Proposed Business License Reform Measure

<u>Estimate Your Annual Business License Tax</u>

You can estimate your annual business license tax, if the proposed Business License Reform Measure is approved, in four simple steps.

Step 1: Find Your Business Type

Choose the category that best describes your business.

Business Type	2027 Rates	2028 Rates
Retail / General Commercial	0.00060	0.00065
General Service	0.00090	0.00125
Professional or Semiprofessional Service	0.00090	0.00125
Contractor	0.00100	0.0015
Rental (Commercial or Residential)	0.00125	0.00200

Not sure which category applies to your business? See the **Business Type Definitions** below.

Step 2: Determine Your Annual Gross Receipts

Use your total annual gross receipts *(your total business income **before** expenses are deducted)*.

Step 3: Calculate the Tax on Gross Receipts Over $100,000

Subtract **$100,000** from your annual gross receipts.

Multiply the remaining amount by the rate for your business type.

Example (Retail / General Commercial)

Annual Gross Receipts: **$350,000**

Subtract the first $100,000:

$350,000 – $100,000 = $250,000

Multiply by the Retail / General Commercial rate:

$250,000 × 0.00060 = $150.00

Step 4: Add the Base Tax

Add **$75** for the first $100,000 in gross receipts.

Example:

$150.00 + $75 = $225.00

Estimated Annual Business License Tax: $225.00

*** Formula**
If your annual gross receipts exceed $100,000:
Business License Tax = ($Gross Receipts - $100,000) × Business Rate) + $75
If your annual gross receipts are **$100,000 or less**, your annual business license tax would be **$75**.

Frequently Asked Questions

How do I determine my business type?

Use the Business Type Definitions below to identify the category that best matches your business.

What if my business is located in the Parking and Business Improvement Area (PBIA)?

Businesses located within the Downtown Parking and Business Improvement Area (PBIA) will continue to pay the PBIA levy in addition to the City's business license tax. The PBIA assessment, however, will not be calculated based on the new business license structure, but will instead continue to be calculated using the existing structure. The proposed Business License Reform Measure does not cause an increase in the PBIA levy.

Business Type Definitions

Retail / General Commercial

- Businesses that sell goods, operate restaurants, manufacture or process products, provide warehousing, or conduct wholesale operations.

Examples: Retail stores, restaurants, hotels, wholesalers, manufacturers, warehouses, and public utilities.

General Service

- Businesses that provide services that are not considered professional services.

Examples: Hair salons, barbers, nail salons, gardeners, landscapers, cleaning services, and similar businesses.

Professional or Semiprofessional Service

- Businesses providing professional services that typically require specialized education, certification, or licensing.

Examples: Accountants, attorneys, architects, engineers, doctors, dentists, chiropractors, veterinarians, real estate agents, consultants, and similar professions.

Contractor

- Businesses engaged in construction, repair, remodeling, plumbing, electrical, HVAC, engineering construction, or similar work that generally requires a California contractor's license.

Examples: General contractors, plumbers, electricians, HVAC contractors, roofing contractors, and builders.

Rental (Commercial or Residential)

Businesses that lease or rent residential or commercial property.

Examples: Apartment owners, commercial property owners, office or retail leasing, short-term rentals, or leasing hotels, motels, and rooming houses.