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Business License Presentation

Economic Development Commission



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Topics to be Discussed

- Overview of the current licensing process in Long Beach
- Common state licensing requirements for certain business types
- Business license tax rates, including most common, and comparison with other cities
- Incentive/exemption programs offered by Long Beach and other cities
- Moving forward - Technology driven initiatives



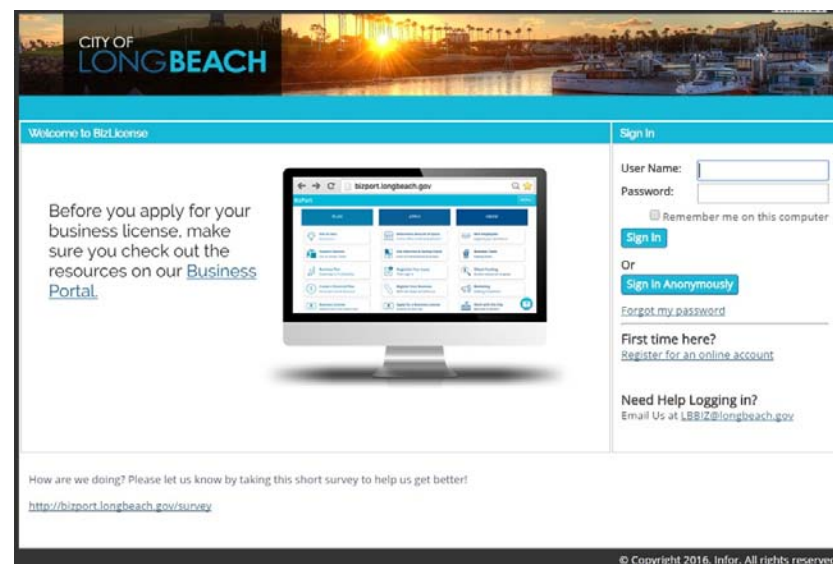
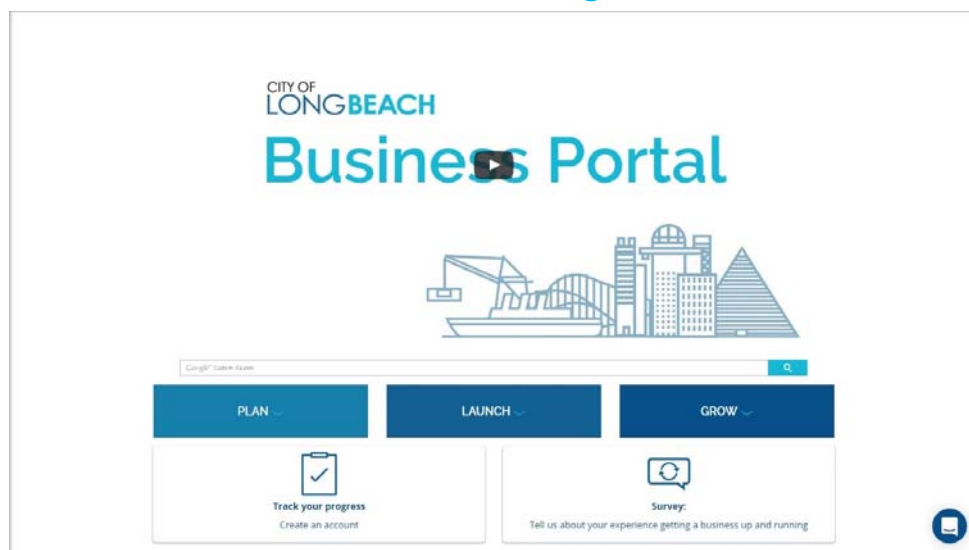
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Overview of the Licensing Process

Business Portals help applicants navigate the process

The Business License Division refers businesses interested in obtaining a business license in Long Beach to the new Long Beach business portal, BizPort, for resources and information.

Applicants are then directed to the new BizLicense portal, which allows most business to apply online for the first time in Long Beach.

