



Business Tax License Division – Action Plan

Finance Department

Governmental Affairs Committee
August 2, 2017

RiversideCA.gov

BACKGROUND

- **June 2016**
 - Internal Audit presented a Business License Tax Audit.
 - In close collaboration with the Greater Riverside Chambers of Commerce, a proposed Action Plan was developed.
 - The intent of the Action Plan is to:
 - Create a more business friendly environment in Riverside with a focus on informing and educating businesses;
 - Encourage new business, business retention and expansion; and
 - Reduce penalties in favor of incentives for paying early or on time.
- **April 27, 2017**
 - Greater Riverside Chambers of Commerce Board of Directors voted to support the Action Plan



2

RiversideCA.gov

ACTION PLAN HIGHLIGHTS

- NO new or increased fees.
- Penalties REDUCED.
- ADDITIONAL REMINDERS of payment due dates.
- DISCOUNT for early renewals.
- Educational campaign.
- AMNESTY program rollout.



3

RiversideCA.gov

NOTICES

CURRENT PROCESS	RECOMMENDED ENHANCEMENTS
<p>1st Notice 30 Days Prior to Expiration</p> <p>2nd Notice 30 Days Prior to Penalty (60 Day Grace Period) - Reminder</p> <p>3rd and 4th Notice - Penalty Notices</p>	<p>1st Notice 60 Days Prior - White</p> <p>2nd Notice 30 Days Prior - White</p> <p>3rd Notice - At Exp. Date - Reminder - Yellow</p> <p>4th Notice - 30 Days After Exp. Date - Reminder #2 - Yellow</p> <p>5th Notice - 60 Days After Exp. Date - Penalty - Pink</p> <p>6th Notice - 90 Days After Exp. Date - Penalty - Pink</p>



4

RiversideCA.gov

RENEWAL NOTICE (DRAFT)

BUSINESS TAX RENEWAL
60-DAY ADVANCE NOTICE

PAYMENT DUE DATE: 03/31/2017

20% PENALTY APPLIES: 01/2018

50% PENALTY APPLIES: 01/2018

75% PENALTY APPLIES: 01/2018

NEW LICENSE PERIOD: 00/01/0000 - 00/01/0000

DID YOU KNOW?

You can renew online at: RiversideCA.gov

BUSINESS TAX ACCOUNT NO.: 410104	YOUR PIN NUMBER 0: 010404	EXPIRE DATE: 03/31/2017
Business Name: City of Riverside, 2nd District	Phone No.: (951) 684-0334	RAC Code: 010104
Business Location: 280 Main Street, 4th Floor, Riverside, CA 92501	Start Date: 01/01/2014	Classifying Use Transition:
Mailing Address: 280 Main Street, 4th Floor, Riverside, CA 92501	Zone Type: 400, Area	Number of Employees: 1
Description of Business: City Government	Building Sold: <input type="checkbox"/>	Building Closed: <input type="checkbox"/>
Federal E-File: 010404	City/County Name: Riverside, CA	Date:
EMail Address: Sarah.m@riversideca.com	License Type:	Outside Contractor Only: <input type="checkbox"/>
Phone No.: 010404	Supervisor Code:	Be open in the City of Riverside, of this Area:
Owner Name: Jane Doe	Taxa: Retail (0270) Recreation	Phone: (951) 684-1334
Home Address: 280 Main Street, 4th Floor, Riverside, CA 92501		Cell Phone: (951) 684-1334
Owner Name: Jane Doe	Taxa: Retail (0270) Recreation	Phone: (951) 684-1334
Home Address: 280 Main Street, 4th Floor, Riverside, CA 92501		Cell Phone: (951) 684-1334

Home Based Business: Do not check this box if you want the following to be correct. When it is checked, you must provide copies of your federal gross receipts for the prior 12 months to the City of Riverside and pay a non-refundable processing fee. The amount of the fee is \$100.00. If you do not provide the required information, you may be subject to a 100% penalty on the amount due.

BUSINESS TAX INSTRUCTIONS

Please read these instructions carefully. The instructions explain how to file the appropriate amount in the correct tax year. Return this notice with payment attached, or go to www.RiversideCA.gov to renew your registration and pay the due tax.

