of Santa Monica for adoption by majority vote of the electorate; and

WHEREAS, pursuant to California Elections Code Section 10403, the City Council has previously requested that the County of Los Angeles consent and agree to the consolidation of all aspects of a General Municipal Election with the Statewide General

Election scheduled for Tuesday, November 5, 2024, for the purpose of electing members of the Santa Monica City Council, the Santa Monica Rent Control Board, the Santa Monica-Malibu Unified School District, and the Santa Monica College Community College District.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SANTA MONICA DOES RESOLVE AND PROCLAIM AS FOLLOWS:

SECTION 1. At the General Municipal Election called for November 5, 2024, the following measure shall be submitted to the qualified electors of the City of Santa Monica:

<p>MEASURE " ":</p> <p>To fund essential city services such as 911 emergency response, public safety, and addressing homelessness, shall the measure modernizing the City of Santa Monica's 1990 business license tax ordinance to improve tax equity and fairness, exempting small businesses from the tax, decreasing tax rates for most retailers and restaurants, raising the corporate headquarters rate to 0.25%, removing auto dealer tax exemptions, and restoring a business license processing fee, generating approximately \$3,000,000 annually, until ended by voters, be adopted?</p>	<p>YES _____</p> <p>NO _____</p>
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SECTION 2. The City Clerk shall file a certified copy of this resolution with the Board of Supervisors and with the county election department of the County of Los Angeles.

SECTION 3. The vote requirement for the measure to pass is a majority (50%

+1) of the votes cast.

SECTION 4. The City of Santa Monica recognizes that additional costs may be incurred by the County by reason of the addition of this measure to the ballot and agrees to reimburse the County for any additional costs.

SECTION 5. The City Clerk shall transmit to the City Attorney, in accordance with applicable law, a copy of the measure. The City Attorney shall prepare an impartial analysis of the measure, which shall not exceed 500 words in length. The impartial analyses shall be filed by the date set by the City Clerk for the filing of primary arguments. In accordance with applicable law, not less than 10 calendar days before the City Clerk submits the official election materials for printing, the City Clerk shall make a copy of all applicable elections materials available for public examination in the City Clerk's office

SECTION 6. The City Council authorizes its members, as follows, to file written arguments for or against the measure described above, which is contained in Exhibit 1 (Business License Tax Measure), which is incorporated by reference herein:

FOR: Mayor Pro Tem Lana Negrete
AGAINST: None

All written arguments filed by any person in favor of, or against the measure, including any rebuttal arguments, shall be accompanied by the names and signatures of the persons submitting the argument as required by applicable law, and any names, signatures and arguments may be filed until the time and date fixed by the City Clerk in accordance with applicable law, after which no change may be submitted to the City Clerk unless permitted by law.

SECTION 7. The City Clerk shall cause the text of the measure, which is contained

in Exhibit 1 (Business License Tax Measure), together with the City Attorney impartial analyses, and any arguments for or against the measure, as well as any rebuttal, to be mailed to all qualified voters with the sample ballot. In addition to other notices and publications required by law, the City Clerk, not less than forty (40) days and not more than sixty (60) days before the General Municipal Election, shall cause the text of the measure to be published once in the official newspaper and in each edition thereof during the day of publication. The City Clerk is authorized to give such notices and to fix such times and dates as are required by law or which are appropriate to properly conduct the election.

SECTION 8. The provisions of Resolution Numbers 11591 and 11592 are referred to and incorporated into this resolution for more particulars concerning the conduct of the General Municipal Election to be held on November 5, 2024, and in all respects the election shall be held and conducted as provided for by applicable law. The City Clerk is authorized and directed to procure and furnish any official ballots, notices, printed materials and all supplies or equipment that may be necessary in order to properly and lawfully conduct the election.

SECTION 9. The City Clerk shall certify to the adoption of this Resolution, and thenceforth and thereafter the same shall be in full force and effect.

APPROVED AS TO FORM:

DocuSigned by:

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DOUGLAS T. SLOAN, City Attorney

Exhibit 1 – Text of Business License Tax Measure

Exhibit 1 – Business License Tax Measure

WHEREAS, this measure shall be known as the “Business License Tax Modernization Measure” (“Measure”); and

WHEREAS, the City imposes a business license tax on businesses operating within the City (the “Business License Tax”); and

WHEREAS, the Business License Tax is a general tax imposed for general revenue purposes; and

WHEREAS, the Business License Tax is imposed on a business’s gross receipts or the cost of operations depending on the business classification; and

WHEREAS, among other things, Chapter 6.04 (Business Licenses), 6.08 (Business Classifications), 6.12 (Schedule of License Fees by Business Classifications and Tax Rate Group), and 6.16 (Appeals) of the Santa Monica Municipal Code relate to the City’s business license tax; and

WHEREAS, the Business License Tax has remained largely unchanged since it was last modified by Ordinance No. 1523 (CCS) on May 8, 1990; and

WHEREAS, the number and types of businesses in Santa Monica have evolved, and continue to evolve, since the Business License Tax was amended in 1990; and

WHEREAS, the City seeks to support small businesses and microenterprises; and

WHEREAS, the City desires to appropriately tax emerging business models; and

WHEREAS, the City seeks to develop a taxing system that is competitive with neighboring jurisdictions with similar characteristics; and

WHEREAS, the City conducted a survey of over 20,000 businesses about the City's business license program and hosted virtual focus groups to discuss potential changes to the City's Business License Tax; and

WHEREAS, the City desires to create a fair, equitable, and simple taxing system that attracts, retains, and encourages business in the City; and

WHEREAS, many residents live in the City of Santa Monica because the City invests in community priorities, offers extensive services and programs that substantially enhance the quality of life of its residents; and

WHEREAS, an additional locally-controlled revenue source is needed to restore and enhance Santa Monica's essential city services; and

WHEREAS, increasing a small business exemption in the Business License Tax from \$40,000 in annual worldwide receipts to \$100,000 improves equity, supports developing businesses, and aligns with neighboring jurisdictions; and

WHEREAS, reducing the City's tax penalties relating to the Business License Tax aligns with other cities and promotes retaining existing businesses in the City; and

WHEREAS, eliminating a back tax Business License Tax calculation promotes equity and simplifies compliance for new businesses in the City; and

WHEREAS, lowering the Business License Tax rate for small residential property owners with three or less rental units to match the business license tax rate applicable to property owners with more units promotes equity; and

WHEREAS, retailers and restaurant operators have experienced numerous challenges following the pandemic, including declining revenue and increased costs for labor and supplies; and

WHEREAS, reducing the Business License Tax rate from \$1.25 to \$1.15 per \$1,000 for retailers and restaurants with annual gross receipts under \$5,000,000 supports local retailers and restaurants and promotes economic recovery; and

WHEREAS, since 1990, auto dealers have benefitted from a \$25,000 annual cap on the City's Business License Tax; and

WHEREAS, the auto dealer tax cap has not been increased since 1990; and

WHEREAS, no other business tax based on gross receipts in the City enjoys a flat cap on the Business License Tax owed; and

WHEREAS, every auto dealer in the City reaches the \$25,000 cap each year; and

WHEREAS, neighboring cities do not have similar caps on auto dealers; and

WHEREAS, removing the auto dealer tax cap promotes equity and fairness among businesses in the City; and

WHEREAS, removing the auto dealer tax cap allows auto dealers to be taxed on automobile repairs and other auto-related services at the rates generally applicable to these services; and

WHEREAS, the City's corporate administrative headquarters business license tax is based on the cost of operations and the current rate is below neighboring jurisdictions; and

WHEREAS, increasing the City's corporate administrative headquarters tax aligns with other jurisdictions, while allowing the City to retain these type of businesses; and

WHEREAS, the City previously charged a processing fee to review business license applications, renewals, and to issue business licenses; and

WHEREAS, the City desires to reinstate a processing fee not to exceed \$100 for general revenue purposes with the consent of the voters; and

WHEREAS, the revenue from the proposed changes to the City's Business License Tax are estimated to raise an additional \$3,000,000 in general fund revenue that may be used to fund general governmental services, such as: addressing homelessness, public safety, mental health services and emergency response teams to address safety issues on City streets and parks, staffing of public libraries, after-school programs for public school children, traffic safety improvements around schools, including crossing guards.

NOW, THEREFORE:

SECTION 1. As of January 1, 2025 (the "Effective Date"), Chapter 6.04 of the Santa Monica Municipal Code is amended to read as follows (new language underlined, proposed deletions in ~~strikethrough~~):

Chapter 6.04 BUSINESS LICENSES

§ 6.04.005 Purpose

The purpose of Article 6 is to identify businesses, trades and professions conducted and carried on in the City of Santa Monica that require local regulation in order to promote and protect the public health, safety and welfare of Santa Monica and its citizens. In addition to the imposition of business license taxes that support general fund services, this article sets forth the specific standards and criteria under which such businesses, trades and professions shall be conducted and regulated within the City

and, as to those businesses, trades and professions for which a business license certificate is required hereunder, to set forth the procedures and conditions for applying for such a license. Additionally, the purpose of Article 6 is to protect the health, safety, and welfare by:

(a) Providing a method of monitoring all businesses operating within the City;

(b) Providing adequate information regarding the ownership and operation of businesses within city limits and facilitating contact between the City and those businesses;

(c) Regulating the operation of certain enumerated businesses to ensure that their operation does not adversely affect the general welfare;

(d) Providing for a healthy and stable business community;

(e) Collecting statistical information regarding businesses within the City; and

(f) Monitoring tax registration and compliance.

