



Agenda CITY OF MANHATTAN BEACH

Meeting of the Finance Subcommittee

August 20, 2020 – 1:30PM

***Zoom Meeting via Internet/Phone Conference**

1. Public Comments

2. Approval of Minutes from July 22, 2020 Finance Subcommittee Meeting

Recommended Action: Approve

3. Discussion requested by the Downtown Manhattan Beach Business and Professional Association for Professional Services to Consider Temporary Adjustment to Business License Tax Calculation/ Methodology

Recommended Action: Discuss and Provide Direction

Adjourn

Copies of staff reports or other written documentation relating to agenda items are on file in the office of the Finance Director and on the City website.

*Join Zoom Meeting

<https://comb.zoom.us/j/94743535332?pwd=TGhtQ2hCYU80SDZRSUwvVlpuMDBpZz09>

Meeting ID: 947 4353 5332

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Meeting ID: 947 4353 5332

Finance Subcommittee Meeting Draft Action Minutes

Meeting Date: July 22, 2020
Recording Secretary: Helga Foushanes

In Attendance: Tim Lilligren, Treasurer
Richard Montgomery, Mayor
Steve Napolitano, Council Member
Bruce Moe, City Manager
Steve S. Charelian, Finance Director
Henry Mitzner, Controller
Libby Bretthauer, Financial Analyst
Cynthia Mickschl, Revenue Services Manager
Julie Bondarchuk, Senior Accountant
George Gabriel, Senior Management Analyst

Called to Order: 1:03 p.m. by Tim Lilligren, Treasurer

Agenda Item #1 – Public Comments

None.

Agenda Item #2 - Approval of Minutes from July 6, 2020 Finance Subcommittee Meeting

The Finance Subcommittee approved the minutes of July 6, 2020.

Agenda Item #3 – (continued from July 6, 2020 FSC meeting) Unfunded Actuarial Liability (UAL) – Pension Obligation Bond (POB)

Mark Young from KNN Public Finance made the presentation; the Finance Subcommittee members agreed on the option to fund the CalPERS pension liability using the best financing option available, at a percentage less than 100% of the most up to date accrued liability, and directed staff to prepare a report for full City Council approval at a City Council meeting in October. They also approved the Unfunded Pension Liability Policy (attached to the report)

Agenda Item #4 – Annual Review of Investment Policy

The Finance Subcommittee unanimously approved the revisions to the Investment Policy and directed staff to prepare a report for full City Council review and approval.

Agenda Item #5 – Consideration of Bad Debt Write-Off's for Referral to Collections

The Finance Subcommittee received and filed the report.

Agenda Item #6 – Adjournment

The meeting adjourned at 2:07 p.m.



Agenda Item #: _____

Staff Report

City of Manhattan Beach

TO: Finance Subcommittee

THROUGH: Bruce Moe, City Manager

FROM: Steve S. Charelian, Finance Director
Cynthia Mickschl, Revenue Services Manager

DATE: August 20, 2020

SUBJECT: Discussion Requested by the Downtown Manhattan Beach Business and Professional Association to Consider Temporary Adjustment to Business License Tax Calculation/Methodology

RECOMMENDATION:

Staff recommends that the Finance Subcommittee discuss this report and provide direction.

FISCAL IMPLICATION:

The City's adopted budget has factored in a reduction to business license tax revenue of approximately 20% (\$600,000) to reflect the economic impact of COVID-19. The revenue reduction is from Fiscal Year 2019-2020 budget compared to Fiscal Year 2020-2021 estimate.

BACKGROUND:

Section 6.01 of the Manhattan Beach Municipal Code (MBMC) provides the current parameters for local taxation of all Businesses, Professions and Trades that earn any portion of their gross receipts within the City. It also sets the business licensing tax year as the first day of March through the last day in February of the subsequent year. MBMC allows for an annual adjustment to the business license tax rates based on the Bureau of Labor Statistics-Consumer Price Index (CPI) for all Urban Consumers for the preceding September. The average annual adjustment over the past three years is approximately 3.0%.

DISCUSSION

The Finance Department sends out approximately 5,000 business license renewals each February. The majority of business license taxes are based on the total income or sales a company receives from all sources during its annual accounting period, without subtracting any costs or expenses (gross receipts). This means if businesses currently experiencing a dramatic reduction in sales due to the pandemic, do not achieve sales or income levels congruent with Calendar year 2019, they will also experience a reduction in their business license tax payable in March 2021. For example, a business with gross receipts of \$1,000,000 in 2019, paid \$2,349.27 in tax. If this business' earnings are reduced by 50% (gross receipts of \$500,000), the tax payable in March of 2021 will be \$1,240.20, including an estimated increase to the tax schedule of 2% for CPI. Any reduction to the

business licensing tax will also proportionally impact the revenue for both the North Manhattan Beach, and the Downtown Business Improvement Districts since those assessments are a percentage of the business license tax paid.