BUSINESS TAX: You must file your Business Tax on or before the due date. If the value of your gross receipts for the prior twelve (12) months has increased from the prior year, the right to a 60-day advance notice is as follows:

Gross Receipts	Tax
\$0 - \$250,000	\$119.75
\$250,001 - \$500,000	\$119.75 + \$0.64 for each \$1,000 (or fractional part) thereafter (over \$250,000)
More than \$500,000	\$219.75 + \$0.12 for each \$1,000 (or fractional part) thereafter (over \$500,000)

Example: GR = \$45,000 Business Tax = \$119.75 + (\$0.64 x \$5,000) = \$1,369.75
Enter your total Business Tax in the Business Tax box to the right.

PENALTY: Penalty is applicable at 20% of the Business Tax beginning 60 days after the due date. Penalty is 50% beginning 90 days after the due date. Penalty is 75% beginning 120 days after the due date. Enter the appropriate amount in the Penalty box to the right.

TOTAL: Add the appropriate amount to the Business Tax and enter the total in the TOTAL AMOUNT DUE box. Please enter the amount with cents (round up for the City of Riverside, or go to www.RiversideCA.gov for more information.)

TOTAL GROSS RECEIPTS (PRIOR 12 MONTHS)

1. BUSINESS TAX _____

2. PENALTY, IF ANY _____

3. BID FEE _____

4. PRIOR BALANCE _____

5. STATE CASH FEE _____

TOTAL AMOUNT DUE

I declare under penalty of perjury that the above statements are true and correct to the best of my knowledge and belief and that I have read the notice.

Signature of Owner or Representative _____ **Print Name** _____ **Date** _____

RIVERSIDE ECONOMIC DEVELOPMENT CHECK & PAYABLE TO: THE CITY OF RIVERSIDE

Filed: 03/31/2017

3700 Main Street, Riverside, CA 92501 • Phone: (951) 824-4445 • Fax: (951) 824-2355

(In Spanish: (951) 824-4445)

Account No.: 010404

Online Pin #: 010404

PENALTIES

CURRENT PROCESS	RECOMMEND ENHANCEMENTS
<p>0-59 Days Grace Period</p> <p>60 Days – 50%</p> <p>90 Days – 100%</p>	<p>0-59 Days Grace Period</p> <p>60 Days – 30%</p> <p>90 Days – 50%</p> <p>120 Days – 75% (Maximum)</p>

LIENS

CURRENT PROCESS	RECOMMENDED ENHANCEMENTS
Authority for Real Property Liens – RMC 1.17.090	<u>Secured /Real Property Tax</u> Non-Compliant Businesses Who Own Real Property Where the Business Activity is Located. Only as a <u>Final</u> Attempt to Gain Compliance.



7

RiversideCA.gov

COMMUNICATION LANGUAGE

CURRENT PROCESS	RECOMMENDED ENHANCEMENTS
English Only	<ul style="list-style-type: none"> • Staff will phase in an English and Spanish protocol for all notices. • Initially, all notices will contain information in Spanish on how to obtain Spanish assistance. • All educational materials produced in English and Spanish.



8

RiversideCA.gov

June 2017- Business Tax Online Renewal Billing Insert Reminder



HOW DO I RENEW ONLINE?
Items Needed to Renew



ACCOUNT NUMBER AND PIN

These items are located at the bottom of your Renewal Notice

Based on your type of business you will also need:

 Your Gross Receipts for the prior 12 months

OR

 Number of Employees



Step 1

Log on to: RiversideCA.gov/BusinessTax



Step 2

Choose the option: **RENEW Your Annual Business License**



Step 3

The system will calculate your fees, accept payment, and provide you with a receipt.

We accept Visa, MasterCard, Discover, or American Express



You may also update your account information at any time by selecting the option "Request to UPDATE Account Information."


RiversideCA.gov/BusinessTax

CÓMO RENUEVO EN LÍNEA?
Artículos Necesarios Para Renovar



NÚMERO DE CUENTA Y DE CONTRASEÑA

Esta información se encuentran en la parte inferior de la notificación de renovación

Basado en su tipo de negocio también necesitará:

 Sus Ingresos Brutos Para los 12 meses anteriores

OR

 Número de Empleados



Paso 1

Ingrese a: RiversideCA.gov/BusinessTax



Paso 2

Elija la opción: **RENEW Your Annual Business License**



Paso 3

El sistema calculará sus honorarios, aceptará el pago y le proporcionará un recibo.

Aceptamos Visa, MasterCard, Discover, o American Express



También puede actualizar la información de su cuenta en cualquier momento seleccionando la opción "Request to UPDATE Account Information."


