El Dorado County Grand Jury 2011-2012

El Dorado County Business License Ordinance

Case Number GJ-11-003

Reason for Report

A complaint was received regarding non-compliance with the El Dorado County Business License Ordinance.

Background

The Treasurer/Tax Collector and the Sheriff's Department are responsible to issue and/or enforce Business Licenses. They are responsible to ensure all businesses are accounted for and in compliance with the Business License Ordinance.

Businesses that do not have a Business License could potentially not be paying business property tax; therefore, this non-compliance could result in an enormous loss of tax revenue to the county.

Methodology

Documents reviewed:

Business License application form TC120 **(Attachment 2)**
Business Licenses – Active List
Citizen's complaint – 09/16/2011
Comparable sized counties:
- Butte
- Humboldt
- Imperial
- Kings
- Mariposa
- Napa
- Shasta
- Yolo

County Chambers of Commerce member lists:
- Coloma-Lotus
- El Dorado County
- El Dorado Hills
- Georgetown Divide
- Shingle Springs-Cameron Park
- South Lake Tahoe

El Dorado County Code of Ordinances:
- Title 1 – General Provisions
- Title 5 – Business Taxes, Licenses and Regulations

El Dorado County Business License Utilization Survey **(Attachment 1)**

Interviews:

El Dorado County Assessor
El Dorado County Board of Supervisors:
- District 1
- District 2
- District 3
- District 4
- District 5

El Dorado County Chief Administrative Office
El Dorado County Complainant
El Dorado County Counsel
El Dorado County Treasurer/Tax Collector's Office
Sierra Economic Development Corporation

Facts/Findings

1. The current Business License Ordinance (Chapter 5.08) has not been properly administered by the authorized authorities who oversee the ordinance.

2. In March of 2012, the Treasurer/Tax Collector's Department stated that non-compliance is only 10%. In the fall of 2011, the Grand Jury discovered that there is approximately 50% non-compliance with the ordinance by businesses and organizations that are required to have a Business License.

3. The Business License Complaint was received by the Grand Jury in September of 2011. The Treasurer/Tax Collector's Department began verifying Business Licenses in roughly November or December of 2011. Through the verification process, they now have a list of businesses that do not have a Business License.

4. The Business License fee is intended to cover the cost of processing the form pursuant to 5.16.010 of the Business Taxes, Licenses & Regulations Ordinance Code.

5. The Assessor's Office uses Business Licenses to determine who shall pay business property taxes, and in their opinion, there is no better method available to determine who shall pay.

6. The majority of the Board of Supervisors indicated that the Business License Ordinance is an ineffective and/or inefficient way to regulate businesses in the county.

7. Businesses exempt from a Business License include: *Agriculture, Employment, Public Agencies, Charities, Religious, Charitable and non-profit organizations, Newspapers, and Fair Concessions.* (Chapter 5.08.070)

8. When an agricultural item is repurposed, the business is no longer exempt from requiring a Business License. (Example: As soon as a winery crushes their grapes, they are no longer exempt from a Business License.)

9. Multiple businesses at the same location owned by the same person(s) require only one Business License under one of the business names.

10. Businesses in the City of Placerville and the City of South Lake Tahoe are required to have a County Business License if they solicit business outside of the city limits. (Chapter 5.04.040)

11. The Grand Jury sent a survey on the use of the "Business License – Active List" by county departments. Many county departments use the list of businesses. **(Attachment 1)**

12. Of eight similar sized counties, the highest Business License cost is Humboldt County at $294 per license annually plus a percentage of gross income. The lowest cost per license is El Dorado County at $32 per license annually.

13. The Coloma-Lotus, El Dorado County, El Dorado Hills, Georgetown Divide, Shingle Springs-Cameron Park, and South Lake Tahoe Chambers of Commerce were cooperative in helping the Grand Jury review their membership lists. The Pollock Pines-Camino Chamber of Commerce did not comply with the Grand Jury's request.

Recommendations

1. The Grand Jury recommends that the Board of Supervisors update the Business License Ordinance for better enforcement and compliance with the county's needs, as reflected in Attachment 1.

2. The Grand Jury recommends that the Treasurer/Tax Collector update the Business License Application Form TC120. The following changes should be made:

    a. Update "clearance (if applicable)" - The signee's Employee Identification Number should also be written as verification.

b. Update “Exemption A” - Agriculture exemptions do not apply if products are repurposed.

c. Update “Note 2” - Ordinance Code 5.04.040 states that businesses within the city limits require a County Business License if those businesses solicit orders or deliver merchandise to the unincorporated area of the county.

3. The Grand Jury recommends that the Sheriff’s Department utilize the Sheriff’s Team of Active Retirees (S.T.A.R.) to assist in enforcement of the Ordinance.

4. The Grand Jury recommends that the Treasurer/Tax Collector should implement a computer program that will verify issues at the initiation of the application process (Examples: check correct zoning for type of business by verifying parcel number, check for past due taxes, and check State Board of Equalization).

5. The Grand Jury recommends that the Treasurer/Tax Collector should maintain appropriate staffing to manage the Business License Ordinance.