We are one of a few agencies that employ a business license tax cap on a gross receipts structure. There are about 90 businesses that pay the cap (currently \$9,422) annually. Business License tax is one of the largest General Fund revenue sources for the City, and changes that result in an adjustment in tax for any business would require voter approval through a Proposition 218 process.

Staff requests that the Finance Subcommittee discuss and provide direction.

ATTACHMENTS:

1. Letter from the Downtown Manhattan Beach Business Professional Association
2. Business License Tax Analysis with Assumptions
3. Manhattan Beach Municipal Code Section 6.01



June 18, 2020

Mayor Richard Montgomery
Members of City Council
City Manager Bruce Moe
City Finance Director Charelian

City of Manhattan Beach
1400 Highland Avenue
Manhattan Beach, CA 90266

Dear Mayor Montgomery, City Council, City Manager Moe and Director Charelian,

The DBPA met this morning and a major topic of conversation was modification of the City's Business License Tax. Members of our organization have discussed this item individually with several members of Council and with Director Charelian, but we would like to formally document our requests.

COVID-19 has had a dramatic impact on revenues, significantly impacting cash flow to our Downtown businesses. The City of Manhattan Beach provided some temporary relief in delaying the deadline for paying this tax from March 30 to June 30, 2020. Although this is much appreciated, it is not enough.

The DBPA would like to request:

1. An additional deferral of 30 days, with payments not considered due until July 31.
2. During this additional deferment, an active discussion between City Council, City Staff and Downtown business owners to determine an alternate method of calculation for the BLT this year.

The current calculation of our Business License Tax is based on last year's gross revenue, which is obviously much higher than what this year's revenue will be due to lengthy closures and diminished sales. The DBPA would like the opportunity to work with the City to determine a fair way to adjust the BLT this year. We need immediate action to ensure our businesses are not considered delinquent in payment prior to this discussion. The City needs us, and we need your support to help our businesses and our City survive.

Thank you for your consideration and stewardship,

Linda McLoughlin Figel
President, DBPA

Jill Lamkin
Executive Director, DBPA

Business License CPI Tax Analysis - With Estimated 2% Adjustment

Gross Receipts		\$200,000.00			
	March 2020	March 2021	% Change	\$ Change	
Basis for Calculation	\$250.60 for the first \$73,157.00 + \$2.26 per \$1,000 in excess thereof (Not to exceed \$9,704.00)	\$255.61 for the first \$74,620.00 + \$2.31 per \$1,000 in excess thereof (Not to exceed \$9,898.00)			
1 Base Tax	\$ 250.60	\$ 255.61		\$ 5.01	
2 Gross Receipts	\$ 286.67	\$ 289.63		\$ 2.96	
3 Total Tax	\$ 537.27	\$ 545.24	1.5%	\$ 7.97	

Gross Receipts		\$500,000.00			
	March 2020	March 2021	% Change	\$ Change	
Basis for Calculation	\$250.60 for the first \$73,157.00 + \$2.26 per \$1,000 in excess thereof (Not to exceed \$9,704.00)	\$255.61 for the first \$74,620.00 + \$2.31 per \$1,000 in excess thereof (Not to exceed \$9,898.00)			
1 Base Tax	\$ 250.60	\$ 255.61		\$ 5.01	
2 Gross Receipts	\$ 964.67	\$ 982.63		\$ 17.96	
3 Total Tax	\$ 1,215.27	\$ 1,238.24	1.9%	\$ 22.97	

Gross Receipts		\$4,275,000.00			
	March 2020	March 2021	% Change	\$ Change	
Basis for Calculation	\$250.60 for the first \$73,157.00 + \$2.26 per \$1,000 in excess thereof (Not to exceed \$9,704.00)	\$255.61 for the first \$74,620.00 + \$2.31 per \$1,000 in excess thereof (Not to exceed \$9,898.00)			
1 Base Tax	\$ 250.60	\$ 255.61		\$ 5.01	
2 Gross Receipts	\$ 9,496.17	\$ 9,702.88		\$ 206.71	
3 Total Tax	\$ 9,704.00	\$ 9,898.00	2.0%	\$ 194.00	

Chapter 6.01 - LICENSING REGULATIONS

Sections:

6.01.010 - Definitions.

