



CITY COUNCIL AGENDA STATEMENT



February 16, 2021

File ID: 20-0558

TITLE

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA TEMPORARILY WAIVING ALL LATE FEES IMPOSED UPON DELINQUENT PAYMENTS OF BUSINESS LICENSE FEES FOR THE CALENDAR YEAR 2021 RENEWAL PERIOD

RECOMMENDED ACTION

Council adopt the resolution.

SUMMARY

In keeping with the spirit and intent of the City's COVID-19 Economic Recovery Plan approved in May 2020, staff is continually working to seek opportunities for business support and assistance during the economic crisis imposed by the COVID-19 pandemic. To decrease the financial burden of operating a business in Chula Vista without significantly impacting the City's General Fund, staff is proposing the temporary waiver of late fees from delinquent payments of 2021 business license renewal fees. This action would enable businesses to pay their current business license renewal fee at any time in calendar year 2021, likely after operations have stabilized post Regional Stay Home Order and the lifting of purple tier restrictions from business specific sectors, without being encumbered with a late fee. Removal of the late fee will further incentivize business license renewal compliance while adding the flexibility for businesses to pay once they have reopened and stabilized their operations without being faced with additional fees. The business license fee would still be due in full at the time of renewal.

ENVIRONMENTAL REVIEW

The activity is not a "Project" as defined under Section 15378 of the California Environmental Quality Act State Guidelines; therefore, pursuant to State Guidelines Section 15060(c)(3) no environmental review is required. Notwithstanding the foregoing, the activity also qualifies for an Exemption pursuant to Section 15061(b)(3) of the California Environmental Quality Act State Guidelines.

BOARD/COMMISSION/COMMITTEE RECOMMENDATION

Not applicable.

DISCUSSION

Per the Chula Vista Municipal Code, business licenses are considered delinquent after January 31st of each year and a 10% late penalty of the base and employee tax is assessed starting February 1st (CVMC 5.04.020). If not paid, this late penalty increases by 10% each month (March 1st: 20%, April 1st: 30%, May 1st: 40%, June 1st: 50%). All business license taxes not paid by July 1st are assessed a 60% penalty and may be referred

to Code Enforcement for further action (CVMC 5.04.030). This action would eliminate collection of late fees for the remainder of 2021. Typical business license renewal fees and the associated late fee are shown in the table below. As of the writing of this report, 8,219 business licenses have been renewed and staff anticipates 3,451 renewals are still outstanding and will be delinquent past the January 31st renewal deadline and therefore subject to the late fee waiver.

Business License Renewal Fees*

Business Type	Base Renewal Tax	Employee Tax	Late Fee (10% in February)	Late Fee (60% in July)
Schedule A or B (most businesses)	\$52.50	\$6.50 per employee	\$5.25+\$0.65/employee	\$31.50+\$3.90/employee
Professionals (e.g., Physicians, Dentists, Lawyers)	\$105.00	if < 5 = \$0; if > 5, Add'l Sched A license	\$10.50	\$63.00
Vending Vehicles	\$200	\$0	\$20.00	\$120.00
Example: Restaurant w/10 employees	\$52.50	\$65.00	\$11.75 in penalties (\$133.25 renewal total)	\$70.50 in penalties (\$192.00 renewal total)

**Specific Business Regulatory fees as established in Chapter 4 of the Master Fee Schedule (e.g. commercial cannabis, massage establishments, pawnbrokers, etc.) are not included in the above fee table and must still be paid at time of business license renewal.*

DECISION-MAKER CONFLICT

Staff has reviewed the decision contemplated by this action and has determined that it is not site specific and consequently, the real property holdings of the City Councilmembers do not create a disqualifying real property-related financial conflict of interest under the Political Reform Act (Cal. Gov't Code § 87100, et. seq.).

Staff is not independently aware, and has not been informed by any City Councilmember, of any other fact that may constitute a basis for a decision-maker conflict of interest in this matter.

CURRENT-YEAR FISCAL IMPACT

In seeking the recommended action, staff contemplated the best way to balance the needs of providing business assistance while not creating significant impact on the City's General Fund. Business license late fees/penalties are a budgeted revenue source and as such, the acceptance of this action will result in an anticipated current-year fiscal impact of \$23,300 for estimated revenue not collected from the 3,451 outstanding business licenses.

ONGOING FISCAL IMPACT

Ongoing fiscal impact is not anticipated past the 2021 calendar year.

*Staff Contact: Meya Alomar, Revenue Manager
Miranda Evans, Economic Development Specialist*