§ 6.04.010 Definitions.

The following words or phrases as used in this Article shall have the following meanings:

(a) “Administrative Regulations” means written administrative regulations and instructions that are consistent with and further the terms and requirements set forth within this Chapter.

(b) “Assessments” means business improvement district assessments that are established by resolution and are assessed typically in conjunction with business license taxes.

(c) “Business” means any ~~Any~~ business, commercial enterprise, trade, calling, vocation, profession, occupation, or means of livelihood, whether or not carried on for gain or profit. “Business” shall include operations of any Related Entity or independent entity conducted for the benefit of others and at no profit to themselves, nonprofit businesses, and trade associations.

(d) “Business License Tax” means the tax imposed pursuant to Chapters 6.04, 6.08, and 6.12 of the Santa Monica Municipal Code for the privilege of engaging in a business or occupation in the City. The Business License Tax is a general tax imposed for general governmental purposes.

(e) “Business License Certificate” means a document issued by the City which signifies that the person or entity named on the face of the certificate has fulfilled the requirements of the Santa Monica Municipal Code by registering with the Department of Finance for the purpose of paying business license tax for the classification of business for which the certificate is issued. This document is also a written authorization issued by the City allowing the business to engage in a specific business activity subject to all Required Regulatory Approvals for that business activity.

(f) “Business License Certificate Exemption” means businesses that are exempt from procuring a business license certificate under this Chapter.

(g) “Business License Tax Exemption” means business activities that the City has exempted under section 6.04.025 or business activities that the City is prohibited from taxing under the Constitution or laws of the United States, or under the Constitution or laws of the State of California.

(h) “Corporate or Administrative Headquarters” means a location that provides administrative or management-related services including, but not limited to, record keeping, data processing, research, public relations, personnel administration, and legal support to other location of the business. Businesses that are in research and development or otherwise providing a service to another location of the business or that are primarily funded by investment money or loans rather than by gross receipts are also classified as an “Corporate or Administrative Headquarters”.

(i) “City” means the City of Santa Monica.

(j) “Engaged in Business” means conducting, operating, managing, or carrying on of a business, whether done as owner, or by means of an officer, agent, manager, related entity or employee. A person or entity shall be deemed engaged in business within the City if such entity officer, agent, manager, or employee, among other things:

(1) maintains a fixed place of business within the City for the benefit or partial benefit of such person, or

(2) owns or leases real property within the City for business purposes, or

(3) maintains a stock of tangible personal property in the City for sale in the ordinary course of business, or

(4) conducts solicitation of business or advertises within the City, or

(5) performs work or renders services in the City, or

(6) utilizes the streets within the City in connection with the operation of motor vehicles for business purposes, or

(7) any other evidence of transacting or carrying on business.

“Engaged in business” shall be construed as broadly as possible. The foregoing specified activities are non-exhaustive and shall not be construed as a limitation on the meaning of “engaged in business”. Evidence of doing business. ~~“Evidence of doing business” shall include, but not be limited to, a person's or entity's use of signs, circulars, cards, telephone books, newspapers, or trade publications to advertise, hold out or represent that such person or entity is in business in the City, or when any person or entity holds an active license or permit issued by a governmental agency indicating that such person or entity is in business within the City, or when any person or entity gives other evidence of transacting and carrying on business, and such person fails to deny in a sworn statement given to the Director of Finance that such person or entity is not “engaged in business” within the City, after being requested to do so by the Director of Finance, then these facts shall be considered prima facie evidence that such person or entity is conducting a business in the City.~~

(k) “Fees” means applicable fees that are collected in conjunction with the Business License Tax.

(l) “Gross receipts”:

~~Unless a different meaning is specifically defined, “gross receipts” shall include:~~

(1) “Gross receipts” includes”:

(i) The total amount of the sale price of all sales, the total amount charged or received for the performance of any act, service, or employment of whatever nature it may be, whether such service, act, or employment is done as part of or in connection with the sale of goods,

wares, merchandise or not, for which a charge is made or credit allowed, including, without limitation, all receipts, cash, credits, forfeited or retained deposits of any kind or nature, and property of any kind or nature, in any amount for which credit is allowed by the seller to the purchaser without any deduction therefrom on account of the cost of the property sold, the cost of the materials used, labor or service costs, interest paid or payable, losses or any other expense whatsoever. ~~(ii) The amount of any Federal manufacturers' or importers' excise tax included in the price of property sold, even though the manufacturer or importer is also the retailer thereof and whether or not the amount of such tax is stated as a separate charge.~~

(ii) Cost of Operations. For corporate or administrative headquarters, all annual expenses incurred in the operation of the corporate or administrative headquarters located in the City including without limitation all payroll, including all benefits, for employees based in the City, annual fair rent value of all real property in the City, and cost of all utilities for the operation of such corporate or administrative headquarters.

~~(iii) In connection with a person leasing, subleasing, or renting property, all amounts paid by a tenant or subtenant to a lessor or sublessee for the services performed, or materials used, or utilities or facilities furnished by the lessor or sublessor on the premises or in connection with the tenant's or subtenant's use, possession, or the right to possess the property, including, but not limited to, income from laundry facilities on the property; any receipts paid by a tenant or subtenant to a~~

~~lessor or sublessor for the use or possession of land, or the right to use or possess land other than that upon which the building or structure is located but which is used or possessed or is available for use or possession by a tenant or subtenant for purposes related to the tenancy, all amounts paid as prepaid rent, and all amounts paid by a tenant or subtenant for the rental of any furniture, equipment, fixtures, garage, or storage space.~~

~~(iv) Receipts of any person received as commissions or fees earned, or charges of any character made or compensation of any character received, for the performance of any service by said person or any of said person's employees and receipt of any person received as partial or full compensation or reimbursement for salaries, payroll taxes, fringe benefits, and any and all similar expenses for persons who are employees of said person and receipts of any person received as partial or full compensation or reimbursement for equipment, supplies, utilities, or other items or services acquired by said person in that person's name and used or consumed in the performance of services.~~

(2) "Gross Receipts" shall not include:

(i) The amount of any Federal tax imposed on or with respect to retail sales whether imposed upon the retailer or upon the consumer and regardless of whether or not the amount of Federal tax is stated to customers as a separate charge.

(ii) Any California State, city, or city and county sales or ~~use~~ tax required by law to be included in or added to the purchase price and collected from the consumer or purchaser.

(iii) Such part of the sales price of any property previously sold and returned by the purchaser to the seller which is refunded by the seller by way of cash or credit allowances given or taken as part payment on any property so accepted for resale.

(iv) Any refundable deposit which is returned to the depositor.

(v) That portion of the receipts of a general building contractor licensed under Section 6.08.060 or 6.08.070, which represents payments to subcontractors, provided such subcontractors are licensed under the provisions of this Chapter and that the general contractor furnishes the Director of Finance with the names and addresses of the subcontractors and the amounts paid to each subcontractor.

(vi) Bad debts taken from gross receipts reported during a prior tax year in accordance with generally acceptable accounting practices.

(vii) Anything which the City of Santa Monica may not lawfully include by virtue of the Constitution of the United States or the Constitution of the State of California.

(viii) Fees for actual costs of governmental requirements (e.g., inspections, plan checks, etc.) paid by a licensee on behalf of a third party.

(ix) Collections for others when the business is acting as an agent, broker, or trustee to the extent that payments are made to those for whom collected.

(m) "Independent contractor" shall have the same meaning as set forth in California Labor Code sections 3353 and 2775, as may be amended from time to time.
~~Any natural person other than a State licensed building trades contractor, who is engaged to aid in the business of any other person, whether as a professional as defined hereinafter, or whether pursuant to any license, certificate, or registration authorized by the California Business and Professions Code, as the same now exists or as hereafter amended, or whether with regard to any other trade, skill or occupation, and who receives remuneration either through commission, or pursuant to any contract of employment which excludes regular wages or salary, or in any other manner other~~

(n) "Newly Established Business" means a business which was not engaged in business in the City during the immediately preceding business license tax period specified for that kind of business.

(o) "Operate" means to manage, Manage, control or carry on, whether done as an owner, an agent, an employee, or a lessee, or a licensee.

(p) "Regulatory Permit" means an annual regulatory permit for the privilege of conducting specific types of business within the City as provided by other chapters of the Santa Monica Municipal Code.

(q) "Related Entity" means a parent, subsidiary and any business, corporation, partnership, limited liability company or other entity in which the company, a parent or a subsidiary holds a substantial ownership interest, directly or indirectly.

(r) “Required Regulatory Approvals” means any required regulatory approval, including, without limitation, the issuance of any license agreement, permit, or any other authorization required by the Santa Monica Municipal Code, state law, or federal law.

§ 6.04.020 Business License Certificate required.

It shall be unlawful for any person, whether as principal or agent, clerk or employee, either for him or herself or for any other person, or for any body corporate, or as an officer of any corporation, or otherwise, to operate in the City of Santa Monica any business specified in this Code and as herein defined, whether or not such business is carried on for gain or profit, without first having paid the required business license tax and having procured a business license certificate and obtained all Required Regulatory Approvals. ~~from said City so to do and without complying with all other applicable regulatory ordinances now existing or hereafter adopted by the City Council, and without obtaining the permit, certificate of compliance, or other instrument required under the provisions of this Code and complying with all regulations covering such business herein contained; and the carrying on of any business not specifically exempted by law without first having complied with the provisions of this Code shall constitute a separate violation thereof for each and every day that such business is so carried on.~~

§ 6.04.025 ~~Small business exemption~~ Exemptions.