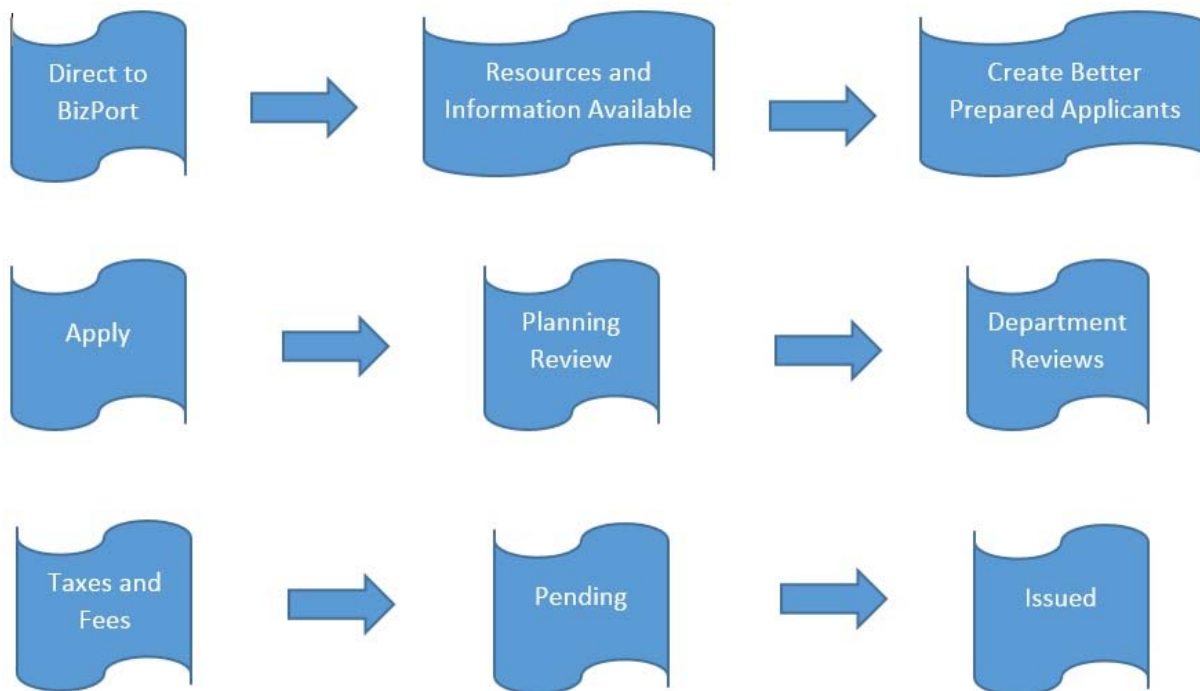




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Overview of the Licensing Process

Current Licensing Process Flow





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State Requirements on Common Business Types

- Restaurants serving alcohol
 - Alcohol and Beverage Control License issued by ABC
 - California Seller's Permit issued by the State Board of Equalization
 - Fictitious name filing to the LA County Recorder if applicable
- Beauty Salon
 - Establishment License issued by the State Board of Barbering and Cosmetology to the salon owner
 - Cosmetologist or aesthetician licenses issued to salon staff by the State Board of Barbering and Cosmetology
 - Fictitious name filing to the LA County Recorder if applicable
 - California Seller's Permit issued by the State Board of Equalization if the salon sells any products



State Requirements on Common Business Types

- Construction Contractors
 - Contracting license issued by the Contractors State License Board
 - Fictitious name filing to the LA County Recorder if applicable
- Medical Offices
 - State licenses for all practicing Physicians issued by the Medical Board of California
 - Fictitious name filing to the LA County Recorder if applicable
- Law Offices
 - State licenses for all practicing Attorneys issued by the State BAR of California
 - Fictitious name filing to the LA County Recorder if applicable



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Long Beach Business License Taxes

Most Common Business Types

- Retail (restaurants, basic retail, Markets etc.)
 - **\$348.68** annual tax plus **\$9.06** per employee annual tax
- Services (Beauty Salons, Consulting Services, Business Offices etc.)
 - **\$348.68** annual tax plus **\$18.11** per employee annual tax
- Professional (Medical Offices, Attorney Offices, Engineers etc.)
 - **\$348.68** annual tax plus **\$27.15** per employee annual tax
- Home-Based (Cottage Food, Internet Sales/Service, Home Crafts etc.)
 - **\$213.84** annual tax plus **\$9.06** per employee annual tax

*All applications are subject to a \$1.00 annual State Mandated ADA Fee



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Long Beach Business License Taxes

Comparison with other Cities

City	Methodology	Basic Retail Store 2 Employees \$100k Gross Receipts	Manufacturing 200 Employees \$4m Gross Receipts	Law Office 3 Employees \$200k Gross Receipts	Restaurant 20 Employees \$2m Gross Receipts
Long Beach	Flat Tax	\$367	\$2,161	\$430	\$530
San Jose	Flat Tax	\$186	\$3,750	\$204	\$510
Pasadena	Flat Tax	\$221	\$6,430	\$513	\$1,570
Santa Monica	Gross Receipts Tax	\$125	\$5,000	\$775	\$2,500
Los Angeles	Gross Receipts Tax	\$127	\$5,080	\$1,014	\$2,540



Business Tax Incentive/Exemption Programs

- City Long Beach

- First year business license tax incentive credit to relocate or expand a small business in Long Beach
- First two years business license tax incentive credit to startup or relocate a small manufacturing business in Long Beach
- Incentive for existing small businesses in Long Beach to create more jobs by providing a business license tax incentive credit equal to four times the tax amount for each employee added
 - For example, a business office who adds 1 employee would receive an incentive tax credit on their renewal statement of \$72.44 (\$18.11 per employee tax rate X 4)
 - Cannot exceed 10 employees total in order to still be considered a small business.
- One or two year tax Incentive for small businesses who are doing renovation or construction work
 - If a small business spends at least \$2,000 on renovation or construction costs they will be eligible for an incentive tax credit equal to one year of their business license tax costs.
 - If a small business spends at least \$4,000 on renovation or construction costs they will be eligible for an incentive tax credit equal to two years of their business license tax costs.