For the purposes of this chapter, certain words and phrases used herein are defined as follows:

- A. "Average number of persons employed" means the average number of persons employed daily in the applicant's business during the previous year within the City shall be determined by ascertaining the total number of hours of service performed by all employees of applicant within the City during the previous year, and dividing the total number of hours of service thus obtained by the number of hours of service constituting a year's work of one (1) full-time employee according to the custom or laws governing such employment. In computing the average number of persons employed, fractions of numbers shall be excluded.
- B. "Business" shall include any type of commerce, business, trade, calling, vocation, profession, exhibition, show, enterprise, provision of service, activity and occupation, including, for example but not limited to, the sale of goods, contracting for labor, renting or leasing commercial real property, manufacturing, maintaining or repairing any goods or premises, provision of entertainment or refreshment or any other service or activity for which remuneration is provided whether or not carried on for profit.
- C. "Conduct" shall include commence, conduct, transact, maintain, prosecute, practice, operate and carry on.
- D. "Employee" means all persons engaged in the operation or conduct of any business, whether as member of the owner's family, agent, manager, solicitor, and any and all other persons employed or working in said business. For purposes of computing tax based on employees, the average number of employees, as defined in subsection A of this section, will be used.
- E. "Engaged in business" means the conducting, carrying on, managing, or operating of any business whether done as owner, or by means of an officer, agent, manager, employees, servant or lessee of any of them.
- F. "Fixed place of business" means and includes any place actually occupied continually during the term of such license by a person or individual engaged in a business where the books and records of such person or individual are kept, and at which a large part of the business of such person or individual is transacted.
- G. Gross Receipts. Except as otherwise specifically provided, "gross receipts" shall mean the gross receipts of the calendar year preceding the beginning of the annual license period, and shall include the total amount of the sales price of all sales and the total amount charged or received for the performance of any act or service, of whatever nature it may be, including any rental, lease, lease consideration, exchange of value or values, or considerations for the leasing, renting, bailing or otherwise authorizing, permitting or contracting for the use, possession, enjoyment or right to use, control, possess or enjoy, for which a charge is made or credit allowed, whether or not such act or service is done as a part of or in connection with the sale of materials, goods, wares, or merchandise. Included in "gross receipts" shall be all receipts, cash credits and property of any kind or nature, without any deduction therefrom on account of the cost of the property sold, the cost of the material used, labor or service costs, interest paid or payable, or losses or other expenses whatsoever. Excluded from "gross receipts" shall be cash discounts allowed and taken on sales; credit allowed or property sold; any tax required by law to be included in or added to the purchase price and collected from the consumer or purchaser, and such part of the sales price of property returned by purchasers upon rescission of the contract of sale as is refunded either in cash or by credit.
- H. "Person" means any natural person, receiver, administrator, executor, assignee, trustee in bankruptcy, trust, estate, firm, co-partnership, joint venture, club, company, joint stock company,

business trust, limited liability company, domestic or foreign corporation, association, syndicate, society or any group of individuals acting as a unit, and any natural person, who as an individual or with a spouse owns fifty-one percent (51%) or more of the capital stock of a corporation whose activities are governed by this title, an individual who has the power to control the fiscal decisionmaking process by which a corporation allocates funds to creditors. Whenever the term "person" is used in this title in any clause prescribing and imposing tax liability or imposing a penalty the term as applied to an association or corporation shall mean the owners or part owners thereof, and as applied to corporations, also the officers thereof.

- I. "Vehicle" means and includes every device in, upon or by which any person or property is or may be transported or drawn upon a public street or highway, except devices moved by human power or used exclusively upon stationary rails or tracks.

(§ 2, Ord. 1236, eff. June 3, 1971 as amended by § 2 (part), Ord. 2083, eff. March 21, 2006)

6.01.020 - License required.

It shall be unlawful for any person to commence or conduct in the City any business activity of any kind without first having procured a license from the City, unless specifically exempted by this chapter, as provided in this chapter or without complying with each law of the City, County or State which refers or relates to such business. The commencing or conducting of any such business without having first procured such license, or without having complied with any and all such requirements or provisions shall constitute a separate violation of this chapter for each and every day that such business is so commenced or conducted.

The applicant is required to submit a certification to the Licensing Authority that all laws of the City, County or State relating to the operation of the proposed business have been met. Failure to provide such certification or the making of any false statement in said certification shall be grounds for revocation of the business license. The Licensing Authority may refuse to issue a license if he is not satisfied that the business sought to be conducted in the City has complied in all respects with all requirements or provisions of the laws of the City, County or State.