The provisions of this chapter shall not be deemed or construed to apply to any person transacting and carrying on any business exempt by virtue of the Constitution or applicable statutes of the United States, or of the State of California, or local law, from the payment of such taxes as are prescribed in this chapter. Any person claiming an

exemption pursuant to the provisions of this section shall file a sworn statement with the Finance Department stating the facts upon which an exemption is claimed, and in the absence of such statement substantiating the claim, such person shall be liable for the payment of the business license taxes imposed by this chapter.

(a) World-Wide Gross Receipts of \$100,000 or less. The requirements of this Chapter relating to the payment of business license taxes shall not apply to the operator of ~~any small a business if the business operates from a physical location~~ operating within the City and the tax liability of the business would otherwise be calculated based upon gross receipts.

~~(1)(b)~~ For purposes of this Section, ~~the term "small business" is defined~~ as a business with total taxable and nontaxable annual gross receipts from within and without the City during the preceding calendar year that do not exceed forty one hundred thousand dollars may claim this exemption. Effective July 1, 2026, and every July 1st thereafter, the exemption limit shall be adjusted by the percentage change in the Consumer Price Index (All Urban Consumers) issued by the Bureau of Labor Statistics of the United States Department of Labor for the Los Angeles, California, area (or any successor to that index) during the preceding calendar year. The maximum annual exemption shall not exceed one hundred and twenty-five thousand dollars (\$125,000) without City Council approval

~~(2)(e)~~ Any person claiming exemption from the requirement of paying the business license tax under this Section shall be required to obtain a business license certificate and timely file for exemption and subsequent renewals before

the delinquency date. The failure to timely file or renew prior to the date the taxes would otherwise have been delinquent pursuant to Section 6.04.160, shall render inapplicable the exemption provided in ~~subsection (b)~~ of this section and shall subject the person to the tax that would otherwise be payable as well as to any interest and penalty applicable thereto. Persons claiming exemption shall also be required to pay the ~~business license fee~~ any applicable assessments, ~~renewal~~ processing fee, all other applicable City fees, and to obtain all permits required for the operation of the business.

~~(3)(d)~~ Any person claiming exemption under this Section shall submit documentation evidencing the total taxable and nontaxable gross receipts of the applicant in support of its initial exemption registration and the annual exemption renewal. Such documentation shall comply with the requirements established by the Finance Director to ensure the accuracy and validity of the City's determination on the exemption claim.

(b) **Disabled persons, exemption.** A person who is disabled within the meaning of any Federal or State law may request and be issued a certificate of exemption from the payment of the business license tax for any retail, manufacturing, or wholesaling business in which he or she is engaged if the gross receipts of the business are less than one hundred thousand dollars. Effective July 1, 2026, and every July 1st thereafter, the exemption limit referenced above in paragraph (b) shall be adjusted by the percentage change in the Consumer Price Index (All Urban Consumers) issued by the Bureau of Labor Statistics of the United States Department of Labor for the Los Angeles, California, area (or any successor to that index) during the preceding calendar

year. The maximum annual exemption in this section shall not exceed one hundred and twenty-five thousand dollars (\$125,000) without City Council approval.

(c) **Nonprofit business Exemption.** The provisions of this Chapter shall not require the payment of business license taxes to carry on any business, by any nonprofit corporation or organization which is carried on wholly for the benefit of nonprofit purposes and from which profit is not derived, either directly or indirectly by any person.

(1) **Definition of Nonprofit Corporation or Organization.** For purposes of this Section, a nonprofit organization is defined as one which is organized not for profit but for the promotion of the welfare of others. A nonprofit corporation is defined as any nonprofit corporation organized under California law for charitable purposes. A nonprofit organization or corporation is one which is exempt from paying Federal income tax by virtue of its nonprofit status.

(2) **Evidence of Nonprofit Status.** Upon request of the Director of Finance, a corporation or organization claiming exemption from the business license ~~fee~~ tax based upon its nonprofit status shall submit documentation satisfactory to City, evidencing the nonprofit status of the organization or corporation.

§ 6.04.026 Business License Certificate Exemptions

The following activities shall be exempt from the business license certificate requirement under this Chapter:

§ 6.04.027

(a) Community event exemption. Any approved participant, including vendors, in any community event authorized by the City shall not be required to obtain a business license certificate or pay business license taxes solely due to participation in the community event. An approved participant otherwise subject to the requirements of this Chapter shall not exclude any gross receipts attributable to participation in the community event in total gross receipts calculations as required by this Article.

(b) No business license certificate or payment of business license tax shall be required for the conducting of any entertainment, concert, exhibition, or lecture on scientific, historical, literary, religious, political, or moral subjects whenever the receipts of any such entertainment, concert, exhibition or lecture are to be appropriated entirely to any nonprofit purpose.

(c) Any business that is exempt from procuring a business license certificate and paying business license tax provided in applicable statutes of the Unites States, the federal or state Constitution, the State of California Civil Code, other state law, or local law.

(d) Upon request of the Director of Finance, a corporation or organization claiming exemption from the business license certificate requirement shall submit documentation satisfactory to City, evidencing the nonprofit status of the organization or corporation. The Director of Finance, or designee, may promulgate administrative regulations to implement the provision of this section.

§ 6.04.030. Business License Processing Fee

Business license applicants and annual renewals shall pay a fee for processing business license applications and annual renewals. The initial amount of this fee shall

be forty dollars (\$40). The City Council may increase this fee by resolution up to a maximum one hundred dollars (\$100).

§ 6.04.040 **Issuance of business licenses-certificates.**

(a) **Director of Finance to Issue Business License Certificates.** The business licenses certificates required by this Code shall be issued by the Director of Finance and shall state ~~therein the amount thereof,~~ the period of time covered thereby, the name of the person to whom issued, the business licensed and the location or place of business where such business is to be carried on.

(b) **Prohibition on Assignment or Transfer.** No business license certificate ~~may be granted or issued under provisions of this Code shall be in any manner~~ transferred or assigned. If a person or entity that holds a City-business license certificate loans or otherwise allows such City-business license certificate to be used by a nonlicensed person or entity, such City-business license certificate shall automatically be revoked.

(c) **Duplicate Business License Certificate, Permits and Decals.** The Director of Finance shall ~~make a charge a fee~~ set by resolution ~~of ten dollars~~ for each duplicate business license certificate, regulatory permit and/or decal issued under the provisions of this Code which has been lost or destroyed.

(d) **Mistake Not Binding on City.** In no case shall any mistake made by the Director of Finance in stating the amount of a business license tax owed prevent or prejudice the collection by the City of the amount actually due from any licensee.

(e) **City Clerk References.** Whenever in this Article the City Clerk is charged with the responsibility of processing, issuing, or administering a license or permit, the reference to the City Clerk shall be deemed a reference to the Director of Finance.

§ 6.04.045. Administrative Rules and Regulations

The Director of Finance, or designee, may issue administrative rules and regulations, determinations, and interpretations consistent with Chapters 6.04, 6.08, and 6.12 as may be necessary or appropriate, including without limitation, rules and regulations for the purpose of carrying out and enforcing the payment, collection, remittance of business license taxes, or the conditions or operations of any rules and regulations promulgated by this section. Failure or refusal to comply with any rules and regulations promulgated under this section shall be deemed a violation of the applicable Chapter.

§ 6.04.046. Authority of the Finance Director

The Director of Finance may delegate any authority under this chapter to: (1) any City employee; or (2) any contractor or agent engaged by the City for the purpose of administering the Business License Tax.

§ 6.04.050 Payment of Business license taxes, applicable fees and assessments.

(a) All ~~license fees~~ applicable business license tax, fees, and assessments shall be paid in advance in legal money of the United States, at the office of the Director of Finance.

(b) A charge of ~~ten dollars~~ established by resolution shall be assessed for any check, ACH, electronic payment or echeck return due to lack of sufficient funds.

Penalties shall also be assessed pursuant to Section 6.04.160 hereof, unless a new check clears prior to the delinquent date.

§ 6.04.055. Relation to Other Licenses and Required Regulatory Approvals

The issuance of a business license certificate or the payment of the applicable business license tax, assessments, and fees for conducting any business shall not relieve any such business from any other Required Regulatory Approval. At all times, a business in receipt of a business license certificate remains subject to the Santa Monica Municipal Code, as may be amended from time to time, and all applicable Required Regulatory Approvals. Revocation, suspension, or denial of any Required Regulatory Approvals may result in the revocation, suspension, or denial of a business license certificate.

§ 6.04.060 Separate business license certificate for each place of business.

~~Except as otherwise provided in Section 6.08.050 (pertaining to auto dealers), a~~
Except when a business is physically contiguous, a separate business license certificate
must be obtained for each branch establishment or separate place of business in which business is conducted. Each license shall authorize the party obtaining it to operate only that business described in such license and only at the location or place of business which is indicated thereby.

§ 6.04.070 Separate business license certificate for each type of business activity.

A separate business license certificate is required for each business activity which comes within any of the business classifications described in Chapter 6.08 of this Article 6.

§ 6.04.080 Contractor engaged in business.

(a) Any person holding a California State license shall be considered a contractor and must secure his or her City license.

(b) Any general building contractor or subcontractor holding a contract with the City must secure a City license.

(c) Any person holding a State of California contractor's license will be deemed to be engaged in business if he or she is engaged within the City in work covered by his or her State license and must obtain a City business license, unless he or she is employed by another person who holds the same type of State license and a City business license.

§ 6.04.090 Builder-owners.

