



FACT SHEET
VOTER APPROVED BALLOT MEASURE
NOVEMBER 8, 2016 ELECTION
EFFECTIVE APRIL 1, 2017

The following is a summary of the Amendment to Business License Tax for the City of Monterey.

Prior to April 1, 2017 the City charged one of 14 different tax rates based on the type of business, as defined by City Code. This practice was not efficient and created uncertainty in situations when a new business may have not fallen under one of the existing categories in the ordinance. The revised Business License Tax will increase taxes for some businesses and reduce taxes for others; however, the City's collection, in total, is anticipated to be largely unaffected.

This updated Business License Tax eliminates the classification of businesses and charges ALL businesses the same rates based on gross receipts.

For example, if several individual businesses each earning \$500,000 in gross receipts annually, paid between the tax rates of \$642-\$1,197 (based upon their classification) they will now all pay \$738. There is a consistent rate: (a) businesses with gross receipts of \$25,000 or less per calendar year, pay \$26 and (b) businesses with gross receipts in excess of \$25,000 per year, pay \$26 plus 0.15% of their gross receipts. This is consistent with current practice in other cities including Salinas, Pacific Grove, and Carmel-by-the-Sea.