



ITEM NO. 7

STAFF REPORT

DATE: JANUARY 17, 2012
TO: HONORABLE MAYOR AND CITY COUNCIL
FROM: ROD FOSTER, CITY MANAGER
PREPARED BY: MARK TOMICH, DEVELOPMENT SERVICES DIRECTOR
SUBJECT: A CODE AMENDMENT TO MODIFY TITLE 5 OF THE COLTON MUNICIPAL CODE TO REVISE THE TIMING OF BUSINESS LICENSE RENEWALS

A handwritten signature in blue ink, likely belonging to Rod Foster, City Manager.

RECOMMENDED ACTION

It is recommended that the City Council introduce for first reading and pass by title only, Ordinance No. O-01-12, an Ordinance of the City Council of the City of Colton to amend Title 5, Chapter 5.02 of the City of Colton Municipal Code relating to timing of Business License renewals.

GOAL STATEMENT

The proposed action will support the City's goal to maintain infrastructure and service levels.

BACKGROUND

The Business License Division of Development Services processes approximately 2,300 business license renewals per year. The City receives up to \$1.1 million in General Fund revenue annually from the Business License tax and fees. Since 2009, Business License administrative staffing levels have been reduced from 2.5 FTE to .5 FTE (Planning/Building Technician). This has resulted in the annual renewal process (currently scheduled for January 1st of each year), becoming more challenging to perform in a timely manner. Staggering the renewal timeframes to two renewal cycles per year would level the workload substantially, and thereby facilitate timely issuance of renewal notices and payment processing.

ISSUES/ANALYSIS

The City's Business License Regulations, CMC Title 5, Chapter 5.02, currently provide for one Business License renewal cycle per year: Payments are due on January 1st and are considered delinquent as of March 1st of each year. Increasing the annual renewals to two cycles per year would help level the workload for administrative staff, and help ensure timely renewal notices and payment processing.

Approximately one-half of the City's Business Licenses are issued for companies located outside the City, but which do business within the City. Therefore, two renewal cycles per year, one for businesses located within the City and one for businesses located outside the City, would stagger the administrative workload effectively. The proposed code amendment would add an additional renewal cycle, beginning July 1st of each year, which would apply only to businesses located outside the City. If adopted, this code amendment would be implemented for new business licenses as soon as it is in effect; taxes would be pro-rated based on six months of gross receipts, with renewals due July 1, 2012. For existing business licenses for businesses located outside of the City, the revised renewal cycle will start on July 1, 2013.

FISCAL IMPACTS

None. Business License renewal revenue and expenses will remain unchanged by this code amendment.

ALTERNATIVES

1. Provide alternative direction to staff.

ATTACHMENTS

1. Ordinance No. 0-01-12
2. Ordinance No. 0-01-12 (redline version)

ORDINANCE NO. 0-01-12

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF COLTON TO AMEND TITLE 5, CHAPTER 5.02 OF THE COLTON MUNICIPAL CODE RELATING TO TIMING OF BUSINESS LICENSE RENEWALS

WHEREAS, the City of Colton Business Licenses and Regulations (CMC Title 5, Chapter 5.02, Sections 5.02.290 and 5.02.300 – “Ordinance”) provide for an annual business license renewal process, due and payable on January 1st of each year, and delinquent on March 1st of each year; and

WHEREAS, to facilitate greater efficiency in the annual renewal process, the City Council wishes to amend the Ordinance to provide for two renewal cycles per year; and

WHEREAS, all other legal prerequisites to the adoption of this Ordinance have occurred.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF COLTON DOES ORDAIN AS FOLLOWS:

SECTION 1. Section 5.02.290 of Title 5 of the Colton Municipal Code is hereby amended in its entirety to read as follows:

“5.02.290 – Taxes – Dates due and payable.

