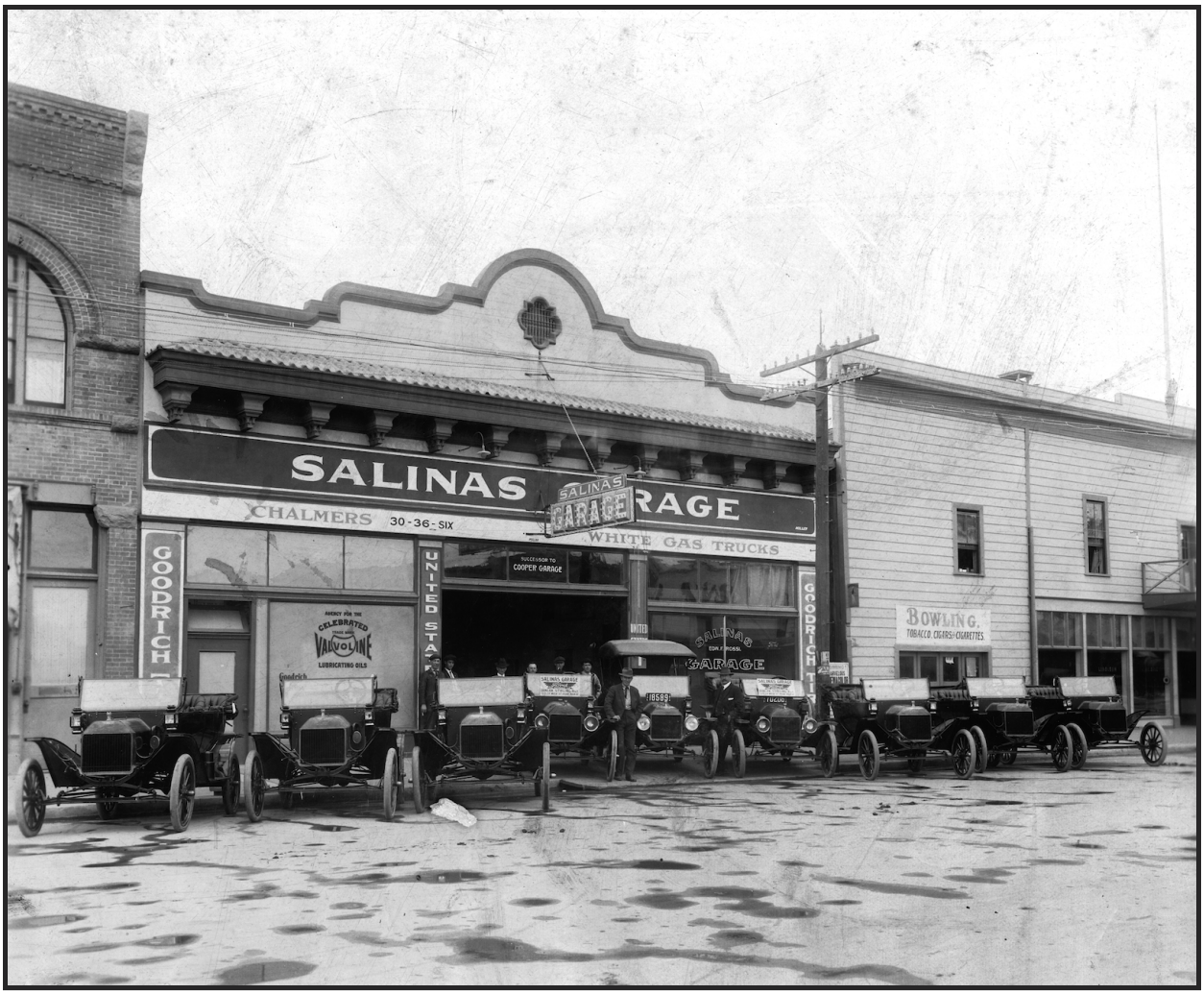
WEB SITE BUSINESS LICENSE APPLICATIONS, CITY OF SALINAS



The Salinas Garage, at 320 Main Street, about 1914. Courtesy of the Monterey County Historical Society.