(§ 2, Ord. 1236, eff. June 3, 1971, as amended by § 1, Ord. 1275, eff. June 15, 1972; § 2 (part), Ord. 2083, eff. March 21, 2006)

6.01.030 - License fee a debt.

- A. The amount of any license fee and penalty imposed by the provisions of this chapter shall be deemed a debt to the City. An action may be commenced in the name of said City in any court of competent jurisdiction for the amount of any delinquent license fee and penalty.
- B. The conviction and punishment of any person for commencing or conducting any business without a permit from the Council, when required, shall not excuse or exempt such person from the payment of any license fee due or unpaid at the time of such conviction. Nothing contained in this section shall prevent a criminal prosecution for any violation of any of the provisions of this chapter.

(§ 2, Ord. 1236, eff. June 3, 1971)

6.01.040 - License fee payable in advance.

All license fees shall be paid in advance at the office of the Licensing Authority.

(§ 2, Ord. 1236, eff. June 3, 1971, as amended by § 2, Ord. 1275, eff. June 15, 1972)

6.01.050 - Errors in determination of fee.

No error or mistake on the part of the Licensing Authority, or otherwise, in the determination, statement or collection of the amount of any license fee shall prevent or prejudice the collection by or for the City of what shall be actually due from any person commencing or conducting any business subject to a license.

(§ 2, Ord. 1236, eff. June 3, 1971, as amended by § 3, Ord. 1275, eff. June 15, 1972)

6.01.060 - License year.

For the purposes of this section, the words "per year" and "per annum" refer to and mean the license year of the City which commences as the first day of March of each calendar year and ends the last day of February the succeeding year; and the word "annual" refers to and means the calendar year preceding the date upon which the application for a license is made.

(§ 2, Ord. 1236, eff. June 3, 1971, as amended by § 1, Ord. 1488, eff. May 19, 1977)

6.01.070 - License fee due dates.

Except as provided in this chapter, the license fee required by this chapter shall be due and payable to the City in advance, as follows:

- A. Daily licenses, each day;
- B. Weekly licenses, on Monday of each week;
- C. Monthly licenses, on the first day of each and every calendar month;
- D. Quarterly licenses, on the first day of March, the first day of June, the first day of September, and the first day of December of each year; and
- E. Annual licenses on the first day of March of each year.

(§ 2, Ord. 1236, eff. June 3, 1971, as amended by § 2, Ord. 1488, eff. May 19, 1977)

6.01.080 - Proration of fees.

Where an annual license fee amounts to more than twenty-five dollars (\$25.00), such fee can be prorated for the remainder of the current license year but on not less than a quarterly basis.

(§ 2, Ord. 1236, eff. June 3, 1971)

6.01.090 - Refunds.

- A. Money collected for license fees will be returned only under the following conditions:
 - 1. Where the amount paid was in excess of the amount required by law.
 - 2. Where the money is paid to secure a license not required by law.
- B. All requests for refunds shall be made in writing to the Licensing Authority.

(§ 2, Ord. 1236, eff. June 3, 1971, as amended by § 4, Ord. 1275, eff. June 15, 1972)

6.01.100 - Transfer of license—Fee.

All licenses granted or issued shall be personal to the respective licensees therein named, and except as provided in this chapter transferred in its entirety to a new owner, or in case of a change in ownership of said business, such new owner or changed owner may obtain a new license from the then unexpired term of the old license upon surrender of such old license and payment of a transfer license fee as set forth by resolution of the City Council.

(§ 2, Ord. 1236, eff. June 3, 1971, as amended by § 1, Ord. 1321, eff. July 5, 1973; § 1, Ord. 1520, eff. February 16, 1978)

6.01.110 - Duplicate license—Fee.

The Licensing Authority, on receipt of an affidavit filed in his office by or on behalf of any licensee, stating that any license issued has been lost or destroyed and payment of a duplicate license fee as set forth by resolution of the City Council, may issue a duplicate of such license to the licensee therein named.

(§ 2, Ord. 1236, eff. June 3, 1971, as amended by § 5, Ord. 1275, eff. June 15, 1972; § 2, Ord. 1321, eff. July 5, 1973; § 2, Ord. 1520, eff. February 16, 1978)

6.01.120 - Branch establishments.

A separate license must be obtained for each branch establishment or separate place of business in which the business licensed is commenced or conducted within the City, and each license shall authorize the licensee named therein to commence or conduct only that business described in such license and only at the location or place indicated therein.

(§ 2, Ord. 1236, eff. June 3, 1971, as amended by § 2, Ord. 1365, eff. June 20, 1974)

6.01.130 - Vehicle business license identification—Fee.