- A. Annual. Unless otherwise specifically provided in this chapter, all annual license taxes imposed by the provisions of this chapter for businesses with a City of Colton situs address shall be due and payable in advance on January 1st of each year; provided, however, license taxes for new operations commenced after January 1st may be prorated on a monthly basis, a fraction thereof considered a whole month, for the balance of the license period. All annual license taxes imposed by the provisions of this chapter for businesses with a situs address outside of the City of Colton shall be due and payable in advance on July 1st of each year; provided, however, license taxes for new operations commenced after July 1st may be prorated on a monthly basis, a fraction thereof considered a whole month, for the balance of the license period.
- B. Flat Rate. Except as otherwise provided in this chapter, license taxes, other than annual taxes, imposed by the provisions hereof shall be due and payable as follows:
 - 1. Annual flat rate license taxes for businesses with a

- City of Colton situs address, on January 1st of each year;
- 2. Annual flat rate license taxes for businesses with a situs address outside of the City of Colton, on July 1st of each year;
- 3. Semiannual flat rate license taxes, on January 1st and July 1st of each year;
- 4. Quarterly flat rate license taxes, on January 1st, April 1st and October 1st of each year;
- 5. Daily flat rate license taxes, each day in advance; and
- 6. Other flat rate license taxes, in advance on the first date of business and thereafter on the first day of any applicable period.”

SECTION 2. Section 5.02.300 of Title 5 of the Colton Municipal Code is hereby amended in its entirety to read as follows:

“5.02.300 – Taxes – Delinquencies – Penalties.

For failure to pay a license tax when due, the collector shall add a penalty of ten percent of the license tax at eight a.m. on the first day delinquent. License taxes shall be considered delinquent as follows:

- A. Annual license taxes for businesses with a situs address within the City of Colton shall be delinquent on March 1st of each year.
- B. Annual license taxes for businesses with a situs address outside the City of Colton shall be delinquent on September 1st of each year.
- C. Semiannual license taxes shall be delinquent on March 1st and September 1st of each year;
- D. Quarterly license taxes shall be delinquent on March 1st, June 1st and December 1st of each year;
- E. Daily license taxes shall be delinquent at eight a.m. on the morning after the day for which the tax is due.”

SECTION 3. CEQA. The adoption of this Ordinance will not result in a direct or indirect physical change in the environment and is therefore not subject to the California Environmental Quality Act (California Public Resources Code §§ 21000 *et seq.*) pursuant to Section 21065 of the California Public Resources Code and Section 15378 of the

CEQA Guidelines.

SECTION 4. Invalidity. If any sentence, clause or phrase of this Ordinance is for any reason held to be unconstitutional or otherwise invalid, such decisions shall not affect the validity of the remaining provisions of this Ordinance.

SECTION 5. Reading. A full reading of this Ordinance is hereby waived. This Ordinance was introduced at a regular meeting of the City Council of the City of Colton, California, on January 17, 2012, and thereafter adopted at a regular meeting of the City Council held on the 7th day of February, 2012.

SECTION 5. Effective Date. This Ordinance shall become effective thirty (30) days after its adoption in accordance with the provisions of California law.

SECTION 6. Certification/Publication. The City Clerk shall certify to the passage of this Ordinance and cause the same or a summary thereof to be published within fifteen (15) days after adoption in the San Bernardino County Sun, a newspaper published and circulated in the City of Colton.

PASSED, APPROVED AND ADOPTED this 7th day of February, 2012.

Sarah S. Zamora, Mayor

ATTEST:

Eileen C. Gomez, CMC
City Clerk

CERTIFICATION

STATE OF CALIFORNIA)
COUNTY OF SAN BERNARDINO) ss.
CITY OF COLTON)

I hereby certify that the foregoing is a true copy of an Ordinance adopted by the City Council of the City of Colton at a meeting held on February 7, 2012, by the following vote of the City Council:

- AYES:
- NOES:
- ABSENT:
- ABSTAIN:

Eileen C. Gomez, City Clerk

ORDINANCE NO. ____

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2. Annual flat rate license taxes for businesses with a situs address outside of the City of Colton, on July 1st of each year.
- ~~2.3.~~ Semiannual flat rate license taxes, on January 1st and July 1st of each year;
- ~~3.4.~~ Quarterly flat rate license taxes, on January 1st, April 1st and October 1st of each year;
- ~~4.5.~~ Daily flat rate license taxes, each day in advance; and
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- ~~B.C.~~ Semiannual license taxes shall be delinquent on March 1st and September 1st of each year;
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Sarah S. Zamora, Mayor

12 ATTEST:

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Eileen C. Gomez, City Clerk

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