This Section applies to persons who build upon property in which they have an ownership interest. Every person who makes an application for a building permit as a builder-owner must file an affidavit that all workers under his or her supervision and direction are employed by the hour, or day, and do not hold a State of California license.

§ 6.04.100 Requirements for business license certificates ~~City licensing requirements for contractors or owner-builders.~~

Prior to requesting final approval of any building or project, it shall be the duty of the general contractor or owner-builder to fill out and return the form to be provided by the Building Department listing the names and addresses of all subcontractors or specialty contractors performing work or services upon said structure or project. It shall be the duty of the general building contractor or owner-builder at the time he or she makes any subcontract (written or oral) for the performance of any work by a subcontractor or specialty contractor, and which is to be performed within the City, to

see that such subcontractor or specialty contractor has obtained the required contractor's business license certificate ~~City license~~ from the City and he or she shall not permit any such contractor to perform any of the work contemplated in any such subcontract (written or oral) unless and until such required contractor's business license certificate has been first obtained. Final approval for such building shall not be given until all subcontractors or specialty contractors have obtained all necessary business license certificates. ~~City licenses.~~

§ 6.04.110 Term of business license certificate.

(a) Every daily business license certificate shall expire at midnight on the day during which it was issued.

(b) Every monthly business license certificate shall expire at midnight of the last day of the month during which it was issued.

(c) Every annual business license certificate, whether based on gross receipts, cost of operations or a flat rate, shall expire at midnight on the June 30th next succeeding its issuance unless specified otherwise in this Code.

§ 6.04.120 Portion of business license certificate period, no proration.

The business license fee tax, applicable assessments and fees for any daily, monthly, or annual business license, or any business license based upon gross receipts, cost of operations or flat fees shall not be reduced or prorated even though a portion of the license period has expired at the time the business license certificate is issued.

§ 6.04.130 Reserved.

Bond requirement.

~~In the event a bond is required, no license shall be issued until said bond has been filed with the Director of Finance.~~

§ 6.04.140 Determination of date payment made.

(a) The payment of a business license fee taxes, applicable fees and assessments made in person by the licensee or licensee's agent or representative shall be made on or prior to close of City business hours, and will be clocked in as received at the date of delivery, if such personal delivery is made prior to close of City business hours.

(b) If payment is made by United States mail, the payment date will be the: (1) date of cancellation by the United States Postal Service, as reflected on the envelope which contains the payment; or (2) date of receipt by the City for any payment mailed in an envelope which has used a postal meter.

(c) Payments received online, via wire, credit card, or ACH, the payment date shall be the posting date provided by the City's bank or the payment processor.

§ 6.04.150 Business License Certificate Renewals.

(a) No renewal of a business license certificate shall be issued until payment in full of all delinquent business license taxes, applicable fees and assessments including accrued interest and applicable penalties thereon is received by City.

(b) If a partial payment is made or if a taxpayer owes payment for prior fiscal years, the partial payment will be accepted and applied to the oldest year. The difference between the amount paid by the taxpayer and the total amount due shall be

treated as a delinquent tax and shall be subject to penalties as set for in Section 6.04.160

(c) It shall be the responsibility of each business licensee to obtain and pay for renewal business license renewal regardless of whether or not such licensee has received a renewal notice from the City. Any failure to receive such notice shall not affect the applicability of penalties for nonpayment or late payment set forth in Section 6.04.160.

(d) All Required Regulatory Approvals must be met prior to the issuance of a business license certificate renewal.

§ 6.04.160 Penalties for late payment and nonpayment.

A penalty of twenty percent of the business license fee ~~taxes and applicable assessments~~ due, ~~in addition to the amount of such license fee,~~ shall be levied on all licensees who fail to pay their ~~yearly~~ annual business license certificate renewal prior to September 1st (“delinquent date”) and on all new businesses operating in the City who fail to secure a business license within thirty days after opening for business. An additional penalty of ten percent of original unpaid business license taxes and applicable assessments ~~license fee~~ due shall be added for each month or portion thereof that said ~~license fee~~ business license taxes and applicable assessments remains unpaid after the delinquent date. In no case, however, shall the penalty exceed ~~one hundred~~ fifty percent (50%) of the ~~original~~ unpaid business license taxes and applicable assessments ~~license fee~~ due.

§ 6.04.170 Waiver or refund of penalty and payment plans.

The Director of Finance, or designee, shall have the authority to settle tax, fee or other accounts payable disputes by reducing or waiving amounts due or establishing payment plans, if such payment plans, reduction or waiver serves to promote the City's fiscal welfare by expeditious payment, enhancing revenue, or otherwise. The Director of Finance, or designee, may promulgate administrative regulations to implement this section.

~~(a) No penalty assessed pursuant to Section 6.04.160 shall be waived or refunded except as provided for in this Section.~~

~~(b) The City Manager or designee may waive or refund a penalty assessed pursuant to this Section upon receiving satisfactory proof that the licensee mailed the business license payment prior to September 1st of the year in which it was due and that the failure of the payment to be postmarked prior to September 1st of the year in which it was due or delivered was based upon operational problems caused by the United States Postal Service.~~

~~(c) Satisfactory proof must include documentation from the United States Postal Service that unusual operational problems or natural disasters occurred that created the possibility that the postmark was delayed or the mail lost. In addition, the City Manager may require such other documentation as is necessary to verify the claim, such as bank, checking, and other accounting records that might corroborate the claim that payment was timely deposited in the mail.~~

~~(d) No interest shall be paid on any money refunded pursuant to this Section.~~

~~(e) The decision of the City Manager shall be final and not subject to additional hearing or review.~~

~~**§ 6.04.180 Disabled persons, exemption.**~~

~~A person who is disabled within the meaning of any Federal or State law may request and be issued a certificate of exemption from the payment of the business license fee for any retail, manufacturing, or wholesaling business in which he or she is engaged if the gross receipts of the business are less than sixty thousand dollars.~~

~~**§ 6.04.190 Nonprofit business.**~~

~~(a) **Exemption.** The provisions of this Chapter shall not require the payment of a license to carry on any business, or require the payment of any license, from any nonprofit corporation or organization which is carried on wholly for the benefit of nonprofit purposes and from which profit is not derived, either directly or indirectly by any person. No license shall be required for the conducting of any entertainment, concert, exhibition, or lecture on scientific, historical, literary, religious, political, or moral subjects whenever the receipts of any such entertainment, concert, exhibition or lecture are to be appropriated entirely to any nonprofit purpose.~~

~~(b) **Definition of Nonprofit Corporation or Organization.** For purposes of this Section, a nonprofit organization is defined as one which is organized not for profit but for the promotion of the welfare of others. A nonprofit corporation is defined as any nonprofit corporation organized under California law for charitable purposes. A nonprofit organization or corporation is one which is exempt from paying Federal income tax by virtue of its nonprofit status.~~

~~(c) **Evidence of Nonprofit Status.** Upon request of the Director of Finance, a corporation or organization claiming exemption from the business license fee based upon its nonprofit status shall submit documentation satisfactory to City, evidencing the nonprofit status of the applicant organization or corporation.~~

6.04.180 Voluntary Disclosure Program

The Voluntary Disclosure Program (VDP) is a program which allows noncompliant taxpayers to enter into a voluntary disclosure arrangement with the City in which eligible taxpayers may file returns and pay taxes, with reduced or waived taxes, penalties, and interest for prior years without risk of imposition of prosecution in exchange for future tax compliance. The Director of Finance, or designee, may promulgate administrative regulations to implement this section.

6.04.190 Statute of Limitations

(a) Subject to subsection (b) below, any action commenced to enforce the payment of any business license tax due, or any other requirement of this article shall be commenced within four years of the accrual of the cause of action. Any person owing any tax under the provision of this article shall be liable in an action brought in the name of the City of Santa Monica in any court of competent jurisdiction for recovery of any such amount.

(b) An action to collect the business tax and any related penalty and interest must be commenced within four years of the date the business tax becomes delinquent. The statute of limitations on an action by the City to collect unpaid taxes is tolled while the City is unaware of the existence or ongoing activities of a business due to the

taxpayer's failure to obtain a business license certificate and pay a business license tax.

The statute of limitations is also tolled while an administrative appeal is pending.

§ 6.04.200 Refund.

(a) No business license tax fee, applicable assessments or any portion thereof may be refunded after one year from the date of payment thereof.

(b) No person or entity shall be entitled to a refund on a business license taxes or applicable assessments after he has engaged in business under the business license.

(c) No person or entity shall be entitled to a refund on a business license taxes or applicable assessments if such person or entity has any delinquent business license ~~fees~~ taxes, applicable assessments or fees , including accrued interest or penalties. Any overpayment of business license ~~fees~~ taxes, applicable assessment and/or fees shall first be applied against any such delinquent fees, interest, or penalties.

§ 6.04.210 Effect of prosecution.

The conviction and punishment of any person for transacting any business without a business license certificate shall not excuse or exempt such person from the payment of any business license tax due or unpaid at the time of such conviction, and nothing herein shall prevent a criminal prosecution for any violation of the provisions of the Code.

§ 6.04.220 Annual statement of licensee.

(a) **Filing of Statement.** In all cases where the amount of business license tax to be paid by any person is based upon the amount of gross receipts, cost of operations or upon the unit number or flat fee ~~of vehicles used~~, such person or entity,

before obtaining a business license certificate for such business and within sixty days after the beginning of each license period, shall file with the Director of Finance a written statement in the form required by the Director of Finance, supported by such documentation requested by the Director of Finance, showing the total amount of gross receipts or cost of operations during the preceding calendar year, or the unit number of ~~vehicles~~ used at the date of such statement.

