



## City of Santa Rosa Business Tax Certification Frequently Asked Questions (FAQ's)

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### What is the HdL Business Tax Support Center?

The City of Santa Rosa has recently changed vendors and have entered into a partnership with HdL to better assist the business community with all your business tax needs. The HdL Business Tax Support Center will provide the business community with all aspects of business tax services including the processing of new applications, renewals, payments, timely tax certificate issuance, and prompt customer service support.

The City of Santa Rosa is working closely with HdL to ensure a seamless transition with little to no impact on our business community. During the upcoming renewal period, you have the option of using their online renewal system that's currently being used by 193 municipalities in California. You may also call the Business Tax Support Center to complete any process by phone.

For assistance with applying, renewing, or paying for your Santa Rosa Business Tax Certificate, you may contact the HdL Support Center by email at [Support@HdLgov.com](mailto:Support@HdLgov.com) or by phone at (707) 606-0046 Monday through Friday 8am – 5pm PST

### What is a business tax?

A business tax is an annual tax for doing business within the incorporated area of the City of Santa Rosa.

The City's Municipal code requires that you obtain a Business Tax Certificate when you conduct business activity within the City of Santa Rosa, even if your business is located OUTSIDE the city limits or you have a Business Tax Certificate or license from another city.

### Who is required to have a City of Santa Rosa Business Tax Certificate?

Any person whose business is in Santa Rosa or conducts business in Santa Rosa must obtain a Business Tax Certificate by the last day of the month in the month for which the business commences. Conducting business in Santa Rosa without a Business Tax Certificate can result in penalties, violation notices, citations and court action.

## Where do the tax funds go?

Business taxes help pay for City services such as fire, public works, police, senior and children's programs as well as other community services. These services benefit businesses, business owners, property owners and the public.

## How is business tax calculated?

*Existing Businesses* - The tax is based on your actual gross receipts from the prior calendar year. The minimum tax payable is \$25.00 per certificate year with a maximum tax of \$3,000.00 per certificate year.

*New Businesses* - New businesses are required to estimate the gross receipts they will generate in the first year of operation. The minimum tax payable is \$25.00 per certificate year with a maximum tax of \$3,000.00 per certificate year. In your second year of operation, a true up will be conducted on your estimates and subsequent filings will use the prior years actuals as indicated for existing businesses above.

## What are gross receipts?

"Gross receipts" includes the total of amounts actually received or receivable from sales and the total amounts actually received or receivable for the performance of any act or service, of whatever nature it may be, for which charge is made or credit allowed, whether or not such act or service is done as a part of or in connection with the sale of materials, goods, wares or merchandise. Included in "gross receipts" shall be all receipts, cash, credits, and property of any kind or nature, without any deduction there from on account of the cost of the property sold, the cost of materials used, labor or service costs, interest paid or payable, or losses or other expenses whatsoever.

## When will my Business Tax Certificate expire?

Annual business tax certificates are valid until December 31st of each year.

## When is the Business Tax Certificate due?

All annual taxes shall be due and payable in advance, on the first day of January, and shall be considered delinquent if unpaid after the last day of February.

## Do I need zoning clearance?

A Zoning Clearance should be obtained by all new businesses located within the City of Santa Rosa, as well as businesses relocating within the city limits. For additional information about Zoning Clearances, and/or requirements, including applicable fees please contact our Planning and Economic Development Department.

The Planning and Economic Development Office is open Monday through Friday, please go to [www.srcity.org/ped](http://www.srcity.org/ped) or call 707-543-3200 for counter hours. Planning and Economic Development Phone: (707) 543-3223.

## Do I need a business tax certificate if I work out of my home?

Yes. Businesses operated out of the home require a business tax certificate and must comply with the City's Zoning Ordinance. The Zoning Ordinance regulates types of home-based businesses and the way they may operate. For further information please contact our Planning and Economic Development department.

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## I do minor consulting on a part-time basis. Do I have to obtain a Business Tax Certificate?

Yes, businesses both large and small are required to obtain a Business Tax Certificate to be in compliance with the City Code. If the consulting work is performed as an independent contractor and attributable to a location within the City limits, such as your residence, a tax liability exists.

