



HEATHER S. BAKER  
City Attorney

OFFICE OF THE CITY ATTORNEY  
CITY OF CULVER CITY

9770 CULVER BOULEVARD, CULVER CITY, CALIFORNIA 90232-0507

RECEIVED  
(310) 253-5660  
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FAX (310) 258-5664  
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**TO: Jeremy Green, City Clerk/Elections Official for the City of Culver City**

Pursuant to the California Elections Code and as directed by the City Council of the City of Culver City, I am providing you with an Impartial Analysis of Proposed Measure \_\_\_\_\_, updating the City's business license tax ordinance, including tax rates and classifications, which the City Council placed on the ballot of the November 8, 2022, General Municipal Election.

**CITY ATTORNEY'S IMPARTIAL ANALYSIS**  
**OF MEASURE \_\_\_\_\_**

The City Council of the City of Culver City (City) placed Measure \_\_\_\_\_ on the ballot, which would adopt an ordinance updating the City's business license tax rates and business classifications set forth in Culver City Municipal Code Chapter 11.01 (Ordinance). The current Ordinance imposes taxes ranging from \$1.00 to \$3.00 for each \$1,000.00 of gross receipts or fraction thereof, on certain categories of businesses. The current Ordinance also imposes a flat rate tax on over 60 categories of businesses, with all except one category taxed at a flat yearly rate of up to \$720.00, and a single category taxed at \$1,500.00 annually.

Measure \_\_\_\_\_ updates the tax rates and establishes seven levels of a gross receipts tax, ranging from \$1.30 to \$3.50 for each \$1,000.00 or fraction thereof of gross receipts. The tax rate on oil well operations is changed from \$18.00 to \$40.00 per \$1,000.00 of gross receipts. An additional tax of \$0.10 for each \$1,000.00 will be assessed when reported gross receipts of a business are more than \$100,000.00 annually.

The first \$200,000.00 in annual gross receipts will be exempted from the tax for businesses whose tax rate is based on gross receipts. The effect of the updates to the gross receipts tax rates and the addition of the exemption of the first \$200,000.00 is that some businesses will see an increase in their annual businesses taxes due, and some businesses may see a reduction in their annual business taxes due, because of the exemption. Businesses with annual gross receipts of \$200,000.00 or less that are in a classification subject to a gross receipts tax will not owe a business tax, but will still be required to pay any other applicable annual fees set forth in the Ordinance.

Additionally, depending on classification, the Measure increases flat tax rates up to a maximum of \$1,000.00 annually. The sole current flat tax rate category of \$1,500.00 annually remains the same.

Measure \_\_\_\_ also updates and clarifies definitions and revises terminology of certain business classifications, and removes obsolete language. Several new categories of business classifications have been added, resulting in some businesses falling under a different classification from their existing classification. The Measure also updates the Ordinance to clarify requirements to operate a business and the effect of changes to business address or ownership, modify the process for audits, adjustments, and appeals, and make the determination of business classifications a ministerial task.

This tax is a "general tax," and may be used for any valid municipal purpose. General tax revenues are deposited into the City's General Fund and do not go to the County or State. Like other City revenues, the tax is subject to annual independent audits.

To be adopted, State law requires this Measure be approved by a majority of voters. A "Yes" vote on Measure \_\_\_\_ would adopt the Ordinance. A "No" vote would not adopt the Ordinance. If adopted, the new business license tax structure will remain in place until ended by the voters.

Dated: August 16, 2022



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Heather Baker  
City Attorney  
City of Culver City