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CITY OF LOS ANGELES  
CALIFORNIA



ERIC GARCETTI  
MAYOR

February 8, 2018

The Honorable Members of the Los Angeles City Council  
City Clerk  
City Hall, Room 395

**COUNCIL FILE NO 17-0675: RESPONSE TO REQUEST FOR ADDITIONAL INFORMATION BY  
BUDGET AND FINANCE COMMITTEE RELATED TO PROPOSED EXTENSION OF ANNUAL  
BUSINESS TAX FILING DATE**

Dear Honorable Members:

On February 5, 2018, as part of its review of the renewal deadline for City of Los Angeles business taxes, the Budget and Finance Committee instructed the Office of Finance to provide information on the number of late-filers, renewal deadlines for business tax filings in similar municipalities and the proposed outreach plan for notifying taxpayers of any change in renewal deadline date.

**Business Tax Filings by Date**

The following tables depict the number of business tax renewals received by date range for the past two business tax filing seasons.

Those that file prior to March 1 are considered timely and will receive any applicable tax exemptions and credits and also have no associated penalties or interest due if any required payment is made at that time.

Those that file between March 1 and April 25 represent the number of businesses that are late in filing but responded prior to the Notice of Hearing mailing which is a second mailing of renewals to those registered businesses that have yet to file their annual renewal.

Filings between April 26 and May 15 represent businesses that filed their renewal late but in response to the Notice of Hearing mailing.

Filings after May 15 represent businesses that filed their renewal late either as a result of subsequent estimated assessments or as a non-registered business that was subsequently discovered by Finance enforcement activity.

**Tax Period 2016**

Date Range	Number of Renewals
Timely (before March 1)	291,312
Between March 1 and April 25	25,300
Between April 26 and May 15 (Notice of Hearing)	26,154
After May 15 to Date	39,175

**Tax Period 2017**

Date Range	Number of Renewals
Timely (before March 1)	301,024
Between March 1 and April 25	25,966
Between April 26 and May 15 (Notice of Hearing)	29,146
After May 15 to Date	24,279

**Business Tax Renewal Deadlines for Large California and US Cities by Population**

**Top 10 Cities in California**

Rank	City Name	2018 Population	Type of Tax	Renewal Deadline
1	Los Angeles	4,030,668	Business tax on <b>gross receipts</b>	28-Feb
2	San Diego	1,438,060	Business tax is based on the number of employees. 1) \$34.00 for a business with twelve (12) employees or fewer. 2) \$125.00 plus \$5.00 per employee for a business with thirteen (13) employees or more.	*Date of Business Start
3	San Jose	1,030,796	Business tax is based on the number of employees / Base \$195	*Date of Business Start
4	San Francisco	888,653	Business tax on <b>gross receipts</b>	28-Feb
5	Fresno	529,153	flat rate or based on <b>gross receipts</b> depending on the tax code classification	31-Jul
6	Sacramento	507,298	Business tax depends on business type, it could be based on <b>gross receipts</b> , gross payroll, number of employees, number of units or rooms, etc.	Annually renewal. Renewals are mailed in February, May, August, and November for the different renewal periods.

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7	Long Beach	467,512	Business tax depends on type of business; It could be based on number of employees, number of square feet of pre-packaged food products displayed, number of seats for food service, number of vehicles, etc.	*Date of Business Start
8	Oakland	424,275	Flat/Percentage of Sales - less than 1%	1-Mar
9	Bakersfield	384,188	Business tax on <b>gross receipts</b>	31-Jul
10	Anaheim	354,553	Business tax depends on type of business; It could be based on <b>gross receipts</b> , number of employees, total gross square footage, number of units, etc.	*Date of Business Start

Note: \*Date of Business Start – Whenever a taxpayer opens a business the renewal is due 12 months from that date.

**Top 10 US Cities outside of California**

Rank	City Name	State	2018 Population	Type of Tax	Renewal Deadline
1	New York	New York	8,580,015	Income Tax of Net Gross Receipts	Individual filers need to file by April 15th. Corporate and other business entities are due by March 15th - similar to IRS rules.
2	Chicago	Illinois	2,687,682	Business tax on <b>gross receipts</b>	15-Aug
3	Houston	Texas	2,340,814	Franchise Tax, Hotel Occupancy Tax, Sales and Use Tax	15-May
4	Phoenix	Arizona	1,679,243	Business tax on <b>gross receipts</b>	GR \$0-\$5,000 Due Date 01/20; GR \$5,001-\$49,999 Due Date 20th of the month following the reporting quarter; GR more than \$50,000 due date 20th of the month following the end of the month
5	Philadelphia	Pennsylvania	1,573,688	Business tax on <b>gross receipts</b>	15-Apr
6	San Antonio	Texas	1,541,456	Income Tax	1-Jun
7	Dallas	Texas	1,359,133	Tangible personal property	31-Mar
8	Austin	Texas	983,366	Franchise Tax, Hotel Occupancy Tax, Sales and Use Tax	quarterly
9	Jacksonville	Florida	907,529	Business tax on <b>gross receipts</b>	15-Feb

10	Fort Worth	Texas	893,997	No business tax; General fund resources are mostly from property tax, Sales Taxes, and other revenues.	N/A
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**Outreach Plan for Notification of Renewal Deadline Extension**

With sufficient lead time the notification to taxpayers of an extension to the annual business tax renewal deadline can be accomplished utilizing the existing renewal notification processes in place. Each year the Office of Finance will mail a renewal form or notification postcard to all taxpayers in late-December. These mailers would include the information about the extended renewal deadline date. Additional communication can also be conducted through the Office of Finance and L.A. Business Portal websites as well as part of the ongoing outreach by Office of Finance staff as part of their presentations to city business and CPA organizations throughout the year.

If you have any additional questions regarding the annual business tax filing process, please contact Carl Sampson, Assistant Director of Finance at (213) 978-1531 or [carl.sampson@lacity.org](mailto:carl.sampson@lacity.org).

Sincerely,



Claire Bartels  
Director of Finance / City Treasurer