(b) **Contents of Statement.** Any statement filed pursuant to this Section shall be signed and shall contain the following:

I declare, under penalty of making a false declaration under the laws of the State of California, that I am authorized to make this statement and to the best of my knowledge and belief it is a true, correct and complete statement, made in good faith for the period stated.

For making a false statement or declaration the person signing the statement shall be guilty of a misdemeanor.

(c) **Confidentiality as to Gross Receipts, Business License Taxes, Applicable Assessments and Payment.** Information filed pursuant to this Section as to the gross receipts, business license tax, applicable assessments, source of income, profit, losses, expenditures, net worth of a particular person or entity shall be confidential in character and shall not be subject to public inspection. It shall be the duty of the Director of Finance to preserve and keep such gross receipts information so that it may not become known except to the persons charged by law with the administration of this Code.

(d) **Statement Not Conclusive.** No statement filed pursuant to this Section shall be conclusive upon the City or upon any officer thereof as to the matters therein set forth, and the same shall not prejudice the right of the City to recover any amount that may be ascertained to be due from such person in addition to the amount shown by such statement should it be found to be incorrect.

(e) **Newly Established Business License Certificate Renewal.** In any case where an original business license certificate is to be issued for a newly established business, the minimum business license tax, applicable assessments and fees applicable for that type of business shall be paid for the ~~original-initial~~ business license application. ~~At the date of renewal, if such business is subject to a business license tax based upon gross receipts or cost of operations, an additional fee shall be charged, based upon the gross receipts of such business during the prior year, at the tax rate applicable for such business, after deducting from the amount so found to be due the amount paid at the time such original license was issued.~~

(f) **Accuracy of Statement Subject to Audit.** The correctness of any statement filed pursuant to this Section shall be subject to audit and verification by the Director of Finance, or designee, who is hereby authorized and empowered to inspect and audit the books and records of any and all persons licensed to carry on any business specified in this Code. No person licensed to carry on any business specified in this Code shall refuse or fail to allow the Director of Finance, or designee, to inspect and audit such books and records or shall refuse or fail to provide such additional information as requested by the Director of Finance.

(g) **Failure to File Statement.** If any person or entity required to file any statement pursuant to this Section shall fail to do so such person shall be guilty of a violation of this Code.

(h) Inspection and Examination of Places of Business. The Director of Finance, or designee, shall have the right to inspect and examine any places of business, including any books and records, of any business subject to the business license tax to ascertain whether the provisions of Article 6 of the Santa Monica Municipal Code have been complied with.

§ 6.04.240 Gross receipts reporting period.

For any business license tax, applicable assessments and fees due on or after July 1st, gross receipts shall be determined based upon gross receipts for the calendar year (January 1st through December 31st) preceding the business license tax period for which the tax is due; EXCEPT that for licensees of newly established businesses that were not in operation during the preceding calendar year, the gross receipts shall be determined based upon gross receipts from the date the business opened through June 30th.

§ 6.04.250 Apportionment.

When, by reason of the provisions of the Constitution of the United States or the Constitution of the State of California, the business license tax imposed by this Article cannot be enforced without there being an apportionment according to the amount of business done in the City of Santa Monica, or in the State of California, as the case may be, the Director of Finance, or designee, shall make such rules and regulations for the apportionment of the tax as are necessary or desirable to overcome the constitutional

objections. Such rules and regulations shall be approved by the City Attorney prior to becoming effective.

~~apportionment rules shall be established as follows:~~

~~(1) The City Council from time to time shall adopt by resolution general guidelines for apportionment.~~

~~(2) The Director of Finance with the approval of the City Attorney, may make such rules and regulations for the apportionment of the tax as are necessary and desirable to overcome the constitutional objections and which are consistent with the general apportionment guidelines adopted by resolution of the City Council. The Director of Finance shall publish such rules and regulations once in a newspaper of general circulation within the City of Santa Monica. Within ten days of the date of publication of such rules and regulations, any interested person may file a request with the City Clerk that the City Council review the rules and regulations so published. The rules and regulations shall be final at the expiration of the period for requesting review in the event no request for review is filed, or in the event of the filing of a request for review when the rules and regulations have been adopted by the City Council.~~

§ 6.04.251 Apportionment Agreements Authorized.

The Director of Finance, or designee, is authorized to negotiate and execute agreements with any business setting forth an applicable formula, schedule, or plan for apportioning current and future business activity subject to the business license tax.

§ 6.04.255. Unlawful businesses not authorized.

The City is not required to issue any business license certificate unless all Required Regulatory Approvals have been received by a business.

The issuance of a business license certificate, or the payment of any required business license tax, shall not be construed as authorizing the conduct, or continuance, of either:

- (a) any illegal business; or
- (b) a legal business operating in an illegal manner; or
- (c) a business lacking any Required Regulatory Approvals.

Failure to comply with the provisions of this section shall constitute grounds for the refusal, suspension, or revocation of the business license certificate

§ 6.04.260 Revocation, Suspension or Denial of a business license certificate and the Applicable Regulatory Permits.

Any business license certificate and applicable regulatory permits issued pursuant to this Code may be suspended, ~~or~~ revoked or denied by the ~~City Manager~~ Director of Finance, or designee, when it shall appear that the business of the person to whom such license was granted has been conducted in a disorderly or improper manner, or in violation of any statute of the State, or ordinance of this City or of this Code, or that the person conducting said business is of an unfit character to conduct the same, or the purpose for which the license has been issued is being abused to the detriment of the public, or is being used for a purpose different from that for which the license was issued. If the business license and applicable regulatory permits of any person shall be so revoked, another such license shall not be granted to such persons within twelve months after the date of such revocation. The Director of Finance, or designee, may promulgate administrative regulations to implement the provision of this section.

§ 6.04.265. Administrative closure of business license

Any business license certificate and applicable regulatory permits issued may be cancelled by the Director of Finance, or designee, without hearing, if:

(a) The licensee permanently discontinues business operations under the license; or

(b) The licensee requests cancellation; or

(c) The business operated under the license is abandoned for a period more than three (3) months.

Cancellation pursuant to this section shall be made only after an inspection has been ben conducted or a notice of cancellation has been mailed to the licensee, thirty (30) days has elapsed from the date of such mailing and permittee has failed to respond to said notice with a statement setting forth a valid reason why such permit should not be cancelled.

§ 6.04.270 Business License Certificate to be posted.

Every person having a business_license certificate under the provisions of this Code and carrying on a business at a fixed place of business shall keep such business license certificate posted and exhibited while in force in some conspicuous part of said place of business. Every person having such a business_license certificate and not having a fixed place of business, shall carry such business_license certificate with him or her at all times while carrying on the business for which the same was granted. Every person having a business_license certificate under the provisions of this Code shall produce and exhibit the same whenever requested to do so by any police officer, any person authorized by City to issue, inspect or collect business licenses certificate, or by

any person being solicited. Businesses operated without an agent or employee on the premises shall post in a conspicuous place the name, address, and telephone number of the person or persons to be contacted in event of an emergency.

§ 6.04.280 Business License tax audit program.

(a) The Director of Finance, or designee, shall conduct a program to audit business license tax returns of businesses operating in the City of Santa Monica. Subject to specific situations covered by section 6.04.285, the ~~The~~ audit shall may be conducted for three (3)~~the two~~ tax periods ~~preceding~~ in addition to the current tax period.

(b) If, subsequent to the audit, it is determined that the business has been delinquent or has nonreported or under-reported gross receipts, thereby underpaying business license taxes, the licensee shall pay to the City within ten days of notification of the determination; the amount of tax due, interest from the date the tax was due in the amount determined by the Director of Finance or his or her designee based upon the City's actual rate of return on its invested funds, and a penalty up to ~~in~~ the amount of the tax due. Interest shall continue to accrue on the additional tax amount until such amount is paid in full.

(c) No person who fails to pay the tax due as required by this Section shall operate a business in the City of Santa Monica.

(d) The Director of Finance shall issue forms and instructions and take other actions as are needed to implement this Section. The Director of Finance, or designee, may promulgate administrative regulations to implement the provision of this section.

§ 6.04.285 Additional time to Audit.

(a) When a business has registered with the City but has failed to obtain a business license certificate as required by this Chapter, the City may initiate an audit within five years of the last day of the tax year for which the business license certificate application should have been filed.

(b) When a business has failed to obtain apply for business license certificate as required by this Chapter and has not registered as a business operating in the City, the City may initiate an audit within ten years of the last day of the tax year for which the business license certificate application should have been filed.

§ 6.04.290 6.04.300 Operation of 1995 2024 business license tax amendments.

~~The repeal of code sections set forth in Chapters 6.20 and 6.24 of the Santa Monica Municipal Code shall not in any manner affect the prosecution for violations thereof, if the violations were committed prior to the effective date of the ordinance repealing those Sections, and shall not affect any prosecution or action which may be pending in any court for the violation of these Sections. As to any violation or as to any such prosecution or pending prosecution or actions, the Sections in effect prior to the adoption of this ordinance shall be deemed to continue and be in full force and effect.~~

The repeal or amendments of these Sections Chapters 6.04, 6.08 and 6.12 shall not in any manner affect the collection of any taxes, applicable assessments, or fees due prior to the January 1, 2025 effective date of this ordinance ~~effective date of this ordinance~~.

As to the collection of any such tax, applicable assessment or fee, the Sections in effect prior to the January 1, 2025 adoption of this ordinance ~~adoption of this ordinance~~ shall be deemed to continue in full force and effect.