In all cases in which a license is required for the use of any vehicle, the Licensing Authority shall furnish the licensee with a suitable license tag or plate or other means of identification that shall be conspicuously attached to such vehicle. The fee, which shall be established by City Council under separate resolution, for each such tag or plate or other means of identification shall be paid by the licensee.

(§ 2, Ord. 1236, eff. June 3, 1971, as amended by § 6, Ord. 1275, eff. June 15, 1972, Ord. No. 1834, amended, 03/07/91)

6.01.140 - License to be posted or carried.

Every person having a license and commencing or conducting the business therein mentioned at a fixed place shall keep such license conspicuously posted and exhibited in said place of business while the same is in force. Every person having such a license and not having a fixed place of business shall carry or transport such license with him at all times while conducting such business.

(§ 2, Ord. 1236, eff. June 3, 1971)

6.01.150 - Effects of issuance.

The issuance of any license shall not authorize the commencing or conducting of any business in the City contrary to provisions of the zoning or other provisions of this Code.

6.01.160 - Revocation and suspension.

Every license granted under the provisions of this title or any preceding ordinance is granted and used by all parties receiving or using the same subject to the express condition that the City Council may revoke the same at any time when it is determined by the City Council that any state of facts exists upon which it would be authorized to deny an application for such license, or permit, if required, or that the person to whom such license was issued or any of his agents, servants or employees, or any other person in charge of or employed about the business for which the same was issued, has violated any of the conditions of the license, or permit, if any, or terms of this code or of any law of the State, now or hereafter in force, regulating the occupation or business for which such license is issued, or that the license or permit was obtained by fraudulent representations, or that the holder thereof is an unfit person to be trusted with the privileges granted by the license, or has conducted his business in an amoral or disorderly manner, or has failed to make every reasonable effort to maintain order among his customers and patrons and to prevent violation of law or ordinance by them, or that the business has been so conducted as to be a public nuisance; provided, however, that no license shall be revoked without giving the holder thereof an opportunity to appear before the City Council and be heard in his own behalf. The City Council shall cause a notice of such hearing to be given to the holder of such license at a time not less than five days before the hearing. At the time set for the hearing or at the date to which the hearing may be continued by the City Council, the holder of the license may be heard and may present any facts to show why such license shall not be revoked, and the City Council shall hear statements from other persons who may attend the hearing and present reasons why the license should or should not be revoked, and may, if it so desires, place under oath and question any person before it; provided, that the City Council may close the hearing when it is convinced that no public good will result from the continuance. At the close of the hearing, or at any time within thirty days thereafter, the City Council shall determine from the facts produced at the hearing, and from any other facts in its possession, whether or not the license should be revoked, and shall make its order accordingly and may make such order conditional upon the doing or not doing of any act by the holder of the license or his agents or servants, which the City Council deems for the public good. On the revocation of the license no part of the money in the hands of the City shall be returned, but such license fee shall be forfeited to the City. Notice of such revocation shall be given to the license holder by the City Clerk. A license may be suspended for such time and subject to such conditions as the City Council may impose in the same manner and for the same reasons that a license may be revoked.

(§ 1, Ord. 1615, eff. December 17, 1981)

6.01.170 - Permit prerequisite to issuance of license.

No license shall be issued to engage in any business when the provisions of this Code or any other law of this City requires a permit to be obtained as a prerequisite to engaging in such business until such permit is first obtained. Any license issued in violation of this section shall be void.

(§ 2, Ord. 1236, eff. June 3, 1971)

6.01.180 - Content of license.

Every person required to have a license under the provisions of this chapter shall make application as hereinafter prescribed for the same to the Licensing Authority, and upon the payment of the prescribed license tax, and the Licensing Authority is satisfied that the premises and operations therein conform to the provisions of this Code and other regulatory ordinances of the City, the Licensing Authority shall issue to such person a license which shall contain the following information:

- A. The name of the person to whom the license is issued;

- B. The business licensed;
- C. The place where such business is to be transacted and carried on;
- D. The date of the expiration of such license; and
- E. Such other information as may be necessary for the enforcement of the provisions of this Code. The license issued by the Licensing Authority for the purpose of posting in places of business shall contain no reference to the amount of license tax paid.

(§ 2, Ord. 1236, eff. June 3, 1971, as amended by § 8, Ord. 1275, eff. June 15, 1972)

6.01.190 - Application—First license.