Business Tax Incentive/Exemption Programs

Example Programs from Comparison Cities

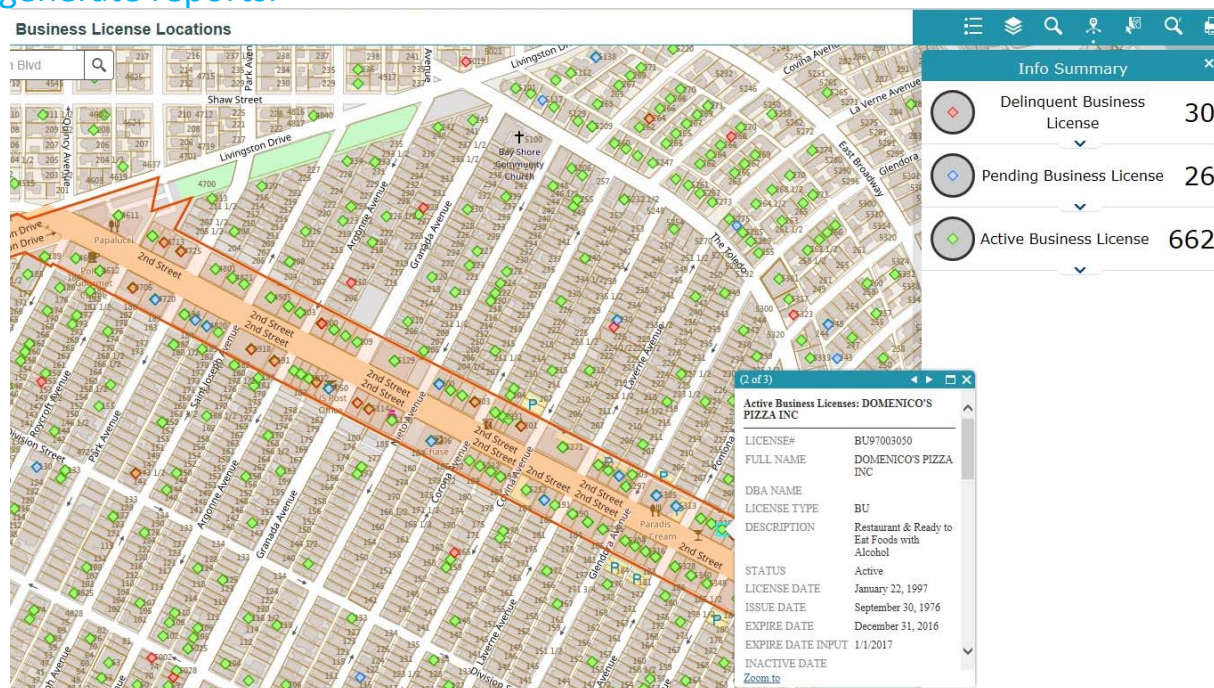
- City of LA – Across the board exemption for first year, exemption for second year if gross receipts are under \$500k. Program can be suspended for natural disasters, >1% decline in revenue to General Fund, if emergency reserve funds are being utilized, etc.
- City of San Jose – financial hardship exemptions for businesses with gross receipts at or below twice the current poverty level (\$23,760).
- City of Pasadena – None
- City of Santa Monica – Small business exemption if located in Santa Monica and gross receipts are less than \$40,000 worldwide



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Current and Future Initiatives

- Staff is working on an ESRI map app that will open the business license data to the public graphically. The public will be able to select areas of the City and generate a list of businesses and export them to a .CSV file for their use. The BID areas are also programmed in the app so someone could search just within a certain BID area and generate reports.





Current and Future Initiatives

- Staff is also testing a mobile application for Business License staff to use in the field. The app will help inspectors educate businesses on the business licensing process. We will also be looking to make credit card payments possible in the field.
- Continuing to work with the iTeam to update the content on an ongoing basis so it provides the public the most current information available.
- Staff will be participating in an upgrade to the City's website next year, which is expected to include a newer and better version of BizLicense.

Going forward, staff will continue to look for ways to leverage technology to make the process more transparent to the public, to offer additional self-services, and to provide open data.

Staff will also look for new ways to get the word out about our small business incentive pilot program to encourage more small businesses to relocate to Long Beach.



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Thank you!!!