

FREQUENTLY ASKED QUESTIONS

1. Why do I have to have a Business License?

The City of San Luis Obispo Municipal Code 5.01 establishes a business license program and requires a business license to operate within the City of San Luis Obispo.

2. What is the definition of a business in San Luis Obispo?

City of San Luis Obispo Municipal Code 5.01.103 definition. "Business" shall mean and include professions, trades, vocations, rentals, leases, enterprises, establishments and occupations, and all and every kind of calling, any of which is conducted for the purpose of earning in whole, or in part, a profit or livelihood, whether or not a profit or a livelihood actually is earned thereby, whether paid in money, goods, labor or otherwise, and whether or not the business has a fixed place of business in the city.

The chapter also provides with exemptions to business license requirement.

The following persons and organizations are exempt from the provisions of this chapter:

A. Minors Under the Age of Eighteen. Businesses owned and conducted by minors under the age of eighteen years shall be exempt from the business license provisions of this chapter where all of the following conditions exist and legal documentation is provided to support that:

1. All persons engaged in the operation of the business are under the age of eighteen years.
2. All persons engaged in the operation of the business have a bona fide ownership interest in the business.

B. Charitable, Religious and Nonprofit Organizations. The provisions of this chapter shall not be deemed or construed to require the issuance of a business license to conduct, manage or carry on any business, occupation or activity of any institution or organization recognized by a tax board of the state with a "Statement of Domestic Nonprofit Organization" or the Internal Revenue Service of the United States, which is conducted wholly for the benefit of charitable, religious or nonprofit purposes, and from which profit is not derived, either directly or indirectly, by any person.

The exemption provisions of this section shall not be construed to extend to any person, business, corporation, or organization receiving a fee, wage, stipend, salary, remuneration, compensation, or pay for the performance of any business, occupation or activity related to exempt organization activities. Any such person, business, corporation or organization shall be subject to the business license provisions of this chapter and shall obtain a business license prior to any business, occupation or activity being undertaken.

C. Conflicts with Federal and State Laws or Contractual Agreements. The provisions of this chapter shall not be construed to require a person to obtain a business license prior to doing business within the city if such requirement conflicts with the applicable statutes, laws or

constitution of the United States or the state of California or other contractual obligations or franchise agreements. The finance director may develop administrative guidelines concerning exemptions, apportionment and any other matters which she or he determines as necessary for the lawful and effective implementation of this chapter.

3. What do I have to do to acquire a business license?

Fill out a business license application available at the City's Finance Department at 990 Palm St., San Luis Obispo, CA 93401.

If you received a request to fill out a business license application from HdL Companies Business Support Center, please completed the enclosed business license application. If you have any questions, contact the Business Support Center at (888)602-0239, by facsimile at (909)348-0465, or by email at support@hdlgov.com.

4. Why do I have to pay business tax?

The City of San Luis Obispo Municipal Code Chapter 3.01 requires a business tax certification.

5. Who can I refer to if I have questions?

If you received a request to fill out a business license application from HdL Companies Business Support Center, please completed the enclosed business license application. If you have any questions, contact the Business Support Center at (888)602-0239, by facsimile at (909)348-0465, or by email at support@hdlgov.com.

You can also reach the City Revenue Division by emailing bt@slocity.org.

6. How much do I have to pay for a business license?

Business license fees are established by Council adopted resolution.

The following business license fees took effect July 1, 2017.

New Business: \$54.41

Renewal: \$45.70

State fee: \$4

An additional \$150.00 is assessed if the business is located within the Downtown Association area as shown in this boundary map. <http://www.slocity.org/home/showdocument?id=13708>

Business license fees are annual and due on July 1 of each year and are due within 30 days.

7. What is the business tax rate?

The City's Municipal Code Chapter 3.01 Article II establishes the tax rate as follows.

3.01.201 Tax basis.

The amount of the business tax to be paid by the applicant is to be measured by gross receipts from the preceding completed calendar or fiscal year. For a new business, which has no gross receipt history, the applicant is required to pay the minimum tax.

3.01.202 Tax rate.

The tax rate for all businesses shall be fifty cents per thousand dollars of gross receipts. This rate shall be applied in thousand-dollar increments, and gross income shall be rounded to the next highest thousand-dollar interval for the computation of the business tax.

3.01.203 Minimum tax.

The minimum tax which shall be paid by any business will be twenty-five dollars (\$25.00), which represents the minimum cost to the city of issuing or renewing the certificate.

The following exemptions apply.

3.01.103 Exemptions.

The following persons and organizations are exempt from the provisions of this chapter:

A. Minors Under the Age of 18. Businesses owned and conducted by minors under the age of eighteen years shall be exempt from the business tax provisions of this chapter where all of the following conditions exist and legal documentation is provided to support that:

1. All persons engaged in the operation of the business are under the age of eighteen years.
2. All persons engaged in the operation of the business have a bona fide ownership interest in the business.

B. Charitable, Religious, and Nonprofit Organizations.

1. Organization activities. The provisions of this chapter shall not be deemed or construed to require the payment of a business tax to conduct, manage, or carry on any business, occupation, or activity of any institution or organization recognized by a tax board of the state with a "Statement of Domestic Non Profit Organization" or the Internal Revenue Service of the United States which is conducted wholly for the benefit of charitable, religious, or nonprofit purposes and from which profit is not derived, either directly or indirectly, by any person.

2. Nonexempt activities. The exemption provisions of this section shall not be construed to extend to any person, business, corporation, or organization receiving a fee, wage, stipend, salary, remuneration, compensation, or pay for the performance of any business, occupation, or activity related to exempt organization activities. Any such person, business, corporation, or organization shall be subject to the business tax provisions of

this chapter and shall obtain the business tax certificate prior to any business, occupation, or activity being undertaken.

C. Conflicts With Federal and State Laws or Contractual Agreements. The provisions of this chapter shall not be construed to require a person to obtain a business tax certificate prior to doing business within the city if such requirement conflicts with the applicable statutes, laws, or constitution of the United States or the State of California or other contractual obligations or franchise agreements. The finance director may develop administrative guidelines concerning exemptions, apportionment, and any other matters which she or he or she determines as necessary for the lawful and effective implementation of this chapter.

8. Where does the money go?

Business license fees and business license tax are the City's General Fund revenues. The primary focus of the city's business license regulations is to provide reasonable assurance that businesses operating in the city are doing so in compliance with the city's planning and building policies, regulations and ordinances; in compliance with the city's business tax provisions.

9. What if I don't pay on time?

Late fee payments for any outstanding business license fees and business tax, are \$15 per month.

Citations are assessed for accounts past due as follows.

60 days past due: \$100.00
90 days past due: \$200.00
120 days past due: \$500.00

10. What methods of payment are accepted?

The City accepts the following forms of payment: cash, check, and credit card.

If you received a request to fill out a business license application from HdL Companies Business Support Center, please remit your payment with the business license application or contact the Business Support Center.