RiversideCA.gov/BusinessTax

9

RiversideCA.gov

ONLINE TOOLS

ENHANCEMENTS TO DATE	STEPS TO PROMOTE ONLINE TOOLS
<ul style="list-style-type: none"> • JANUARY 2017 <ul style="list-style-type: none"> ➤ NEW business tax applicants may now apply and pay online. ➤ UPDATE account information. ➤ CLOSE an existing account. 	<p><u>APRIL 2017</u> – Postcard mailing to existing businesses highlighting new online options.</p> <p><u>JUNE 2017</u> – Billing insert and envelope enhancement promoting online renewal.</p>



10

RiversideCA.gov

May 2017- Mailing Envelope Enhancement



11

RiversideCA.gov

EARLY RENEWAL DISCOUNT

CURRENT PROCESS	RECOMMENDED ENHANCEMENTS
None	<ul style="list-style-type: none"> • 5% Discount When Paid or Postmarked Prior to Expiration Date. • Will not impact amount paid for BID's. • Anticipated Effective Date – January 1, 2018 (subject to any software delays).



12

RiversideCA.gov

EDUCATIONAL CAMPAIGN *TARGET AUDIENCE*

- Designed to reach out to all businesses operating in the City of Riverside both registered and not.
- In addition to traditional “store front” locations, the campaign’s goal will also include outreach to the following business types:

Home Based and E-Commerce
Service Oriented
Landlords
Independent Contractors



13

RiversideCA.gov

EDUCATIONAL CAMPAIGN

CURRENT PRACTICES AND ENHANCEMENTS	FUTURE ENHANCEMENTS
<ul style="list-style-type: none"> • FAQ's - Responses to FAQ's on City Website have been updated and include Spanish translation through Google translator. • Unlicensed businesses, when identified through data mining or field observation, are contacted through direct mail. 	<p>Information Included in the Campaign</p> <ul style="list-style-type: none"> • Business Tax requirements. • How to obtain a Business Tax Certificate. • How the City utilizes the fees and how those fees benefit business. • Contact information for organizations potentially helpful to local businesses.



14

RiversideCA.gov

EDUCATIONAL CAMPAIGN OUTREACH

June 2017

To reach home-based, e-commerce and service-based businesses, flyers and FAQ's will be distributed through libraries, recreation centers, colleges, and Chambers.

July 2017

Direct mail to businesses that may interact with landlords (real estate agents, property managers, tax preparers) so they may share the information with landlords.

September 2017

Riverside Public Utility billing insert **AND** Riverside TV spots will provide information on examples of the type of businesses required to obtain a Business Tax Certificate, how to apply, and who to contact for assistance and general questions.



New Business Tax Application

CITY OF RIVERSIDE BUSINESS TAX APPLICATION
 Apply Online at RiversideCA.gov/BusinessTax
 por aplicar en línea en www.ci.riverside.ca.us

3901 Main Street
 Riverside, CA 92507
 Phone (951) 955-5445
 Fax (951) 956-2366
 E-Mail Applications@riversideca.gov

GENERAL INFORMATION

Business Name: _____ (Assignment for business (if specific))
 Business Address: _____ Home Occupation: _____
 City: _____ State: _____ Zip: _____
 Mailing Address: _____
 City: _____ State: _____ Zip: _____
 Year Incorporated: _____
 Riverside Street Address: _____
 Business Street Address: _____
 Business State: _____
 Does your business have a California State License? Yes No State License Number: _____
 Owner's Name (if corporation use corporate name, if not listed below): _____
 Address: _____
 Owner's License No.: _____ State: _____ Expiration Date: _____
 List of Principal Officers or Partners (Name and Address): _____
 Title: _____
 Address: _____

BUSINESS OPERATIONS INFORMATION

Does your business sell for general public? Yes No Does your business provide or provide related services? Yes No
 Is your business self-insured only? Yes No Does your business involve engineering, architecture or real estate activity? Yes No
 Is your business a temporary operation? Yes No Are you an Adult Entertainment Business? Yes No
 Do you operate a food and beverage? Yes No Do you identify an ordinance or non-residence requirement? Yes No
 If yes, please do you operate? _____
 Do you plan to sell alcoholic beverages? Yes No Does your business involve any activities prohibited by local ordinance? Yes No
 If yes, which ordinance? _____
 Does your business have a franchise? Yes No Do you use, store, or transport hazardous materials or waste in bulk? Yes No
 What type? _____
 Does your business make hazardous materials available for medical purposes? Yes No Do you manage or produce hazardous materials or waste? Yes No
 What is your business' primary activity? _____
 Do you utilize your business concept? Yes No
 If not, please, why is the property vacant? _____

ACKNOWLEDGMENT

I, the undersigned, hereby certify that the information provided on this application is true and correct to the best of my knowledge. I understand that providing false information on this application may result in penalties and/or criminal charges.