WEB SITE BUSINESS LICENSE APPLICATIONS, CITY OF SALINAS

SUMMARY

All businesses operating within the city limits of the City of Salinas (hereinafter "City") must pay a business license fee annually (Salinas Municipal Code §19-40). Business license fees collected by Salinas are a significant source of revenue for the City. However, currently the Salinas web site is not user friendly to new business license applicants, and cannot be used to pay license fees. The City has had problems with numerous new businesses failing to apply for a business license and some existing businesses failing to pay their license renewal fees. The web site also does not include a data base of currently licensed businesses. The City is in the process of updating its information technology systems, including its web site, and updates to the Business License web pages could easily be built into the new web site.

BACKGROUND

One of the members of the Monterey County Civil Grand Jury (MCCGJ) was considering doing business in Salinas and accessed the City's web site to review the process of applying for a business license. It was found that there are only two ways to apply for a business license as a new business: by mail or in-person. If an applicant wants to mail a completed form to the City, he must telephone the Finance Department to determine the license fee for his specific business. Finally, it was discovered that there is no database on the site that contains the identification of business licensees.

INVESTIGATIVE METHODOLOGY

Members of the MCCGJ accessed the City's web site through computers with Internet access. The "Business" page and the "Business Licenses" sub-page instructions concerning applying for a business license were found and reviewed, as well as the blank PDF business license form (Attachment 1). We also accessed the link to the Salinas Municipal Code, Chapter 19, concerning the subject of business licenses.

Members of the MCCGJ met at Salinas City Hall on two separate occasions and interviewed a number of City employees. The questions focused on the business license content of the City's current web site, the past collection of license fees, and whether there were any planned changes to the site.

FACTS

After reaching the Home page of the City's web site, the "Business" portal of the site is easily accessed by a tab at the top of the Home page. Once on the business page, there is another tab on the left side entitled "Business Licenses." The content of that page begins with the statement, "Any business (unless excluded under Salinas Municipal Code-Chapter 19) operating in the City

limits of Salinas are required to have a business license, including businesses which operate from the home. The business license tax is one of the primary sources of revenue for the City: '*...It shall be unlawful to conduct business in the City of Salinas without first procuring a license.*'" The page continues to state in the second section that a license application form must contain an original signature and may be mailed to the address given for the Finance Department or filed in person. The paragraph concludes with a PDF link to a blank Business License Application form (Attachment 1). This form is easy to understand but must be first downloaded and filled in using Adobe Pro or printed and then completed by hand.

Concerning the fee to be paid with the form, at the bottom of the form there is a box with the heading: "The business license and processing fee are to be submitted with this application." The first fee line in the box is entitled "License Fee" and it is a blank with a line to fill in the amount. Below that there are two fixed fees: one is a "processing fee" in the sum of $39, and the other is a "State ADA" fee in the sum of $1. Below these fees is a blank for a total of "License fee due."

The Business Licenses web page in the next section of the Business Licenses page states that the business license ordinance is in Chapter 19 of the Salinas Municipal Code. There is a link to the "Salinas Municipal Code." When this link is accessed, it goes to the entire Salinas Municipal Code, not just Chapter 19. There is a "Search" box at the top left of the Municipal Code start page. When the term "chapter 19" is entered for a search, the beginning of that chapter of the Code appears on the page with a table of contents just above. To find the license fee for a particular type of business, it is necessary to either scroll down for a number of pages or use the index above Chapter 19 to locate the sections on license fees contained in "Article II License Tax Rates." In Chapter 19-23 to 19-35, the various types of businesses are defined and their license fees are stated. However, there is no way of knowing whether or not the license fees stated in these sections of the Municipal Code are current or have been amended over time. The correct amount can only be determined by telephoning the City's Finance Office at the telephone number listed on the Business Licenses start page.

