

**CITY ATTORNEY’S IMPARTIAL ANALYSIS
CITY OF MONTEREY PARK
MEASURE XX
BUSINESS LICENSE TAX**

Measure XX would adopt an ordinance amending the Monterey Park Business License Tax (“BLT”). If approved, Measure XX would change the BLT by (1) charging businesses earning \$500,000 or less an annual tax of \$75; and (2) imposing an annual tax of \$75 plus \$0.75 per \$1,000 of gross receipts on businesses with earnings exceeding \$500,000.

The BLT is a tax levied on all persons engaged in or carrying on any profession, trade, calling, occupation, or business in the City of Monterey Park (there are exemptions for certain businesses such as nonprofits). It is distinct from other kinds of taxes such as property, sales, use, or income taxes. Monterey Park’s BLT is not a new tax: it was originally adopted in 1957. It has not, however, been amended since 1995.

Measure XX proposes to change how taxes are calculated for certain categories of businesses (professional, retail, wholesale, manufacturer, service, contractors, and unclassified businesses). Additionally, Measure XX would distinguish between a “small” business and a “large” business.

Currently, the BLT does not make this distinction: a small business must pay the same BLT as a larger one. Except for contractors, the amount of the BLT is generally dependent upon the number of persons employed by a business. The more employees, the greater the BLT amount. For contractors, the amount of BLT is dependent upon gross receipts.

Measure XX would change the BLT so that small businesses (those earning \$500,000 or less in gross receipts) would pay an annual BLT of \$75. Large businesses would pay the \$75 annual BLT plus \$0.75 per \$1,000 of gross receipts over \$500,000 (the Measure refers to this calculation as “0.00075 per \$1,000 of gross receipts”). Thus, for example, a business earning \$1,000,000 in gross receipts would pay an annual BLT of \$450. Public records show that adopting the Measure would result in most businesses paying a lower BLT in Monterey Park. Businesses earning more than \$500,000 would pay more BLT.

The BLT currently generates approximately \$800,000 in tax revenue. If adopted, Measure XX would generate an estimated \$1.2M. The City may legally use such revenue for any general governmental purpose.

To be adopted, Measure XX must be approved by a simple majority of the voters in the City of Monterey Park.

A “YES” vote approves the BLT amendment.

A “NO” vote opposes the BLT amendment.

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