

(0-94-53)

ORDINANCE NUMBER O- 18060 (NEW SERIES)

ADOPTED ON APR 25 1994

AN ORDINANCE AMENDING CHAPTER III, ARTICLE 1, DIVISION 3 OF THE SAN DIEGO MUNICIPAL CODE BY REPEALING AND REENACTING SECTION 31.0301 PERTAINING TO BUSINESS LICENSE TAXES FOR SMALL BUSINESSES.

WHEREAS, beginning July 1, 1994, a two-year plan to eliminate the City's Business License Tax for small businesses with twelve or fewer employees is being proposed as part of the City's continuing efforts to make The City of San Diego the most business friendly city in California; and

WHEREAS, nearly 80% of the Business License Tax revenues come from the smallest of San Diego's businesses defined as those with twelve or fewer employees, and 25% of the jobs are in licensed businesses with twelve or fewer employees; and

WHEREAS, the City's Business License Tax as structured in today's economic situation puts an unfair burden on small business, inhibits economic growth, and slows the creation of new jobs by San Diego's entrepreneurs; and

WHEREAS, with unemployment in San Diego at near record levels, the City must take every prudent measure possible to create new jobs, to reduce unemployment, and to stimulate San Diego's economy; and

WHEREAS, small businesses will continue to pay a modest cost recoverable Business Registry fee to enable the City to track San Diego's business growth and to target business service to those

small businesses who need the City's assistance; NOW, THEREFORE,  
BE IT ORDAINED, by the Council of The City of San Diego, as  
follows:

Section 1. That Chapter III, Article 1, Division 3 of the  
San Diego Municipal Code be and is hereby amended by repealing  
Section 31.0301.

Section 2. That Chapter III, Article 1, Division 3, section  
31.0301 of the San Diego Municipal be and is hereby reenacted to  
read as follows:

**SEC. 31.0301 TAXES IMPOSED**

(a) Except as otherwise provided in this section  
31.0301, every person engaged in any business, trade,  
calling, occupation, operation, franchise, vocation,  
profession or other means of livelihood, as an  
independent contractor and not as an employee of  
another and not specifically taxed by any other  
business tax code of The City of San Diego, shall pay  
annually a business tax of one hundred twenty-five  
dollars (\$125), plus a sum of money equal to five  
dollars (\$5) per employee. For a business with a  
certificate, the number of persons employed in a  
business shall be the number of persons appearing on  
the payroll of said business which immediately precedes  
the certificate expiration date. For a new business,  
the number of persons employed may be estimated, and is  
subject to verification by the City Treasurer or duly  
authorized City employee. However, in no case shall the  
owner or owners of a business be considered as

employees for purposes of the per capita charge.

(b) Except as otherwise provided in this section 31.0301, any company which is not located in The City of San Diego but which hires agents, representatives or independent contractors in San Diego may elect to pay the business tax for their independent contractors at the rate of one hundred twenty-five dollars (\$125) flat fee plus five dollars (\$5) for each independent contractor or representative working in San Diego. A Declaration of Business Tax shall accompany the tax payment. The number of agents, independent contractors or representatives shall be the number working under contract with the company in San Diego on the date which falls exactly one calendar month prior to the certificate expiration date. For companies without current certificates, the number of independent contractors or representatives shall be the number under contract with the company in San Diego on the date on which the Declaration of Business Tax is filed. Those agents, representatives and independent contractors of companies which make the election described in Section 31.0301(b) are not required to pay a business tax for purposes of that business.

(c) A person subject to the refuse collector business tax under Section 31.0306 is not eligible to exercise the election in Section 31.0301(b).

(d) Effective July 1, 1994, every business with twelve (12) or fewer employees who would be required to

pay the business tax described in section 31.0301(a) shall pay seventy dollars (\$70), plus a sum of money equal to three dollars (\$3) per employee. Effective July 1, 1995, every business with twelve (12) or fewer employees who would be required to pay the business tax described in section 31.0301(a) shall no longer be required to pay a business license tax.

(e) Effective July 1, 1995, every business not subject to a business license tax under section 31.0301(d) shall be registered with the City Treasurer and shall pay a cost recoverable Business Registry fee. The City Treasurer shall maintain a Business Registry which includes the name of every business for which a Business Registry fee has been paid.

(f) Effective July 1, 1995, any business in a Business Improvement District whose assessment is computed by reference to the payment of a business license tax and which is now no longer subject to a business license tax pursuant to section 31.0301(d), shall pay the cost recoverable Business Registry fee established in section 31.0301(e) and the appropriate Business Improvement District assessment.

Section 3. If any section, subsection, sentence or portion of this ordinance is for any reason held to be invalid or unconstitutional by the final decision of any state or federal court of competent jurisdiction, the Council of The City of San Diego hereby ordains that San Diego Municipal Code section 31.0301 as repealed by Section 1 of this ordinance is immediately

reenacted as though this ordinance had never been adopted.

Section 4. This ordinance shall take effect and be in force on the thirtieth day from and after its passage.

