

## Business License FAQ'S

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### **Who is required to have a business license?**

Any person or company who conducts business in the City must obtain a business license on or before the date the business commences. This includes every business located in the City or contracting with the City of Monterey. Conducting business without a license can result in penalties, notices of violation, citations and possible legal action.

### **Independent Contractors? YES**

Independent contractors are required to obtain and maintain a business license.

### **State of California Licensed Contractors? YES**

Any person licensed as a contractor by the State Contractor's Board must obtain and maintain a business license if you're conducting business within the City limits OR if your business is based in the City (whether conducting business in or outside the City).

### **Mobile Food Vendor? YES**

If you are selling or preparing food, in addition to a business license, you need to apply for a Monterey County Health Permit. If you are a mobile food vendor you will have to complete a mobile food vending permit through the City of Monterey Planning Department (831) 646-3885 and the Monterey County Health Department at (831) 755-4500.

### **Non-Profit Organizations? YES**

Non-profit organizations located within the City limits are required to obtain a business license. However, upon presentation of proof from the IRS of your non-profit status, the business license fee is waived.

## Business License FAQ'S (continued)

### Do I need a license if I work from home?

Every business operating from residential premises within the City of Monterey is required to obtain & maintain a business license.

Also, home based businesses must apply for a **Home Occupation Permit** with the City of Monterey Planning Department, and have it approved, before a business license will be issued. The Planning Department requires a separate application and fee from the licensee. You can contact the Planning Department at (831) 646-3885.

### Why must I pay tax to do business in the City?

Per City Ordinance, the tax imposed is enacted solely to raise revenue for municipal purposes, such as roads, fire, police & other community services. These services benefit businesses, business owners and the general public.

### What is my business license tax based on?

Business license taxes are based on the previous calendar year's gross receipts of your business. New businesses will estimate the first annual amount of gross receipts for the purpose of determining the license tax.

**Gross receipts** are defined as the total amount the business receives from all sources, without subtracting any costs or expenses.

### How can I apply for or submit my annual renewal for a business license?

You can **APPLY** in person, through the mail or online:

[https://monterey.org/city\\_hall/finance/business\\_licenses](https://monterey.org/city_hall/finance/business_licenses)

Annual renewal notices are sent out to all current licensees in June and are due back by July 15th. Even if you do not receive the notice you are still responsible for renewing your business license on-time.

You can **RENEW** in person, through the mail or online at:

<https://cmbuslic.ci.monterey.ca.us/WebRenewals/Default.aspx>

### May I register my business from a PO Box or PMB located in Monterey?

A post office (PO) box or private postal mailbox (PMB) address may be used as the mailing address of record for a City of Monterey business license; however, a PO Box or PMB address doesn't constitute a business location for business licensing purposes.

### I conduct business in several cities; can I get just one license to do business in all of them?

No, each City has its own business license requirements. It's important to know that most California cities have a business license tax ordinance. However, each city has its own tax rate, structure and requirements. Check with each appropriate City or County for their rules and regulations.

## **Business License FAQ'S (continued)**

### **What if I have more than one business or more than one location?**

If you own more than one business, a separate business license is required for each type of business and for each location.

### **I want to sell merchandise outside on the street/sidewalk or at a park?**

Selling merchandise on any public roadway, sidewalk or on public property is prohibited. Selling merchandise in public parks requires special permission from the Recreation Department; you can contact them at (831) 646-3866.

### **Is the business license transferable to a new owner or refundable?**

No, licenses are non-transferrable when business entities are sold or transferred to another party. An exception may be approved with regard to transfer between spouses, children, or registered domestic partners by applying to the Finance Director and producing proof of the relationship.

All licenses shall be issued from the period of time set forth in the license and no licensee shall be entitled to the refund of any portion of the paid taxes when the business is closed or sold.

### **What if I close or sell my business?**

Business licenses are not automatically cancelled; when a business is sold, closed or moved out of the City, the business license must be inactivated. Please send written notification and provide your business name, license number, and date your business closed or sold and, if applicable, the name of the new owners.

### **Do I need to file a fictitious business name?**

The City doesn't issue Fictitious Business Names; you can file a Fictitious Business Name registration with the County of Monterey. You can contact the County Clerk's office at (831) 755-5041 or (831) 647-7741 or visit their office at 168 West Alisal St. 1st Floor, Salinas, CA 93901.

### **What are the penalties for failure to obtain a business license or renew my license?**

Business license renewals unpaid as of 12:00 midnight on August 15th of each year will be assessed a penalty of 20%, and an additional penalty of 10% on the 15th of each month thereafter through December.

In the case of newly established business, no penalty shall be imposed if the license tax is paid within 30 days after the business start date. Otherwise, 20% penalty will be added at the end of the first 30 days and 10% added every 30 days thereafter, until the tax and penalty are paid.

Businesses that don't obtain and maintain a current business license are subject to receive re-occurring Administrative Citations until the license is current.