The web site does not have a business license application form that can be completed on-line nor is there a method to pay the fee other than by a check, either hand-delivered or mailed to the City.

The business license tax revenue for the City in fiscal year 2014-2015 is estimated as 4% of the General Fund or $4.7 million. In the past, the City has hired an outside collection firm to audit and collect delinquent license fees from unregistered and existing licensees. These collection efforts revealed a serious problem in that the City has failed to collect hundreds of thousands of dollars in unpaid license fees.

Currently, the City is in the process of completely redesigning its web site and has the opportunity to streamline the application process for new business licenses at a relatively low cost.

FINDINGS

F1. The business portal of the City's web site does not permit a new business license applicant to apply for a business license on-line by using a fillable PDF form.

F2. The City of Salinas has hired outside contractors to collect delinquent business license fees.

F3. The business portal of the City's web site does not contain a secure page for the payment of all license fees (initial and subsequent) by debit/credit card.

F4. The City's web site is incomplete in that it lacks a link to the definitions of all business types and a schedule of the current license fees for each type of business.

F5. The City is losing revenue and failing to protect the public because its web site does not list the current business licensees and the dates each license expires.

RECOMMENDATIONS

R1. Add to the Business Portal of the City's web site the current business license application as a type-in fillable PDF form that can be sent to the City's Finance Department via the City's web site without an actual signature but with a checked verification of the information under penalty of perjury.

R2. The City of Salinas hire or assign an employee to track and collect delinquent business license fees.

R3. Add a secure credit/debit card page so that license fees, new as well as renewal, may be paid on-line.

R4. Create a link to a page on the City's web site that explains clearly to the public how to calculate the business license fees for all categories of businesses and include step-by-step examples of how to calculate the fees for the most common businesses.

R5. Create and maintain on a periodic basis (at least annually), a data base on the web site that includes the names, addresses and telephone numbers of all of the City's business licensees and when each license expires.

RESPONSES REQUIRED

Pursuant to Penal Code Section 933.05, the MCCGJ requests Responses to all Findings and Recommendations as follows:

- Salinas City Council

Attachment 1. Business License Form.

CITY OF SALINAS
Finance Department
200 Lincoln Avenue, Salinas CA 93901-2639
(831) 758-7211 8:00 am.– 5:30 pm. M-Thr
www.ci.salinas.ca.us

Business License Number

_____

Business License Application

NOTICE: Issuance of a business license does not allow you to engage in business where your operation would be in violation of other city ordinances. Chapter 19-3 of the Salinas City Code provides that licenses are subject to all city regulations, including those pertaining to health and safety, use of property and zoning. You are urged to check with the appropriate city departments for further information about these regulations prior to paying your licenses.

Print or type all applicable information

☐ Corporation Corporate Name: _____

☐ Sole Proprietorship ☐ Husband & Wife Sole Proprietorship ☐ Partnership ☐ Non-Profit Org. (Exempt) ☐ LLC

Business Name (doing business as) _____

Business Description (detailed summary) _____

Business Address (address, city, state, zip code) ☐ Home based business? - Home Occupation Permit required

_____

Mailing Address if different from above (address, city, state, zip code)

_____

Estimated Gross Receipts (12 months) _____ Sales Tax No. _____
(Section 19-23 Sales Tax No. is required)

Opening Date _____ Business Phone _____ Fax No. _____

No. of employees _____ (SSN, FEIN) _____ State Contractors No. _____

E-Mail Address: _____

Owner or Officer Name(s)/Title:

_____
Name Address (City, State, Zip code) Phone

_____
Name Address (City, State, Zip code) Phone

_____
Applicant Signature Print (Signature Name) Date

The business license and processing fee are to be submitted with this application.

For Internal use only:

License fee: _____ Ord. Section. _____ License expiration date _____

Processing fee: 39.00 Bus. Type _____

ADA State fee: 1.00

License Fee due: _____ Date fee paid _____ Processed by _____

_____

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