6. The Grand Jury recommends that the Treasurer/Tax Collector should ensure personnel involved in the Business License process be properly trained in all requirements of the Business License Ordinance.

7. The Grand Jury recommends that the Business License Ordinance should require businesses, even when owned by the same person at the same location, to obtain a separate Business License.

8. The Grand Jury recommends that the Treasurer/Tax Collector should share the list of businesses that do not have a Business License with other departments that utilize the “Business License-Active List.”

9. The Grand Jury recommends that all County Departments required to sign off on the Business License Application should enact a time study that will look into the actual cost of issuing the Business License.

10. The Grand Jury recommends that the Treasurer/Tax Collector should have a copy of all the membership lists for Chambers of Commerce and other business related organizations within the County. Those lists should be compared annually to the “Business License – Active List.”

11. The Grand Jury recommends that the Treasurer/Tax Collector publish a list of businesses that are not operating with a current Business License monthly on the Treasurer/Tax Collector’s website and in other public media.

Responses

Reponses to both the findings and recommendations in this report are required by law in accordance with California Penal Code §933 and §933.05. Address responses to: The Honorable Suzanne N. Kingsbury, Presiding Judge of the El Dorado County Superior Court, 1354 Johnson Blvd., South Lake Tahoe, CA 96150.

This report has been provided to the:

El Dorado County Board of Supervisors
El Dorado County Building Department
El Dorado County Environmental Management Department
El Dorado County Fire Protection Districts
El Dorado County Planning Department
El Dorado County Sheriff's Department
El Dorado County Treasurer/Tax Collector

DEPARTMENTS THAT RESPNDED IN WRITING.	PHONE RESPONSES	ATTACHMENT i		

El Dorado County Business License Utilization Survey

The purpose of this document is to identify what departments use the Treasurer/Tax Collector's "Business License - Active List". Information provided by each Department.

DEPARTMENTS	CURRENT USER LIST?	COULD USE LIST?	IMPORTANT	COULD DEPARTMENT PERFORM WITHOUT IT?
Agriculture	Yes	Yes	SOMEWHAT	Without it would be difficult. List is very helpful to obtain owner names and to meet Constitutional requirements.
Assessor	Yes	yes	EXTREMELY	Without it would be difficult. List used to meet Constitutional requirements and as a method of discovering businesses not required to report to Assessor. Without it would be more expensive, labor intensive, and time consumenng.
Auditor/Controller				
CAO				
Child Support Services	Yes	Yes	Yes	Yes. List used for collection of money due parents and the collection of debts owed to Country and Courts.
County Counsel				
Development Services	No			
District Attorney	Yes	yes	EXTREMELY	Without it would be difficult and cause considerable extra work. Used for fraud cases, locating witnesses or victims criminal cases, workers comp cases, welfare fraud cases, contractor cases. Lack of reprt translates into more costs.
DOT				
Elections	No	No		Yes
Environmental Management	Yes		Extremely	No
Health Services	No	No	No	Yes
Human Resources	No	No	No	yes
Human Services	No	No	No	Yes
Information Technologies				
Library	No	No		Yes
Public Defender				
Surveyor	Yes	Yes	Extremely	Without it would be difficult. Information is extremely valuable in our collaboration with Developmental Services re address assignments for Suites/Units and Commercial Buildings.
Recorder Clerk	No	No		No
Treasurer/Tax Collector	Yes		Extremely	Creator of the list
Sheriff	Yes	yes	Somewhat	Use to verify Business Licenses
Veterans Affairs	No	No		No

BUSINESS LICENSE APPLICATION STEPS

To avoid delays in the issuance of your business license, please follow the Application Steps below. Please note: Steps 3 through 6 **require** various departments to **sign off** in the appropriate boxes on the application before it is returned to the Tax Collector's office for processing and final issuance of the license.

Step 1 **TAX COLLECTOR'S OFFICE** - (530) 621-5800 or (916) 358-3555 x 5800 (Placerville) or (530) 573-7955 (So. Lake Tahoe)

- Complete the requested name and ownership information.
- The maps included in this package will show the location of each department that **must**, if applicable, sign off on the application.
- Note: Steps 3 through 7 below, if applicable, require applicant to go to the department in person.

Step 2 **ASSESSOR'S OFFICE** - (530) 621-5719 (Placerville) or (530) 573-3422 (So. Lake Tahoe)

- Contact the Assessor's office for your assessor's parcel number (APN) for the **business property** address.
- Write the APN on your application in the space provided.

Step 3 **DEVELOPMENT SERVICES** - (530) 621-5355 (Placerville) or (530) 573-3330 (So. Lake Tahoe)

All business license applications for businesses operating in El Dorado County must be signed off by the Planning and Building Department. Planning and Building will determine the zoning of your business. **Please call for days and hours lobby is open.**

Step 4 **ENVIRONMENTAL HEALTH DEPARTMENT** - (530) 621-5300 (Placerville) or (530) 573-3450 (So. Lake Tahoe)

The following businesses require Environmental Health Department sign-off and may require a separate Environmental Health permit:

- Restaurants and other businesses handling food (including prepackaged foods)
- Businesses installing, pumping, or repairing septic tanks
- Businesses using or storing paint and/or other chemicals

Step 5 **FIRE DEPARTMENT**

Businesses operating in a commercial or industrial zone require local fire department approval. This includes any in-home business located in a commercial or industrial area. Call your local fire department to determine which fire station should sign off your application.