APPROVED: JOHN W. WITT, City Attorney

By Stuart H. Swett  
Stuart H. Swett  
Senior Chief Deputy

CMF:SHS:EH:smm  
03/25/94  
Or.Dept:Council  
O-94-53  
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NEW LANGUAGE - UNDERLINED  
OLD LANGUAGE - STRIKEOUT

18060

(0-94-53)

STRIKEOUT ORDINANCE NUMBER O-\_\_\_\_\_ (NEW SERIES)

ADOPTED ON APR 25 1994

AN ORDINANCE AMENDING CHAPTER III, ARTICLE 1,  
DIVISION 3 OF THE SAN DIEGO MUNICIPAL CODE BY  
REPEALING AND REENACTING SECTION 31.0301  
PERTAINING TO BUSINESS LICENSE TAXES FOR  
SMALL BUSINESSES.

BE IT ORDAINED, by the Council of The City of San Diego, as  
follows:

Section 1. That Chapter III, Article 1, Division 3 of the  
San Diego Municipal Code be and is hereby amended by repealing  
Section 31.0301.

Section 2. That Chapter III, Article 1, Division 3, section  
31.0301 of the San Diego Municipal be and is hereby reenacted to  
read as follows:

OLD LANGUAGE:

SEC. 31.0301 Taxes Imposed

~~—(a) Every person engaged in any business, trade, calling,  
occupation, operation, franchise, vocation, profession or other  
means of livelihood, as an independent contractor and not as an  
employee of another and not specifically taxed by any other  
business tax code of The City of San Diego, shall pay annually a  
business tax of one hundred twenty five (\$125), plus a sum of  
money equal to five dollars (\$5) per employee. For a business  
with a certificate, the number of persons employed in a business  
shall be the number of persons appearing on the payroll of said~~

~~business which immediately precedes the certificate expiration date. For a new business, the number of persons employed may be estimated, and is subject to verification by the City Treasurer or duly authorized City employee. However, in no case shall the owner or owners of a business be considered as employees for purposes of the per capita charge.~~

~~(b) Any company which is not located in the City of San Diego but which hires agents, representatives or independent contractors in San Diego may elect to pay the business tax for their independent contractors at the rate of one hundred twenty-five dollars (\$125) flat fee plus five dollars (\$5) for each independent contractor or representative working in San Diego. A Declaration of Business Tax must accompany the tax payment. The number of agents, independent contractors or representatives shall be the number working under contract with the company in San Diego on the date which falls exactly one calendar month prior to the certificate expiration date. For companies without current certificates, the number of independent contractors or representatives shall be the number under contract with the company in San Diego on the date on which the Declaration of Business Tax is filed. Those agents, representatives and independent contractors of companies which make the election described in Section 31.0301(b) are not required to pay a business tax for purposes of that business.~~

~~(c) A person subject to the refuse collector business tax under Section 31.0306 is not eligible to exercise the election in Section 31.0301(b).~~

NEW LANGUAGE:

SEC. 31.0301 TAXES IMPOSED

(a) Except as otherwise provided in this section 31.0301, every person engaged in any business, trade, calling, occupation, operation, franchise, vocation, profession or other means of livelihood, as an independent contractor and not as an employee of another and not specifically taxed by any other business tax code of The City of San Diego, shall pay annually a business tax of one hundred twenty-five dollars (\$125), plus a sum of money equal to five dollars (\$5) per employee. For a business with a certificate, the number of persons employed in a business shall be the number of persons appearing on the payroll of said business which immediately precedes the certificate expiration date. For a new business, the number of persons employed may be estimated, and is subject to verification by the City Treasurer or duly authorized City employee. However, in no case shall the owner or owners of a business be considered as employees for purposes of the per capita charge.

(b) Except as otherwise provided in this section 31.0301, any company which is not located in The City of San Diego but which hires agents, representatives or independent contractors in San Diego may elect to pay the business tax for their independent contractors at the rate of one hundred twenty-five dollars (\$125) flat



fee plus five dollars (\$5) for each independent contractor or representative working in San Diego. A Declaration of Business Tax shall accompany the tax payment. The number of agents, independent contractors or representatives shall be the number working under contract with the company in San Diego on the date which falls exactly one calendar month prior to the certificate expiration date. For companies without current certificates, the number of independent contractors or representatives shall be the number under contract with the company in San Diego on the date on which the Declaration of Business Tax is filed. Those agents, representatives and independent contractors of companies which make the election described in Section 31.0301(b) are not required to pay a business tax for purposes of that business.

(c) A person subject to the refuse collector business tax under Section 31.0306 is not eligible to exercise the election in Section 31.0301(b).

(d) Effective July 1, 1994, every business with twelve (12) or fewer employees who would be required to pay the business tax described in section 31.0301(a) shall pay seventy dollars (\$70), plus a sum of money equal to three dollars (\$3) per employee. Effective July 1, 1995, every business with twelve (12) or fewer employees who would be required to pay the business tax described in section 31.0301(a) shall no longer be required to pay a business license tax.

(e) Effective July 1, 1995, every business not subject to a business license tax under section 31.0301(d) shall be registered with the City Treasurer and shall pay a cost recoverable Business Registry fee. The City Treasurer shall maintain a Business Registry which includes the name of every business for which a Business Registry fee has been paid.