Renew Your Annual Business License Online at RiversideCA.gov/BusinessTax

FINANCIAL DEPARTMENT 400 WEST 7TH STREET, RIVERSIDE, CA 92507



FAQ PAGE

April 2017
Update website
and direct mail.

July 2017
Printed copies
to libraries,
Chambers, etc.
(Spanish Reverse)

BUSINESS LICENSE/TAX

Conducting business in Riverside? Find out about the City of Riverside business license/tax.

CONDUCTING BUSINESS IN RIVERSIDE

Who is expected to pay?
All persons or companies conducting business in the City of Riverside are required to pay a business tax. This includes, but is not limited to, retail outlets, wholesalers, manufacturers, service companies, professional businesses, independent contractors, home businesses, and commercial and residential landlords. If you conduct business in the City of Riverside from an office located outside of Riverside, you are required to pay a business tax.

Is my Business Tax Certificate transferable?
Business Tax Certificates are not transferable or assignable to any other person or business.

When am I expected to pay?
You must register and pay the business tax prior to the commencement of business.

When is my payment due?
For a new business, the business tax is due and payable at the start of business. For business tax renewals for existing businesses, the business tax is due and payable at the expiration date of the previous certificate.

How often am I expected to pay?
Business taxes are paid annually unless otherwise specified. All annual business taxes are due in advance on or before the expiration date of the then current certificate or on or before the first day of business for any new business. Business taxes for periods other than the annual period are payable in advance on or before the first day of business and thereafter on or before the first day of each applicable period.

What if I have multiple business locations or business activities?
A separate tax certificate is required for each type of business activity conducted at a single location and for each branch or location of a business. Business Tax Certificates shall be displayed for each business activity and at each branch or location.

What are the tax rates?
Business tax rates are calculated based upon the type of business utilizing a minimum tax plus additional increments. The increments can include, but are not limited to, gross receipts, number of employees, number of machines, number of vehicles, etc. To view current rates, visit RiversideCA.gov/finance.

What if I don't pay?
Penalties for new businesses are 30% 60 days after the business start date and 30% 90 days after the business start date.

Do I need to pay Business Tax for renting residential or commercial real estate?
A Business Tax Certificate is required for any property owner engaged in the rental of residential or commercial real estate within the City of Riverside.

For residential property owners: Owners with more than one residential rental unit are subject to payment of business tax calculated on the basis of gross rental receipts from the rental properties. If there is only a single rental unit, the owner may obtain a "tax free certificate" and pay a processing fee of \$10 each year.

For commercial property owners: If you rent or lease any commercial building you are subject to payment of Business Tax calculated on the basis of gross rental receipts from the commercial property.

Please contact the Business Tax Section office staff for additional information.

Apply for and Renew Business Licenses Online at RiversideCA.gov/BusinessTax
3900 Main Street, Riverside, CA 92522 • Phone (951) 826-5465 • Fax (951) 826-2356
¡se Habla Español! Para más información llamar al (951) 826-5465.

17

RiversideCA.gov

April 21, 2017-
Online
Application/
Renewal
Postcard
Mailed To All
Active
Businesses

BUSINESSES CAN NOW

APPLY FOR OR RENEW A BUSINESS LICENSE

ONLINE

Starting a new business or know someone who will?
Apply for or renew a business license online at RiversideCA.gov/BusinessTax
¡se Habla Español! Para más información llamar al (951) 826-5465.

Already have a business license?

Be sure to take advantage of the online features for your business license, including:

- RENEWING YOUR BUSINESS LICENSE**
- PAYING YOUR BALANCES**
- UPDATING YOUR ACCOUNT**
- CLOSING YOUR ACCOUNT**

City of Riverside
Finance Department
3900 Main Street, 6th Floor
Riverside, CA 92522

18

RiversideCA.gov

July 2017-
Landlord
Postcard/
Flyer



Are you a LANDLORD
within the City of Riverside?

DID YOU KNOW?
Your rental property requires a Riverside Business Tax Certificate?

RESIDENTIAL LANDLORD

A City Business Tax is required if you rent/offer for rent more than one unit.

COMMERCIAL (BUSINESS) LANDLORD

A City Business Tax is required if you rent/offer for rent or lease ANY commercial building.