## I am an UBER and/or LYFT driver. Do I need a Business Tax Certificate?

Yes, you are required to have a Business Tax Certificate to be in compliance with the City Code. If the work is performed as an independent contractor and attributable to a location within the City limits, a tax liability exists.

## I have a vacation rental, what do I do?

You are considered to be in the business of renting residential property if you are renting for consideration more than three dwelling units, be they single-family dwellings or units in multifamily residences, within the City limits of the City and therefore subject to the City's Business Tax Ordinance. Note: You do not have to pay Business Tax if you are renting 3 or less dwelling units. Since you are renting to transients/guests, you are considered to be an "operator" under Santa Rosa City Code Chapter 3-28 and you are supposed to collect and remit the City's 9% Transient Occupancy Tax (TOT) and the 3% Tourism Business Improvement Area (BIA) Assessment. For more information on TOT and City Tourism BIA, please go to <http://www.srcity.org/tot>.

## What is the City's Franchise Tax Board (FTB) business tax enforcement program?

As a result of state legislation, the California State Franchise Tax Board (FTB) is authorized to disclose certain records related to business activities of residents, corporations, and other entities within the City.

## Why did I receive an FTB notification?

Our records from the Franchise Tax Board show that you, or a spouse, or the named entity is reporting some type of business activity to the Franchise Tax Board using a City of Santa Rosa address. This indicates you may be operating a business in the City that has not yet obtained a Business Tax Certificate.

## How long do I have to respond to the FTB notification?

We are requesting a response no later than 15 days from the date of the notification. Please be aware that if you have a City of Santa Rosa business tax liability and do not respond, interest and penalties on the tax liability will continue to accrue. To file in a timely manner and avoid interest and penalties, the City of Santa Rosa Business Tax should have been paid prior to doing business within the City.

## I am not doing "business". What does the City of Santa Rosa consider to be a business, and why do they think I am operating one?

Most activities conducted within the City on a continuing and regular basis are considered engaging in business and subject to business tax. Specifically, City Code 6-04.010 defines business as:

As used in this chapter, "Business" includes professions, trades, and occupations and all and every kind of calling carried on with or without the intent of making a profit.

State Law (Business and Professions §16300) allows cities to use the manner which a taxpayer reported income to the IRS and Franchise Tax Board to determine whether the taxpayer performed services for an employer as an employee or operated a business entity. A person who is an employee, and whose compensation is reported on a Federal W-2 is not a business and is not subject to the business tax.

## All I have is rental property in Santa Rosa. Do I still need a Business Tax Certificate?

Owners of any commercial rental property or residential rental property renting more than three units are required to pay a business tax based upon gross receipts (rents) resulting from rental activities within city limits of Santa Rosa.

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

If you own more than one business, a separate Business Tax Certificate is required for each type of business and for each location in Santa Rosa.

## I live in Santa Rosa, but my business is located outside the city limits.

### What are my liabilities for the City of Santa Rosa?

As long as you do not have a physical location inside the city limits of Santa Rosa, there is no need to obtain a City of Santa Rosa Business Tax Certificate. However, if you conduct any function of your business inside the city limits then a Business Tax Certificate would be required. Please note: the receipt of business mail at a PO Box in Santa Rosa, is considered doing business in the City.

I have a physical location inside the city limits of Santa Rosa; however, that location does not generate any gross receipts. Do I still need to obtain and pay for Business Tax Certificate?

Yes, if this business location is inside the city limits of Santa Rosa and is primarily for clerical purposes and support and the actual business location is elsewhere, you will need to obtain a Business Tax Certificate. However, you would obtain this certificate under the Corporate Headquarters category.

My physical location is inside the City of Santa Rosa and is used for clerical/support services and does not generate any gross receipts. On what do I base my Business Tax Certificate amount due?

According to Chapter 6.04 Section .220 (G) of the Business Tax Code for the City of Santa Rosa, in lieu of gross receipts, corporate and administrative headquarters shall use the cost of operations to determine the amount of tax due. Specifically, the following expenses incurred in the maintenance of such operation at that location; total gross payroll, utilities and rent. Expenses shall not include payroll taxes, employer contributions for employee benefits or depreciation.