SECTION 2. As of the Effective Date, Chapter 6.08 of the Santa Monica Municipal Code is amended to read as follows (new language underlined, proposed deletions in ~~strike~~through):

Chapter 6.08 BUSINESS CLASSIFICATIONS

§ 6.08.010 Scope.

This Chapter enumerates each primary business classification, and the tax rate group applicable to each such classification in calculating the business license fee tax due. Tax rate groups are more particularly described in Chapter 6.12. In addition, specific information relevant to calculation of gross receipts for particular business classifications is described herein.

§ 6.08.020 Determination of business classification.

The Director of Finance or his or her designee shall determine the business license classification for each business in the City. Such determination shall be final and not subject to appeal.

§ 6.08.030 Business taxed on gross receipts.

The business classifications set forth in Sections 6.08.040 through 6.08.160 shall pay a business license ~~fee~~ taxes based upon gross receipts except for 6.08.080 which shall be taxed based on cost of operations.

§ 6.08.040 Agent/broker (Tax Rate Group III).

This business classification is in Tax Rate Group III and applies to a person or entity who, for a fee or commission, engages in the occupation of bringing buyers and sellers together for negotiations, or negotiates or arranges terms and conditions for buyers and sellers for the purpose of effecting a sale of real property or personal

property (including but not limited to securities, real estate brokers, commodities, travel agents, bond brokers, manufacturer's representatives, stock brokers and/or insurance)

only. For purposes of this business classification, the following criteria shall apply:

(a) Gross receipts for an agent/broker licensee shall include:

(1) All commissions, fees, charges, monies, or compensation of any character, received by such person and/or entity for performing in the capacity described herein.

(2) All other monies received by such person and/or entity in connection with the sale of real or personal property, except those monies received and placed in a segregated account or escrow for the benefit of a third party, and not subject to such person and/or entity's use or control.

(b) An agent/broker shall not obtain or retain title to the real or personal property which is the subject of the sales transaction.

~~(c) An agent/broker's unadjusted gross income as reflected on its federal income tax return, shall be considered evidence of such licensee's total gross receipts in addition to apportionment allocations upon which the business license fee is payable.~~

~~This business classification shall be limited to real estate brokers, insurance brokers, travel agents or travel agency, stock brokers and bond brokers, commodities brokers and manufacturer's representatives.~~

§ 6.08.050 Auto dealers (Tax Rate Group II).

(a) This business classification is in Tax Rate Group II and applies to the buying, selling or offering for sale, of new or used automobiles, trucks, vans, trailers,

house trailers or campers, including parts and accessories, ~~and any maintenance and repair services for such vehicles.~~

~~(b) For purposes of this Section, the term "new vehicle dealership" shall have the same meaning as the term "franchise" as that term is defined in Section 331 of the California Vehicle Code; and the term "used vehicle dealership" shall mean a business which sells only used vehicles.~~

~~(b)(e) A separate business license is required for each new vehicle dealership regardless of whether it is owned or managed by a person who owns or manages more than one new vehicle dealership. A separate business license is required for each used vehicle dealership. However, a used vehicle dealer who owns and operates more than one location under the same business name or entity may utilize a single license.~~

~~(c)(d) The gross receipts for each separate new vehicle dealership or used vehicle dealership in the City shall include all sales arising from the dealership regardless of where the product is delivered. The gross receipts from a new vehicle dealership shall include receipts from sales of new and used vehicles, sales of parts, maintenance, repairs and used vehicle activities and all other sales revenue associated with that dealership; and those activities shall not require a separate business license regardless of their location in the City, so long as they are associated with the dealership.~~

§ 6.08.060. Contractors (general building and engineering) (Tax Rate Group III).

This business classification is in Tax Rate Group III and applies to a general building contractor whose principal contracting business is in connection with any structure built, or to be built for the support, shelter and enclosure of persons, animals,

chattels, or movable property of any kind, requiring in its construction the use of more than two unrelated building trades or crafts, or to do or superintend the whole or any part thereof or a general engineering contractor whose principal contracting business is in connection with fixed works requiring specialized engineering knowledge and skill including, but not limited to, irrigation, drainage, water, power, railroads, highways, streets, pipelines, powerhouse plants, industrial plants, land leveling, earth moving, harbors, and concrete surfacing. This Section does not include anyone who merely furnishes material or supplies without fabricating them in the performance of the work of a general building or engineering contractor.

§ 6.08.070 Sub or specialty contractors and building trades (Tax Rate Group III).

This business classification is in Tax Rate Group III and applies to any person or entity engaging in any of the following listed building trades and is not intended to be exhaustive:

- (1) Awning.
- (2) Boilers, hot water heating, steamfitting.
- (3) Burglar alarm.
- (4) Cabinet and mill work.
- (5) Cement and concrete.
- (6) Electrical contractor.
- (7) Electric signs.
- (8) Elevator installation.
- (9) Excavating, grading, trenching, paving, surfacing.
- (10) Fire protection engineering.

- (11) Floodlight service.
- (12) Flooring.
- (13) Glazing, glass.
- (14) Heating and/or air conditioning.
- (15) House and building moving or wrecking.
- (16) Insulation.
- (17) Landscaping.
- (18) Lathing.
- (19) Masonry.
- (20) Miscellaneous, specialty.
- (21) Ornamental metals.
- (22) Painting and decorating.
- (23) Pest control.
- (24) Plastering only.
- (25) Plumbing.
- (26) Refrigeration.
- (27) Roofing.
- (28) Screens.
- (29) Sewer (~~five thousand dollar surety bond is required~~).
- (30) Sheet metal.
- (31) Signs.
- (32) Sprinkling.
- (33) Steel.

(34) Tile (ceramic and mosaic).

(35) Weather stripping.

(36) Welding.

(37) Well drilling.

Any contractor that ~~lathing and plastering business which~~ holds a State licenses for one or more ~~both and who~~ uses his or her or its own employees to do both may be issued one license covering both ~~businesses~~ activities.

§ 6.08.080 Corporate or administrative headquarters (Tax Rate Group VIII).

This business classification is in Tax Rate Group I and applies to corporate or administrative headquarters located in the City. Any business in this ~~license~~ classification shall pay a business license tax based upon cost of operations ~~gross receipts~~ as specifically defined herein. ~~“For purposes of this business classification, gross receipts shall be equal to the costs of operation of such corporate or administrative headquarters.”~~ “Costs of operation” shall be equal to the total of the following items:

(a) Annual fair rental value of all real property located in the City and used for such corporate or administrative headquarters.

(b) Annual payroll of all employees based in the City.

(c) The cost of all utilities related to the operation of such corporate or administrative headquarters.

§ 6.08.090 Manufacturers (Tax Rate Group I).

This business classification is in Tax Rate Group I and applies to a business which engages in the manufacturing, fabrication, or assembly of goods, wares,

merchandise, or components. Gross receipts of a business licensed as a manufacturer shall include all gross receipts from products manufactured in the City. In addition, if the product is not sold from the manufacturer's location in the City, an amount equal to the value of all component parts of the product, shall be included in the licensee's gross receipts.

§ 6.08.100 Professions (Tax Rate Group IV).

This business classification is in Tax Rate Group IV and applies to any person, group, association, partnership, firm, or corporation engaged in a profession, vocation or calling including, but not limited to, the following:

- (1) Accountant.
- (2) Architect.
- (3) Attorney at law.
- (4) Auditor.
- (5) Bacteriologist.
- (6) Certified financial planner.
- (7) Certified public accountant.
- (8) Chemist.
- (9) Child, marriage and family counselor.
- (10) Chiropodist.
- (11) Chiropractor.
- (12) Civil engineer.
- (13) Dentist.
- (14) Doctor - medical.

- (15) Electrical engineer.
- (16) Electrologist.
- (17) Geologist.
- (18) Landscape architect.
- (19) Mechanical engineer.
- (20) Mining engineer.
- (21) Optician.
- (22) Optometrist.
- (23) Osteopath.
- (24) Physician.
- (25) Psychiatrist.
- (26) Psychologist.
- (27) Surgeon.
- (28) Surveyor.
- (29) Tax counselor.
- (30) Veterinary.

Whenever a State of California license is required to entitle a person to practice a profession, the Director of Finance may require, before issuing a license pursuant to this Section, that the applicant exhibit an unexpired and unrevoked license entitling said applicant to practice such profession in the State of California.

§ 6.08.110 Recreation and entertainment (Tax Rate Group I).

This business classification is in Tax Rate Group I and applies to any person or entity engaged in providing recreation, entertainment, or amusement opportunities.

Gross receipts for such classification shall include all receipts from all business locations in the City. Examples of businesses within the recreation and entertainment classification include, but are not limited to, museums, theaters, dance halls, night clubs, golf courses, bowling, billiards, skill games and machines, arcades, rides, shooting galleries, concert venues, and fortune telling.

§ 6.08.120 Rental of non-residential property (commercial property) (Tax Rate Group I).

This business classification is in Tax Rate Group I and applies to any person, group, association, partnership, firm, corporation or other entity (whether as the owner or an agent for the owner, a lessee, sublessee or licensee) which rents, leases, subleases or has available for rent, lease, sublease or license, any commercial building, industrial building, office or office building, structure, land or vacant lot that may be utilized for commercial, industrial, office or storage uses. ~~Gross receipts for this business classification shall include one hundred percent of gross receipts from the rental, leasing, subleasing or licensing of commercial property located in the City. A separate business license shall be required for each such commercial rental property.~~

§ 6.08.130 Rental of residential property (apartment, hotel, motel, rooming house, trailer court, auto court) (Tax Rate Group I).