The business tax fee for both residential and commercial rentals is calculated on the annual gross rental receipts.

For more information or to apply online, visit:
RiversideCA.gov/BusinessTax

Please contact business tax staff for additional information at (951) 826-5465.
¡Se Habla Español! Para más información llamar al (951) 826-5465.

19

RiversideCA.gov

AMNESTY PROGRAM

PAST PROGRAMS	FUTURE AMNESTY PROGRAM
<ul style="list-style-type: none"> 2011 Outreach/Amnesty 6 Month Program Penalty and Interest Waived New Non-Compliant Businesses 60 days to comply Collect Current Year Plus Up to 3 Prior Years 	<ul style="list-style-type: none"> Launch 6 Month Amnesty Program January 1, 2018 – June 30, 2018 Council Approval Required Penalty and Interest Waived if Paid Prior to End of Amnesty Period Collect Current Year and Up to Prior 2 Years for New Unlicensed Businesses



20

RiversideCA.gov

AMNESTY ROLLOUT TIMELINE

August 2017

Governmental Affairs (Approval of Concept)
City Council (Approval of Legislation)

December 2017

Advertisement of Program

January 2018

Amnesty Program Begins

June 30, 2018

Amnesty Program Ends



21

RiversideCA.gov

AMNESTY PROGRAM OUTREACH

- Outreach for the Amnesty Program will include announcements via the following media and print:



City Website and Social Media



Chamber Newsletter



Press Releases and Announcements
in the Press Enterprise



Public Service Announcements on RiversideTV
and Spanish Radio



Utility Bill Inserts



Direct Mail to Identified Unlicensed Businesses



Field Liaisons to Assist New Businesses



22

RiversideCA.gov

FINANCIAL IMPACT

- Business Tax Revenue is approximately **\$7 million** annually and funds many critical needs in the General Fund including public safety, streets, parks & recreation, and library services.
- Reducing penalties, promoting an amnesty program and an early renewal discount will have an impact on revenues.
 - Early renewal discounts may have a fiscal impact of approximately \$148,000 per year.
 - Increased proactive outreach and marketing materials will cost approximately \$60,000 per year.
- The net effect on revenues may be neutral for FY 2017-18 and may be positive in future years as more businesses will be paying to cover these revenue reductions and additional expenditures.



MUNICIPAL CODE CLEANUP

CURRENT PROCESS	BUSINESS TAX ACTION PLAN ADJUSTMENTS
Language - The Terms License and Tax are used interchangeably in RMC.	Language - Incorporate Consistent Use of the Term "Tax" vs "License"
Liens – Authority for Real Property Liens – RMC 1.17.090	Liens – Reference authority in RMC Chapter 5.04
Penalty Dates/Amounts – As Noted Above	Revise RMC Section 5.04.220.



MUNICIPAL CODE CLEANUP

CURRENT PROCESS	BUSINESS TAX ACTION PLAN ADJUSTMENTS
<p>5% Discount for Early Renewal As Noted Above</p> <p>5.04.010(R)(4) – Requires a Tax Free Certificate and Registration of One Residential Rental Unit</p>	<p>Revise RMC to Add Section to Include 5% Discount for Early Renewal and to Reflect that Business Improvement District fees Will Not Be Impacted.</p> <p>Revise to Remove Requirement to Register One Residential Rental Unit.</p>

25



RiversideCA.gov

MUNICIPAL CODE CLEANUP

CURRENT PROCESS	BUSINESS TAX ACTION PLAN ADJUSTMENTS
<p>Contractors/Retail – Contractors Also Selling Retail Required to Hold 2 BT Certificates</p> <p>5.04.170 – Extension of Time</p>	<p>Revise RMC Section 5.04.010H1 so Contractors with Storefronts are not Required to Hold 2 BT Certificates Based on Both Gross Receipts and Number of Employees.</p> <p>Revise to include more explicit language for the Collector to waive penalties, interest, or prior year's taxes. Change Collector to Chief Financial Officer.</p>

26



RiversideCA.gov

RECOMMENDATIONS

That the Governmental Affairs Committee:

1. Review, provide input, and forward to the City Council for approval recommended enhancements to the City's Business Tax Administration Program, developed in collaboration with the Chambers of Commerce;
2. Direct staff to work with City Attorney's Office to draft applicable Municipal Code changes; and
3. Direct staff to take necessary steps to implement a six-month Business Tax Amnesty Program during January to June 2018.



27

RiversideCA.gov