My business entity (Corporation, LLC, Partnership, etc.) is entirely passive and/or dormant and it is just paying a minimum fee to the Secretary of State. Is my business required to get a City Business Tax Certificate?

Yes, if your business is registered as active with the Secretary of State and reporting on a business return with the FTB and IRS, it will need to obtain a Business Tax Certificate. By maintaining a business entity within the City, whether transacting public business or not, it is considered operating a business under the City Code.

I just purchased a business. Can I use the Business Tax Certificate of the previous owner?

No, a Business Tax Certificate cannot be transferred or re-assigned. As the new owner, you will need to apply for a new Business Tax Certificate in your name.

## What if I close or sell my business?

Business Tax Certificates are not automatically closed. You can close your business tax certificate online or contact [support@hdlcompanies.com](mailto:support@hdlcompanies.com) for further assistance. Please be prepared to provide additional information such as the closing date and gross receipts up to the date of closure and name of new owner if applicable.

## What if I receive a Business tax notification and I no longer have a business?

Please note that there is a business tax liability for each of the prior three calendar years of operation within the City, but none for calendar years when the business was not operated. If you previously conducted business in the City of Santa Rosa and never registered for the Business Tax Certificate, please provide gross receipts for the applicable years of business, closed business date and the information asked for on the application.

## What happens if I pay late?

There is a penalty of 15% of the tax amount due and interest of .84% (.0084) for each month that you are late.

## What if I do not respond to the business tax notices?

If you do not respond, you may be in violation of the Santa Rosa City Code. As a result, collection action may be initiated against you. If you have a City of Santa Rosa business tax liability and you do not respond, interest and penalties on the tax liability will continue to accrue. The amount of any tax and penalty imposed shall be deemed a debt owed to the City.

I do not believe I conduct business in the City of Santa Rosa. I want to be taken off your list so that I will not receive further notices regarding obtaining a Business Tax Certificate. What do I need to do?

Please contact the HdL Business Tax Support Center at (707) 606-0046 or [support@hdlgov.com](mailto:support@hdlgov.com).

## Do state-licensed contractors also need a City of Santa Rosa Business Tax Certificate?

Any person licensed as a contractor by the State Contractor's Board must obtain a Business Tax Certificate if they are, (1) conducting business in the City; or (2) based in the City, whether conducting business in or outside of the City.

## What if I want to relocate my business?

You must notify the HdL Business Tax Support Center whenever you change your address, phone number, business activity or ownership information. Please contact us by email at [Support@HdLgov.com](mailto:Support@HdLgov.com) or by phone at (707) 606-0046.

Always check with the City's Planning and Economic Development Department to verify that the new location is zoned properly for the intended use and whether a "Use Permit" or another type of approval is required.

Planning and Economic Development Office is open Monday through Friday, please go to [www.srcity.org/ped](http://www.srcity.org/ped) or call 707-543-3200 for counter hours. Planning and Economic Development Phone: (707) 543-3223.

## Do I need a California Seller's Permit?

Every business intending to sell tangible goods, wholesale or retail, commercial or home-based, sales or repairs – requires a California Seller's Permit. For more information please visit the website of the California Department of Tax and Fee Administration at <https://www.cdtfa.ca.gov/>

## I am paid on a "1099" basis with my employer (not as an employee); do I need a Business Tax Certificate?

Yes, if you are not an employee, you are considered an independent contractor. Providing services to, or on behalf of a business may constitute an employee/employer relationship or an independent contractor relationship, depending on the nature of work and the degree of control involved.

## Where do I go for a Massage Therapist Permit?

Starting August 1, 2009 Applications for CAMTC (California Massage Therapy Council) certificates became available. The Santa Rosa Police Department will no longer issue massage therapist, massage business or massage therapist/business permits. However, all Massage business/therapists still need to obtain a Business Tax Certificate and zoning clearance when applicable.