Upon a person making application for the first license to be issued hereunder or for a newly established business, such person shall furnish to the Licensing Authority a signed statement, upon a form provided by the Licensing Authority, setting forth the following information:

- A. The exact nature or kind of business for which a license is requested;
- B. The place where such business is to be carried on, and if the same is not to be carried on at any permanent place of business, the places of residences of the owners of same;
- C. In the event that application is made for the issuance of a license to a person doing business under a fictitious name, the application shall set forth the names and places of residences of those owning said business;
- D. In the event that the application is made for the issuance of a license to a corporation or a partnership, the application shall set forth the names and places of residences of the officers or partners thereof;
- E. In all cases where the amount of license tax to be paid is measured by gross receipts, the application shall set forth such information as may be therein required and as may be necessary to determine the amount of the license tax to be paid by the applicant;
- F. Any further information which the Licensing Authority may require to enable him to issue the type of license applied for.

If the amount of the license tax to be paid by the applicant is measured by gross receipts, he shall estimate the gross receipts for the period to be covered by the license to be issued. Such estimate, if accepted by the Licensing Authority as reasonable, shall be used in determining the amount of license tax to be paid by the applicant; provided, however, the amount of the license tax so determined shall be tentative only, and such person shall, within thirty (30) days after the expiration of the period for which such license was issued, furnish the Licensing Authority with a signed statement, upon a form furnished by the Licensing Authority showing the gross receipts during the period of such license, and the license tax for such period shall be finally ascertained and paid in the manner provided by this chapter for the ascertaining and paying of renewal license taxes for other businesses, after deducting from the payment found to be due, the amount paid at the time such first license was issued.

The Licensing Authority shall refer all applicants to the Fire Department as to fire safety, and to the Building Department as to the provisions of Title 9 and Chapter 3 of Title 10 of this Code, for the departments' notification and consideration.

The Licensing Authority shall not issue to any such person another license for the same or any other business, until such person shall have furnished to him the signed statement and paid the license tax as herein required.

(§ 2, Ord. 1236, eff. June 3, 1971, as amended by §§ 9, 10, 11, Ord. 1275, eff. June 15, 1972; § 1, Ord. 1921, eff. March 9, 1995)

6.01.200 - Renewal of license.

In all cases, the applicant for the renewal of a license shall submit to the Licensing Authority a signed statement, upon a form provided by the Licensing Authority, setting forth such information concerning the applicant's business during the preceding year as may be required by the Licensing Authority to verify the amount of the license tax paid by said applicant pursuant to the provisions of this chapter.

(§ 2, Ord. 1236, eff. June 3, 1971, as amended by § 12, Ord. 1275, eff. June 15, 1972; § 1, Ord. 1921, eff. March 9, 1995)

6.01.210 - Statement and records.

No statement shall be conclusive as to the matters set forth therein, nor shall the filing of the same preclude the City from collecting by appropriate action such sum as is actually due and payable hereunder. Such statement and each of the several items therein contained shall be subject to audit and verification by the Licensing Authority or authorized employees of the City, who are hereby authorized to examine, audit, and inspect such books and records of any licensee or applicant for license, as may be necessary in their judgment to verify or ascertain the amount of license tax due.

(§ 2, Ord. 1236, eff. June 3, 1971, as amended by § 13, Ord. 1275, eff. June 15, 1972)

6.01.220 - Failure to file statement or corrected statement.

If any person required to make any such statement shall fail to do so, such person shall be required to pay a license fee at the maximum rate prescribed for the business carried on by such person and shall be guilty of a violation of this chapter.

6.01.230 - Information confidential.

The statements filed pursuant to the provisions of this chapter shall be deemed confidential in character and shall not be subject to general public inspection. It shall be the duty of the Licensing Authority to preserve and keep the statements so that the contents thereof may not become known except to the persons charged by law with the administration of this chapter; provided, however, that any and all such statements may be presented and used as evidence in any trial or proceeding relating to a violation of this chapter.

(§ 14, Ord. 1275, eff. June 15, 1972)

6.01.240 - Appeals.

- A. **Right of appeal.** All determinations with respect to classification of any business or the amount of license to be paid therefor shall be made by the Licensing Authority or authorized employee of the City. In the event any applicant for a license under this chapter or any licensee under this chapter is aggrieved by a decision of the Licensing Authority or authorized employee of the City with reference to classifications of any business or the amount of the license to be paid therefor, any such applicant or licensee may appeal to the Council to hear and determine said matter. The appeal may be taken by addressing a communication to the Council in writing briefly stating the basis for the appeal.
- B. **Hearing.** The communication shall be presented to the Council at the next regular meeting or special meeting of the Council after the filing of the same with the City Clerk, at which meeting the Council shall hear such evidence with reference to the subject as may be offered and may continue said hearing from time to time.