(a) This business classification is in Tax Rate Group I and applies to any person, group, association, joint venture, partnership, firm, corporation or other entity (whether as the owner, or an agent of the owner), which rents, leases, subleases, licenses or has available for rent, lease, sublease or license, accommodations ~~in more than three units~~ for residential use where such units are located on the same or an adjoining property.

(b) For purposes of this business classification, a living unit for residential use shall include, without limitation, an apartment, hotel or motel room or suite, rooming house, trailer court, auto court or permitted home-share other accommodations.

~~(c) Gross receipts for this business classification shall include one hundred percent of gross receipts from the rental of accommodations in any of the types of property described herein. Gross receipts shall also include: (i) all monies received for the rental of furniture, equipment, appliances, and garages, parking and/or storage space; (ii) all monies received for payment of utility charges attributable to the accommodations; and (iii) all monies received in connection with providing additional amenities, including, but not limited to washer/dryer facilities.~~

§ 6.08.140 Retail (Tax Rate Group I).

This business classification is in Tax Rate Group I and applies to the selling of any goods, wares or merchandise at retail, and not otherwise specifically licensed by other provisions of this Code.

§ 6.08.150 Services (Tax Rate Group III).

This business classification is in Tax Rate Group III and applies to the selling or providing for pay any service which is not otherwise specifically licensed by other provisions of this Code. The services referred to herein include, but are not limited to, the following:

- (1) Advertising and marketing.
- (2) Alarm.
- (3) Ambulance ~~(police permit required)~~.
- (4) Animal care ~~leasing~~.

- (5) Appraiser.
- (6) Assayer.
- (7) Artificial Intelligence Auctioneer (~~police permit required~~).
- (8) Auction house or Auctioneer (~~police permit required~~).
- (9) Auto maintenance, service, repair and auto dealership services.
- (10) Auto parks (parking) (~~police permit required~~).
- (11) Auto service station (exclusive of retail sales of gasoline and diesel fuels, and any products, parts or accessories, which are subject to a business license fee for retail sales under Section 6.08.140 above).
- (12) Auto wash and detailing.
- (13) Auto wrecking (~~police permit required~~).
- (14) Barbershop, beauty parlor.
- (15) Bathhouse or bath treatment (police permit required).
- (16) Bookkeeping.
- (17) Booking or theatrical agent.
- (18) Bus sightseeing.
- (19) Caterer.
- (20) Check cashing.
- (21) Cleaning service (janitorial and cleanup for commercial, industrial and residential properties, including window washing).
- (22) Cleaning (laundry and dry cleaning).
- (23) Collection agency.
- (24) Commercial artist.

(25) Consultant.

(26) Credit reporting.

~~(27) Computer programmers~~ ~~Cutlery grinding.~~

(28) Data processing.

(29) Decorator.

(30) Dental technician or hygienist.

(31) Designer.

(32) Draftsman.

(33) Drugless practitioner.

(34) Employment bureau and/or business for provision of labor services

(whether such employment or labor services are permanent or temporary).

(35) ~~Art~~Figure studio ~~(police permit required).~~

(36) Gardening and landscaping.

(37) Hairdressing salon, hairdresser.

(38) Health club, gym, figure salon ~~(police permit required).~~

(39) Herb doctor, herbalist ~~(police permit required).~~

(40) Hypnotist, hypnotherapist.

(41) Illustrator.

(42) Instructional schools and institutions.

(43) ~~Information Security and Research~~ ~~Letter writing or addressing.~~

(44) Lithographer.

(45) Loans.

(46) Manicurist.

- (47) Massage establishment (police permit required).
- (48) Massage technician (police permit required unless state licensed).
- (49) Mortuary, mortician.
- (50) News bureau.
- (51) Odor and/or pest control.
- (52) Pawnbroker (police permit required).
- (53) Physical therapist.
- (54) Private investigation, patrol and/or security services.
- (55) Public relations, publicity, publicist.
- (56) Public stenographic service or certified court reporter.
- (57) Rental or leasing of vehicles, equipment, or other personal property.
- (58) Repair service of any type including auto repair and maintenance.
- (59) Research firm.
- (60) Software, Network and Web Development ~~Storage or warehouse facilities~~.
- (61) Tailors or dressmakers.
- (62) Telephone answering service.
- (63) Ticket reservation service.
- (64) Tree care.
- (65) Transportation and mobility related services (excluding taxi operations)
- (66) Television, video, and film production
- (67) Information technology and cloud services
- (68) Distribution centers (excluding cannabis distribution)

§ 6.08.160 Wholesalers (Tax Rate Group I).

This business classification is in Tax Rate Group I and applies to any person or entity engaged in the selling of any goods, ware, or merchandise at wholesale prices. For purposes of this classification, gross receipts includes all receipts derived from the wholesale selling of any goods, wares, or merchandise.

§ 6.08.170 Utilities (Tax Rate Group I).

This business classification is in Tax Rate Group I and applies to any regulated utility company subject to Article XIII, Section 19 of the Constitution of the State of California. For purposes of this business classification, gross receipts shall include one hundred percent of gross receipts derived from utility services provided within the City of Santa Monica and gross receipts attributable to any other business activity conducted within the City.

§ 6.08.180 Businesses taxed at flat rates.

The business classifications set forth in Sections 6.08.190 through 6.08.210 shall pay a business license tax based upon the flat rate indicated.

§ 6.08.190 Delivery - Pickup (Tax Rate Group V).

This business classification is in Tax Rate Group V and applies to the running, driving, or operating of any vehicle used for the delivery or pickup of goods, wares, merchandise, or material.

§ 6.08.200 Event planners and promoters for special or community event (Tax Rate Group VI).

(a) This business classification is in Tax Rate Group VI and applies to event planners and promoters of any recreation, entertainment, cultural and educational events and exhibitions which are conducted for limited periods of time. Included in such

classification without limitation are sporting events/competitions, circuses, carnivals, trade shows, and special sales of goods or services.

(b) For purposes of this classification, event planner or promoter shall mean any person or entity who ~~for hire~~ organizes, sponsors or administers any activity classified in the category of special or community event.

(c) All event planners or promoters in a special or community event shall be subject to the business license requirements described in this Chapter regardless of whether the special or community event is carried on for profit or for charitable purposes.

~~(d) Notwithstanding the above, all events held at the Civic Auditorium, including its adjacent parking lot, shall not be subject to business license taxes fees but shall be required to obtain any other permits required by this Code.~~

§ 6.08.205 Vending (Tax Rate Group IX)

This business classification is in Tax Rate Group IX and applies to all vending activities regulated by Chapter 6.36.

§ 6.08.210 Taxicabs (Tax Rate Group VII).

This business classification is in Tax Rate Group VII and applies to the running, driving, or operating of any taxicab when driven by the owner of the taxicab franchisee, or a member, employee or other representative of the taxicab franchisee, or by the person or persons hiring or renting the same at rates per mile, per trip, per hour, per day, per week, or per month; and such vehicle is routed under the direction of such passenger or passengers, or of such persons hiring the same.

SECTION 3. As of the Effective Date, Chapter 6.12 of the Santa Monica Municipal Code is amended to read as follows (new language underlined, proposed deletions in ~~strike~~through):

Chapter 6.12

SCHEDULE OF LICENSE FEES BY BUSINESS CLASSIFICATION AND TAX RATE GROUP

§ 6.12.010 Schedule of Business license taxes fees.

The business license fees for business classifications hereinafter described shall be calculated in accordance with the tax rate group in which such business classification is listed below:

(a) Tax Rate Group I. Each person or entity in this group shall pay the sum of seventy-five dollars on the first sixty thousand dollars of gross receipts, plus the sum of one dollar and twenty-five cents for each one thousand dollars or fraction thereof of gross receipts in excess of sixty thousand dollars. Included in this tax rate group are all businesses included within any of the following business classifications:

~~(1) Corporate or administrative headquarters;~~

~~(1)(2) Manufacturers;~~

~~(2)(3) Recreation and entertainment;~~

~~(3)(4) Rental of nonresidential property;~~

~~(4)(5) Rental of residential property;~~

~~(5)(6) Retail (excluding retail vendors at community events permitted pursuant to Municipal Code Chapter 4.68);~~

(i) Retailers generating less than \$5 million in worldwide gross receipts annually shall pay a sum of seventy-five dollars on the first sixty thousand dollars of gross receipts, plus the sum of one dollar and fifteen cents for each one thousand dollars or fraction thereof of gross receipts in excess of sixty thousand dollars.

(6)(7) Utilities;

(7)(8) Wholesalers.

(b) Tax Rate Group II. Each person or entity in this group shall pay the sum of seventy-five dollars on the first sixty thousand dollars of gross receipts, plus the sum of one dollar and twenty-five cents for each one thousand dollars or fraction thereof of gross receipts in excess of sixty thousand dollars, ~~subject to the maximum caps hereinafter described.~~ This Tax Rate Group applies only to persons or entities within the following business classification:

(1) Auto Dealer. The business license ~~fee~~ tax for each business within Tax Rate Group II shall be subject to the following tax rate:

(i) For fiscal year 2025-26 ~~1990-1991~~, ~~the business license fee shall be capped at twenty-two thousand five hundred dollars; all gross receipts including sales, service and repair shall be taxed at one dollar and twenty-five cents for each one thousand dollars or fraction thereof of gross receipts.~~

(ii) For fiscal year 2026-27 ~~1991-1992~~, ~~the business license fee shall be capped at twenty-two thousand five hundred dollars; all gross receipts including sales, service and repair shall be taxed at one dollar~~

and twenty-five cents for each one thousand dollars or fraction thereof of gross receipts.

