

# Agenda Report

**TO:** CITY COUNCIL                      **DATE:** NOVEMBER 21, 2005

**FROM:** CITY MANAGER

**RE:** AUTHORITY OF BUSINESS TAX INSPECTORS TO ISSUE CITATIONS TO BUSINESSES THAT ARE NOT IN COMPLIANCE WITH TO THE BUSINESS LICENSE CODE SUBJECT TO THE ADMINISTRATIVE PENALTY PROVISIONS OF THE PASADENA MUNICIPAL CODE.

## **RECOMMENDATION:**

Direct the City Attorney's Office to prepare an amendment to Pasadena Municipal Code, Section 5.04 providing that, in addition to other penalty provisions, certain violations of the Business License and Regulations Code would be subject to the administrative penalty provisions and enforcement mechanisms of the Pasadena Municipal Code and return to City Council within 60 days.

## **BACKGROUND:**

Currently, there is no provision in the Municipal Code that allows business tax inspectors to issue citations onsite once a business is identified as non compliant with the City's business license requirements. This applies to businesses that fail to obtain a business license prior to engaging in business activities in the City as well as to businesses that fail to renew their annual licenses. Once determined that a business is out of compliance with the City's business license code, the business tax inspector currently prepares a field investigation report. The business owner is required to sign the report which is then used by the inspector in the office to compute the business license fees due to the City along with \$71.00 non-compliance inspection fee. A letter is then generated by the

inspector indicating the total fees due and instructing the business to comply with the City's requirements within 10 days. If compliance is not obtained on the 20<sup>th</sup> day from the date of the notice, a final demand letter is mailed to the business owner. If the business continues its noncompliance status, the account is then referred to the City's collections section. The current process is encumbersome and does not provide the City's business tax inspectors the tools to efficiently enforce the City's licensing requirements.

Administrative penalties imposed through written citations would substantially reduce the time and legal cost that occur in misdemeanor cases. The authority to impose administrative fines will give the business license inspectors a higher level of authority to enforce compliance without pursuing further legal remedies against the business license violators.

In accordance with Government Code Section 530694, staff is proposing to issue a fine of \$100 for the first occurrence to businesses that are non compliant to the City's business license requirements followed by a second citation within 30 days with a fine of \$200 if the business remains non compliant, and a third and final citation of \$500 if the business continues to remain non compliant. After 90 days from the date of the first citation, the account will be referred to the City's collections section for further action. If conditions remain unchanged after 60 days in collections, the account will be referred to the City Prosecutor's office for legal remedies.

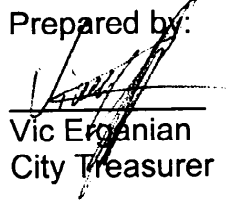
**FISCAL IMPACT:**

The recommended amendment will improve the enforcement of the City's business license code and will generate additional citation and business license tax revenues to the General Fund.

Respectfully submitted,

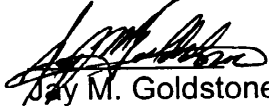
  
Cynthia J. Kurtz  
City Manager

Prepared by:



Vic Erganian  
City Treasurer

Approved by:



Jay M. Goldstone  
Director of Finance