For guidelines, requirements and information to the statewide certification, contact the California Massage Therapy Council at (916)669-5336 or [www.camtc.org/](http://www.camtc.org/). All permits issued by the Santa Rosa Police Department (SRPD) prior to July 31, 2009 are valid until the expiration date noted on their permit.

## I operate a Child Care service; do I have to pay the City of Santa Rosa business tax?

Possibly, any person conducting a business as a child day care provider for more than 8 children is required to obtain a City of Santa Rosa Business Tax Certificate.

## I operate a Residential Care facility/center; do I have to pay the City of Santa Rosa business tax?

Possibly, a residential care facility which serves 7 or more is subject to the Santa Rosa Business Tax.

## My business is involved in the cannabis industry, is there anything else I need to do in addition to getting a Business Tax Certificate?

If you are a “cannabis business” as defined in SRCC 6-10.040(C) or a business that involves “cannabis” as defined in SRCC 6-10-040(B) you must register for the Cannabis Industry Tax. Please visit [www.srcity.org/cannabis](http://www.srcity.org/cannabis) for important information about the City’s Cannabis Program that includes all permit requirements.

## My business is involved in cannabis cultivation and/or manufacturing. Do I still have to pay business tax?

No. As of July 2017, businesses doing cannabis cultivation and manufacturers of cannabis or cannabis products are subject to the Cannabis Industry Tax and the corresponding gross receipts are exempt from payment of the annual City Business Tax. Please contact the HdL Business Tax Support Center by email at [Support@HdLgov.com](mailto:Support@HdLgov.com) or by phone at (707) 606-0046 (Monday through Friday 8am – 5pm PST).

If you are also in the business of cultivation and/or manufacturing of non-cannabis items, you are still subject to the annual Business Tax for your non-cannabis gross receipts. This means you need to register for the Cannabis Industry Tax, including compliance with all required permits, and are still required to renew your Business Tax Certificate annually.

## Do I need to register for the Cannabis Industry Tax if my business is involved with cannabis distribution or dispensary?

Yes. As of July 2017, cannabis distributors and dispensaries of cannabis or cannabis products are subject to the registration requirement of the Cannabis Industry Tax but are not required to pay the Cannabis Industry Tax until June 2019. For the period of July 2017 to June 2019, your corresponding gross receipts are subject to the payment of the annual City Business Tax. If you are a current holder of a 2017 Business Tax Certificate, you need to register for the Cannabis Industry Tax including compliance with all required permits, and you are still required to renew your Business Tax Certificate annually based on the combined cannabis and non-cannabis gross receipts.



## What is the CA Senate fee I see on your forms and do I have to pay it?

On September 19, 2012, Governor Brown signed Senate Bill 1186 (SB 1186) into law. SB 1186 is intended to increase disability access, encourage compliance with construction-related accessibility requirements, develop education resources for businesses, and facilitate compliance with Federal and State disability laws. From January 1, 2013, and until December 31, 2017, cities and counties were required to collect a State mandated fee of \$1.00 from “any applicant for a local business license or equivalent instrument or permit, and from any applicant for the renewal of a business license or equivalent instrument or permit.” Assembly Bill 1379 was passed on October 11, 2017 which extends the assessment of the fee indefinitely and the State mandated fee from \$1.00 to \$4.00 from January 1, 2018 until December 31, 2023.

The City is required by law to inform you of the following: Under Federal and State law, compliance with disability access laws is a serious and significant responsibility that applies to all California building owners and tenants with buildings open to the public. You may obtain information about your legal obligations and how to comply with disability access laws at the following agencies:

The Division of the State Architect at: <http://www.dgs.ca.gov/dsa/Home.aspx>

The Department of Rehabilitation at: <http://www.rehab.cahwnet.gov/>

The California Commission on Disability Access at: <http://www.cdda.ca.gov>

## How do I apply for a Business Tax Certificate?

You may apply online, by mail or phone. If you need assistance, please contact:

City of Santa Rosa Business Tax Support Center  
8839 N Cedar Ave #212 Fresno, CA 93720

By email at [Support@HdLgov.com](mailto:Support@HdLgov.com) or by phone at (707) 606-0046  
(Monday through Friday 8am – 5pm PST)