(iii) For the fiscal year 2027-28~~1992-1993~~, and each year thereafter, ~~the business license fee shall be capped at twenty-five thousand dollars.~~ all sales shall be taxed at one dollar and twenty-five cents for each one thousand dollars or fraction thereof of gross receipts. Auto dealer service, maintenance and repair will be taxed at Tax Rate Group III.

(c) Tax Rate Group III. Each person or entity in this group shall pay the sum of seventy-five dollars on the first sixty thousand dollars of gross receipts, plus the sum of three dollars for each one thousand dollars or fraction thereof of gross receipts in excess of sixty thousand dollars. Included in this tax rate group are all businesses included within any of the following business classifications:

- (1) Agent/broker;
- (2) Contractors (general building and engineering);
- (3) Services;
- (4) Sub or specialty contractors.

(d) Tax Rate Group IV. Each person or entity in this group shall pay the sum of seventy-five dollars on the first sixty thousand dollars of gross receipts, plus the sum of five dollars for each one thousand dollars or fraction thereof of gross receipts in excess of sixty thousand dollars. Included in this tax rate group are all businesses included within any of the following business classification:

- (1) Professions.

(e) Tax Rate Group V. Each person or entity in this group shall pay the sum of fifty dollars per vehicle per year for each vehicle which is included within the following business classification:

- (1) Delivery - Pickup.

(f) Tax Rate Group VI. Each person or entity in this group shall pay the sum of one hundred fifty dollars for each day or fraction of any day in which such licensee conducts business in the City. Included in this tax rate group are all business categories included within the following business classification:

- (1) Event planners/promoters for special or community event.

(g) Tax Rate Group VII. Each person, entity or franchisee in this group shall pay the sum of two hundred fifty dollars per vehicle per year for each vehicle which is included within the following business classification:

- (1) Taxicabs.

(h) Tax Rate Group VIII. Each person or entity in this group shall pay the sum of seventy-five dollars on the first sixty thousand dollars of gross receipts, plus the sum of two dollars and fifty cents for each one thousand dollars or fraction thereof of gross receipts in excess of sixty thousand dollars. This Tax Rate Group applies only to persons or entities within the following business classification:

(1) Corporate or Administrative headquarters. The business license tax for each business within Tax Rate Group VIII shall be subject to the following tax rate:

(i) For fiscal year 2025-26, cost of operations shall be taxed at two dollars for each one thousand dollars or fraction thereof of cost of operations.

(ii) For fiscal year 2026-27, cost of operations shall be taxed at two dollars and twenty-five cents for each one thousand dollars or fraction thereof of cost of operations;

(iii) For the fiscal year 2027-28, and each year thereafter, cost of operations shall be taxed at two dollars and fifty cents for each one thousand dollars or fraction thereof of cost of operations.

(i) Tax Rate Group IX. Each person or entity in this group shall pay the sum of fifty dollars per vehicle or vending operation per year:

(1) Sidewalk vendor

(2) Vehicle vendor

SECTION 4. As of the Effective Date, Chapter 6.16 of the Santa Monica Municipal Code is amended to read as follows (new language underlined, proposed deletions in ~~strikethrough~~):

Chapter 6.16 APPEALS

§ 6.16.010 Right of appeal.

(a) Any person aggrieved by the action of any officer or employee of the City suspending, revoking, or denying any permit or license under Article 6 of this Code may appeal to a Hearing Examiner in accordance with Section 6.16.020. For purposes of this Code, revocation shall include a decision to deny an application to renew a license or

permit. Any reference in this Code to the License Review Board or License Appeal Board shall be deemed to refer to a Hearing Examiner.

(b) There shall be no right of administrative appeal as to the determination of the amount of any tax, assessments, fee, interest, or penalties due, nor shall there be any right to administrative appeal as to any determination concerning business classification or refunds.

(c) No injunction, writ of mandate, or other legal or equitable process shall issue in any suit, action, or proceeding in any court against the City or an officer thereof, to prevent or enjoin the collection of taxes assessed pursuant to this Article.

(d) No person may commence or maintain any proceeding, or assert any legal or equitable claim of any kind, whether affirmatively or by defense, against the City challenging or disputing in any way the imposition, assessment or collection of any tax, interest, or penalty, unless the person first deposits with the City the full amount of any tax, assessment, interest or penalty imposed or assessed or otherwise challenged or claimed to be in dispute. Only after payment of a tax, including interest and any penalties assessed or imposed, claimed to be illegal or otherwise improper, may a person maintain an action to recover the tax and other amounts paid and in dispute, with interest, in such manner as provided by law.

§ 6.16.020 Void license or permit.

(a) The City shall not be bound by the mistake of any officer or employee of the City in issuing licenses or permits contrary to the terms of this Code or of the terms of any zoning or other ordinance of the City.

(b) Upon a written statement of any officer or employee of the City filed with the City Attorney to the effect that any license or permit has been issued in contravention of this Code or any ordinance of the City, the City Attorney shall fix a date for a Hearing Examiner to determine whether or not the license or permit shall be revoked. The hearing shall be conducted in accordance with Section 6.16.030.

(c) If, upon such hearing, the Hearing Examiner finds that such license or permit was issued in contravention of this Code or any ordinance of the City, the Hearing Examiner shall order the license or permit revoked. After the revocation, all activity for which such license or permit was required shall be immediately discontinued.

§ 6.16.030 Appeal procedure.

(a) Hearing Examiner. The Hearing Examiner shall be the City Manager or designee. The Hearing Examiner shall not have had any prior direct involvement with the matter pending before him or her. If no City staff is capable of conducting the hearing, then the City shall contract with the California Office of Administrative Hearings ("OAH") to conduct the hearing.

(b) Standards. The Hearing Examiner may approve, modify or reject the underlying City decision or action, whenever, in the reasonable judgment of the Hearing Examiner, the City's decision or action is in accordance with any applicable law. The Appellant has the burden of proving, based on a preponderance of the evidence, that the City's decision or action is not in compliance with applicable laws.

(c) Hearing Request. Any person aggrieved by an action appealable to a Hearing Examiner shall be entitled to a hearing upon filing a written request therefor with the City Clerk. This written request must be filed within ten days of service of notice

of the City action being appealed. Service is effectuated on the date that the notice is mailed to the recipient, personally served on the recipient, or emailed to the recipient if the recipient has consented in writing to electronic service.

(d) Hearing. The Hearing Examiner shall hold a hearing not later than sixty days following receipt of the request by the City Clerk, unless an extension of the time is granted by the Hearing Examiner, upon a finding of good cause. If the hearing is to be conducted by OAH, it shall be scheduled as soon as practicable, consistent with OAH's calendar availability.

(1) The applicant shall be given no less than five days' notice of the time and place of said hearing. The hearing shall be open to the public. Any interested party is entitled to be heard and may be represented by counsel.

(2) Any failure to comply with the time limits set forth in this subsection (d) does not deprive the Hearing Examiner of jurisdiction to conduct the hearing or render a binding decision.

(3) The Hearing Examiner shall have the power to issue orders to keep order and decorum during an Administrative Hearing. No person shall fail to comply with any such order.

(e) Decision of Hearing Examiner. The decision of the Hearing Examiner shall be made promptly after the conclusion of the hearing. Notice of the decision shall be mailed to the applicant at his or her last known mailing address.

(f) Stay Pending Hearing. The suspension or revocation of any permit or license for which a request for review has been timely filed under this Section, shall be stayed pending decision of the Hearing Examiner if the business activity is a legal


operation. Business operations that are not compliant with applicable local, state, or federal law are not subject to a stay pending a hearing. Nothing in this subsection shall be construed to require any officer or employee of the City to issue any permit or license.

(g) Review of Hearing Examiner's Decision. The stay, if applicable, expires ten days after the Hearing Examiner issues the decision. The Hearing Examiner's decision in all cases is final except for judicial review. Such review must be sought by petition under Code of Civil Procedure Section 1094.5, not later than ninety days after the decision is issued.

SECTION 5. Any provision of the Santa Monica Municipal Code inconsistent with the provisions of this measure, to the extent of such inconsistencies and no further, is hereby repealed or modified to that extent necessary to effect the provisions of this measure.

SECTION 6. If any section, subsection, sentence, clause, or phrase of this measure is for any reason held to be invalid or unconstitutional by a decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this measure. The City Council hereby declares that it would have placed this measure and the resulting Santa Monica Municipal Code amendment, and the voters declare that they would have adopted this measure and the resulting Santa Monica Municipal Code amendment, and each and every section, subsection, sentence, clause, or phrase not declared invalid or unconstitutional, without regard to whether any portion may be subsequently declared invalid or unconstitutional.

Adopted and approved this 25th day of June, 2024.

DocuSigned by:

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Phil Brock, Mayor


I, Nikima S. Newsome, Interim City Clerk of the City of Santa Monica, do hereby certify that Resolution No. 11603 (CCS) was duly adopted at a meeting of the Santa Monica City Council held on the 25th day of June, 2024, by the following vote:

AYES: Councilmembers de la Torre, Torosis, Davis, Parra, Zwick,
Mayor Pro Tem Negrete, Mayor Brock

NOES: None

ABSENT: None

ATTEST:

DocuSigned by:

7032651F371E430...

Nikima S. Newsome, Interim City Clerk

RECEIVED
By Tonya Terry at 2:20 pm, Jun 26, 2024