(f) Effective July 1, 1995, any business in a Business Improvement District whose assessment is computed by reference to the payment of a business license tax and which is now no longer subject to a business license tax pursuant to section 31.0301(d), shall pay the cost recoverable Business Registry fee established in section 31.0301(e) and the appropriate Business Improvement District assessment.

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Or.Dept:Council  
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CITY CLERKS OFFICE  
SAN DIEGO, CA

Passed and adopted by the Council of The City of San Diego on APR 25 1994  
by the following vote:

**Reduce Business License Tax**

Council Members	Yeas	Nays	Not Present	Ineligible
Harry Mathis	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ron Roberts	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Christine Kehoe	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
George Stevens	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Barbara Warden	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Valerie Stallings	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Judy McCarty	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Juan Vargas	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mayor Susan Golding	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Eliminate Business License Tax effective 7/1/95**

Council Members	Yeas	Nays	Not Present	Ineligible
Harry Mathis	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ron Roberts	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Christine Kehoe	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
George Stevens	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Barbara Warden	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Valerie Stallings	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Judy McCarty	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Juan Vargas	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mayor Susan Golding	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

AUTHENTICATED BY:

(Seal)

SUSAN GOLDING

Mayor of The City of San Diego, California.

CHARLES G. ABDELNOUR

City Clerk of The City of San Diego, California.

By *Charles G. Abdelnour*, Deputy.

I HEREBY CERTIFY that the foregoing ordinance was not finally passed until twelve calendar days had elapsed between the day of its introduction and the day of its final passage, to-wit:

APR 11 1994, and on APR 25 1994

~~I FURTHER CERTIFY that said ordinance was read in full prior to its final passage.~~

I FURTHER CERTIFY that the reading of said ordinance in full was dispensed with by a vote of not less than a majority of the members elected to the Council, and that there was available for the consideration of each member of the Council and the public prior to the day of its passage a written or printed copy of said ordinance.

CHARLES G. ABDELNOUR

City Clerk of The City of San Diego, California.

By *Charles G. Abdelnour*, Deputy.

(Seal)

Office of the City Clerk, San Diego, California

Ordinance Number 018060 Adopted APR 25 1994

CERTIFICATE OF PUBLICATION

RECEIVED  
CITY CLERK'S OFFICE  
94 MAY 10 AM 10:19  
SAN DIEGO, CALIF.

OFFICE OF THE CITY CLERK  
2ND FLOOR  
CITY ADMINISTRATION BLDG.  
202 C STREET  
SAN DIEGO, CA 92101

IN THE MATTER OF

NO.

AN ORDINANCE AMENDING CHAPTER III, ARTICLE 1...

I, Corey Donahue, am a citizen of the United States and a resident of the county aforesaid; I am over the age of eighteen years, and not a party to or interested in the above-entitled matter. I am the principal clerk of the San Diego Daily Transcript, a newspaper of general circulation, printed and published daily, except Saturdays and Sundays, in the City of San Diego, County of San Diego and which newspaper has been adjudged a newspaper of general circulation by the Superior Court of the County of San Diego, State of California, under the date of January 23, 1909, Decree No. 14894; and the

**ORDINANCE NUMBER 0-18060 (NEW SERIES)**  
AN ORDINANCE AMENDING CHAPTER III, ARTICLE 1, DIVISION 3 OF THE SAN DIEGO MUNICIPAL CODE BY REPEALING AND REENACTING SECTION 31.0301 PERTAINING TO BUSINESS LICENSE TAXES FOR SMALL BUSINESSES.  
This ordinance amends the San Diego Municipal Code to reduce the Business License Tax for small businesses with twelve or fewer employees by approximately fifty percent effective July 1, 1994 from \$125 per business and \$5 per employee to \$70 per business and \$3 per employee and to eliminate the Business License Tax for these businesses effective July 1, 1995. On July 1, 1995 every business not subject to a business license tax will be required to register with the City Treasurer to be included in the Business Registry and shall pay a cost recoverable Business Registry Fee.  
A complete copy of the Ordinance is available for inspection in the Office of the City Clerk of the City of San Diego, 2nd Floor, City Administration Building, 202 "C" Street, San Diego, CA 92101.  
INTRODUCED ON April 11, 1994. Passed and adopted by the Council of the City of San Diego on April 25, 1994.  
AUTHENTICATED BY:  
SUSAN GOLDING  
Mayor of The City of San Diego, CA  
CHARLES G. ABDELNOUR  
City Clerk of The City of San Diego, CA  
(SEAL) By MARY CEPEDA, Deputy  
Pub. May 9 284973

ORDINANCE NUMBER 0-18060 (NEW SERIES)

is a true and correct copy of which the annexed is a printed copy and was published in said newspaper on the following date(s), to wit:

MAY 9

I certify under penalty of perjury that the foregoing is true and correct.

Dated at San Diego, California this 9th day of MAY, 1994.

*Corey Donahue*  
\_\_\_\_\_  
(Signature)

2 1/2" x 2 = \$ 69.12