Step 6 **SHERIFF'S DEPARTMENT, RECORDS DIVISION** - (530) 621-5703 (Placerville) or (530) 573-3000 (So. Lake Tahoe)

Required for itinerant businesses and other special business licenses only.
(Massage, buy & sell second-hand items, door to door sales, adult-related businesses)

Appointment necessary

Step 7 **RECORDER'S OFFICE** - (530) 621-5490 (Placerville) or (530) 573-3408 (So. Lake Tahoe)

If you do not use your last name in the name of your business, you must file for a fictitious business name.

Step 8 **TAX COLLECTOR'S OFFICE**

The Tax Collector's office issues business licenses. Return your **completed** business license **application** with $32.00 (or the appropriate amount for special licenses) by mail or in person to the Tax Collector's office.

Make checks payable to:

C. L. Raffety, CPA
Treasurer/Tax Collector
360 Fair Lane
Placerville CA 95667-4197

When the completed application and the appropriate fee are received, your business license will be sent to the mailing address on the application within 7 working days.

EL DORADO COUNTY

Treasurer and Tax Collector

C. L. Raffety, C.P.A.

360 Fair Lane, Placerville, Calif. 95667
Tax Collector (530) 621-5800

BUSINESS LICENSE APPLICATION

ORDINANCE 5.08.010

BUSINESS LICENSE #_____(Tax Collector's Use Only)

CHECK ONE:

INDIVIDUAL	PARTNERSHIP	CORPORATION

Business Name (DBA)_____ Phone #_____

Individual/Corporation/Partnership Name_____
(If different from above)

Mailing Address_____
Street or P.O. Box # City, State Zip Code

Business Street Location_____

Business Street Location is in: ☐ Residential Zone ☐ Commercial/Industrial Zone

Business Description(s)_____
(If more than one, list each)

_____

Business Type Code_____ (Tax Collector's Use Only)

Business Owner's Names, Titles, and Addresses: (List all owners/partners/officers; if more space is needed, attach list)

NAME	TITLE	ADDRESS

Email address_____

Assessor's Parcel #_____ Contractor's License #_____
(Obtain from Assessor's Office) (Required by State Law)

Clearance (if applicable):

PLANNING	BUILDING	ENVIRON. HEALTH	FIRE DISTRICT	SHERIFF

Comments_____
(County use only)

Print Applicant's Name_____ Title_____

Applicant's Signature_____ Date_____ Phone #_____

MAKE CHECKS PAYABLE TO: **C. L. Raffety, C.P.A.**
Treasurer/Tax Collector
360 Fair Lane, Placerville CA 95667-4197

EL DORADO COUNTY BUSINESS LICENSE INFORMATION

WHO IS REQUIRED TO HAVE AN EL DORADO COUNTY BUSINESS LICENSE?

It is unlawful for any person to transact any kind of business in the unincorporated territory of the County without possessing an unexpired and unrevoked County business license unless the business is exempt from the license requirements.

ANNUAL BUSINESS LICENSE RENEWAL

Business licenses must be renewed annually. A renewal notice will be mailed to you in the month prior to your renewal date.

FEES

The general business license fee is $32.00 annually. Special fees of $130.00 are for secondhand dealers and pawnbrokers, fortune telling, and carnivals. There is a special fee of $15.00 for Christmas tree lots.

CONTRACTORS

A State Contractor's License is required. The name on the business license application must match exactly the name on the State Contractor's License. This information will be verified by Tax Collector personnel.

EXEMPTIONS

The following businesses are exempt:

A. Agriculture. Includes the sale of agricultural products upon the premises where produced.
B. Employment. A person who works for another at an agreed rate of compensation.
C. Insurance, farmers, charities, religious, fraternal, service and nonprofit organizations.

MULTIPLE BUSINESSES

A separate license and application is required for **each physical business location.** Only one license is required if a combination of two or more kinds of businesses are operated at the same fixed place of business by the same person. A separate business license is required for each individual engaged in any itinerant business even though any two or more of the individuals are employed by the same person or are associated together in the same business.

FIREARMS LICENSE

Applications to sell firearms must be accompanied by copies of all of the following: a) valid Federal Firearms License, b) valid California seller's permit, and c) certificate of eligibility from the Department of Justice.

NOTE 1: The approved application is not a license to conduct business activities. Once issued, the business license must be exhibited in a conspicuous place. Each solicitor must have an individual license in her/his possession at all times.

NOTE 2: Businesses located in the City of Placerville (Phone: (530) 642-5223) and/or the City of South Lake Tahoe (Phone: (530) 542-6012) are required to obtain a separate business license for those jurisdictions, and are not required to obtain a County license.