- C. **Findings.** The findings and decision of the Council, after hearing and considering such evidence and referring to this chapter, shall be binding, final and conclusive as to the classification of the business and the amount of the license fee involved.
- D. **Interim period between filing and hearing.** Pending the hearing of any such appeal filed by an applicant for a license, no license shall be issued for the business involved in such controversy unless the classification assigned thereto by the Licensing Authority is accepted in the meantime and the license fee therefor paid. Such acceptance and payment shall be deemed made under protest and subject to decision of the Council and such adjustment, if any, as the Council may order.
- E. **Time for filing.** Appeals must be filed with the City Clerk in writing within ten (10) days after the issuance of the license constituting the basis of appeal, and if not so filed within said period of ten (10) days, the same shall be deemed waived and thereafter shall not be considered by the Council.

(§ 2, Ord. 1236, eff. June 3, 1971, as amended by §§ 15, 16, Ord. 1275, eff. June 15, 1972)

6.01.250 - Rules and regulations—Licensing Authority.

The Director of Finance is authorized to make such rules and regulations as may be necessary for the enforcement of the provisions of this chapter and shall act as Licensing Authority for the purposes of this Code.

(§ 2, Ord. 1236, eff. June 3, 1971, as amended by § 17, Ord. 1275, eff. June 15, 1972)

6.01.260 - Enforcement.

- A. **Exhibition of license.** Every person having a license shall exhibit the same to the Licensing Authority or authorized employee of the City when applying for a renewal thereof, and whenever requested to do so by any police officer of the City or by any inspector or officer thereof authorized to issue or inspect licenses or collect license fees.
- B. **Police Department duties.** The Chief of Police and all police officers of the City shall have and exercise the following powers:
 - 1. Make arrests for any violation of any provisions of this chapter; and
 - 2. Enter, free of charge, any place of business for which a license is required and provided and demand the exhibition of such license for the current term from any person engaged or employed in the transaction of such business. If such person shall then and there fail to exhibit such license, he shall be liable to the penalty provided for violation of this chapter.
- C. **Issuance of complaint.** It is hereby made the duty of the Chief of Police to cause a complaint to be made against all persons violating any of the provisions of this chapter, and as soon as he has knowledge of the same to deliver to the Licensing Authority the names of all persons not paying a license whom he believes should be charged with the payment of a license fee.

(§ 2, Ord. 1236, eff. June 3, 1971, as amended by §§ 18, 19, Ord. 1275, eff. June 15, 1972)

6.01.270 - Penalty.

In the event any annual, semi-annual, quarterly or monthly license fee provided for in this chapter remains unpaid for a period established by separate resolution after the same becomes due and payable, it shall be the duty of the Licensing Authority to add to and collect in addition to the license fee a penalty of ten percent (10%) of the amount of such license fee for failure to pay the amount of the license fee to said City on the date that such license fee is due and payable, and an additional penalty of ten percent (10%) of the amount of such license fee shall be added at the end of each month thereafter that the fee

remains unpaid. In computing said period, the day upon which such license fee became due and payable shall be included in the computation. The penalty provided for in this section shall be in addition to any and all other fines or penalties which may otherwise be levied or assessed under the provisions of this chapter.

(§ 2, Ord. 1236, eff. June 3, 1971, as amended by § 20, Ord. 1275, eff. June 15, 1972; § 1, Ord. 1373, eff. July 5, 1974; § 2, Ord. 1921, eff. March 9, 1995)

6.01.280 - Exemptions.

Any person claiming an exemption pursuant to this section shall file a sworn statement with the Licensing Authority stating the facts upon which exemption is claimed, and in the absence of such statement substantiating the claim, such person shall be liable for the payment of the taxes imposed by this Code.

The Licensing Authority shall, upon a proper showing contained in sworn statement, issue a license to such person claiming exemption under this section without payment to the City of the license fee required by this Code.

No license shall be required for, of, or from the following:

- A. Those exempt from municipal license taxes by virtue of the Constitution and the laws of this State or the United States.
- B. **Charitable and nonprofit purposes.** Any institution or organization which is conducted, managed or carried on wholly for the benefit of charitable purposes or from which profit is not derived, either directly or indirectly, by any individual; nor shall any license tax be required for any enterprise or entertainment when the receipts derived therefrom are to be apportioned to any church or school or to any religious, benevolent or charitable purpose within the City.
- C. **Disabled persons.** Upon written recommendation of a regularly licensed and practicing physician or welfare agency in Los Angeles County, dated within one (1) year of said application, to the effect that said applicant is physically unable to obtain a livelihood by manual labor, and stating the nature of physical infirmity, may apply for partial or complete exemption from tax liability for the current license period.
- D. **Disabled veterans.** Every peddler, solicitor, or other person claiming to be entitled to exemption from the payment of any license provided for in this chapter upon the ground that he is an honorably discharged member of the United States armed forces and who shall be qualified, as provided by Sections 16001 or 16001.5 of the Business and Professions Code or other law of this State. Applicants who seek exemption as a disabled veteran shall, in addition to any other information required by this chapter also file with the Licensing Authority a certificate of a regularly licensed and practicing physician dated within one (1) year of said application, to the effect that said applicant is physically unable to obtain a livelihood by manual labor, and stating the nature of said incapacitation; provided no exempt license shall be issued except in cases where the veteran applying therefor is actively engaged in the management and conduct of the business for which said exemption is requested.
- E. **Interstate commerce.** Every peddler, solicitor or other person claiming to be entitled to exemption from the payment of any license provided for in this chapter upon the ground that such license casts a burden upon his right to engage in commerce with foreign nations or among the several states, or conflicts with the regulations of the United States Congress respecting interstate commerce, shall file a verified statement with the Licensing Authority disclosing the interstate or other character of his business entitling such exemption. Such statement shall contain the name and location of the company or firm for which the orders are to be solicited or secured, the name of the nearest local or State manager, if any, and his address, the kind of goods, wares or merchandise to be delivered, the place from which the same are to be shipped or forwarded, the method of solicitation or taking orders, the location of any

warehouse, factory or plant within the State, the method of delivery, the name and location of the residence of the applicant, and any other facts necessary to establish the identity of applicant and such claim of exemption. A copy of the order blank, contract form or other papers used by such person in taking orders shall be attached to the sworn statement for the information of the Licensing Authority.

- F. **Minors.** Any natural person under the age of eighteen (18), who is in business for himself; provided that the gross income of said minor does not exceed one thousand two hundred dollars (\$1,200.00) per annum.
- G. The City Manager shall, in cases where it is in the best interest of the city, have the authority to exempt a business from paying a business license tax and/or late penalties to the City.

(§ 2, Ord. 1236, eff. June 3, 1971, as amended by §§ 21, 22, Ord. 1275, eff. June 15, 1972; § 3, Ord. 1921, eff. March 9, 1995)

6.01.290 - License fee rates.

A fee schedule for business licenses shall be established by the Council under separate resolution.

(§ 20, Ord. 1458, eff. June 17, 1976)

6.01.300 - Requirements of general builder or engineering contractor or owner/builder.

It shall be the responsibility of every general building or engineering contractor or owner/builder to obtain a business license as herein provided before permitting said subcontractor to begin or perform services for said general building or engineering contractor or owner/builder.

Each general building or engineering contractor or owner/builder shall furnish the Licensing Authority with a list of each subcontractor upon forms furnished by the Licensing Authority.

(§ 3, Ord. 1520, eff. February 16, 1978)

6.01.310 - Sales tax credit.

Every person who owns commercial real property within the City and who rents or leases such property, or any portion thereof, and who pays the business license tax computed on the basis of square footage, may reduce the amount of business license tax due by one-third (1/3) the amount of sales tax credited to the City of Manhattan Beach. The sales tax credit can be derived from taxable sales of tenants of the building for the prior calendar year.

(§ 4, Ord. 1921, eff. March 9, 1995)

6.01.320 - Consumer Price Index (CPI) adjustments.

- A. Business license taxes provided for in this chapter shall be adjusted annually commencing March 1, to provide for an increase or decrease in the cost of municipal operations. Except where documented local costs support an alternate adjustment, tax rate adjustments shall be based on the Bureau of Labor Statistics-Consumer Price Index for all Urban Consumers - all items (1967 - 100) for the preceding September.
- B. When the Bureau of Labor Statistics changes the base year for reporting changes in the CPI, the annual change in CPI shall be based on the new base year.

(Ord. No. 1921, Enacted, 03/09/95; § 5, Ord. 1921, eff. March 9, 1995)

6.01.330 - New Year's Eve hours of operation for commercial businesses.

Certain commercial businesses with use permits or other discretionary zoning entitlements that limit the hours of operation may operate for extended hours for New Year's Eve. Businesses may remain open to the hour permitted by the use permit or other discretionary application on Saturday night regardless of the day of the week that New Year's Eve occurs. These extended hours shall apply citywide to restaurants and bars (eating and drinking establishments), hotels (visitor accommodations and their associated eating drinking and banquet services) and similar use classifications as determined by the Director of Community Development.

(§ 3, Ord. 2126, eff. September 3, 2009)