EXHIBIT A – To Resolution No. 2026-049

ORDINANCE NO. 2026-011

AN ORDINANCE OF THE CITY OF CHINO, CALIFORNIA, SUBMITTED TO THE VOTERS BY THE CITY COUNCIL PURSUANT TO ELECTIONS CODE SECTION 9222, ADDING CHAPTER 5.03 TO THE CHINO MUNICIPAL CODE RELATING TO MODERNIZING CITY'S BUSINESS LICENSE TAX, AND PROVIDING THAT THE ORDINANCE SHALL TAKE EFFECT ONLY IF APPROVED BY A MAJORITY OF THE VOTERS VOTING ON THE MEASURE AT THE MUNICIPAL ELECTION HELD ON NOVEMBER 3, 2026

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WHEREAS, the City of Chino is authorized under California Constitution article XI, section 7 and Government Code section 37101 to license businesses for revenue and regulation and to impose a business license tax on lawful businesses transacted within the City; and

WHEREAS, Government Code section 37101 authorizes the City to fix the amount of the license tax on businesses transacted within the City and to provide for the collection of the tax by suit or otherwise; and

WHEREAS, California Constitution article XIII C requires voter approval for the imposition, extension, or increase of a local general tax; and

WHEREAS, Elections Code section 9222 authorizes the City Council, without a petition, to submit to the voters a proposition for the enactment, amendment, or repeal of an ordinance; and

WHEREAS, the City of Chino is committed to maintaining safe neighborhoods, a strong and diverse local economy, well-maintained infrastructure, and municipal services that support residents and businesses throughout the community; and

WHEREAS, Chino Municipal Code Chapter 5.04 establishes the City's existing business licensing and business license tax requirements; and

WHEREAS, substantial portions of the City's current business license tax structure were established nearly 40 years ago and no longer fully reflect the size, diversity, revenue, and operational characteristics of businesses currently operating in Chino; and

WHEREAS, Chino has experienced substantial commercial, industrial, warehouse, logistics, retail, and employment growth since the existing business license tax structure was established; and

WHEREAS, the existing tax structure may result in smaller and locally owned businesses paying a greater proportional share of the business license tax than larger businesses with substantially greater gross receipts and business activity; and

WHEREAS, the City Council desires to establish a more modern and equitable business license tax structure that more closely aligns the amount paid with the size and level of business activity conducted within the City; and

WHEREAS, the proposed ordinance would replace or revise the existing business license tax classifications and establish rates based primarily on gross receipts, together with specified minimum taxes, reduced rates, exemptions, and other provisions intended to limit the impact on qualifying small businesses; and

WHEREAS, businesses operating within Chino rely upon and benefit from municipal services and infrastructure, including police protection, 911 emergency response, crime prevention, traffic enforcement, code compliance, streets, truck routes, public rights-of-way, and clean and safe commercial and industrial areas; and

WHEREAS, the City's significant commercial, warehouse, and logistics sectors create additional demands for police patrols, traffic enforcement, investigative services, road maintenance, infrastructure improvements, and other municipal services; and

WHEREAS, commercial burglary, organized retail theft, cargo theft, and other crimes affecting businesses and supply chains require specialized law enforcement resources, proactive patrols, investigations, regional coordination, and partnerships with the business community; and

WHEREAS, maintaining safe business districts and industrial areas helps protect employees, customers, inventory, cargo, business operations, jobs, and the overall local economy; and

WHEREAS, the costs of providing police protection, emergency response, street and infrastructure maintenance, code compliance, and other essential municipal services have increased due to inflation, labor costs, equipment costs, construction costs, and increasing service demands; and

WHEREAS, aging streets, sidewalks, public facilities, truck routes, and other infrastructure require ongoing maintenance and timely repair to avoid more extensive and costly deterioration in the future; and

WHEREAS, based upon preliminary financial analysis, the proposed business license tax modernization is estimated to generate approximately $5.9 million annually, although the actual amount collected may vary based upon business activity, economic conditions, exemptions, enforcement, and other factors; and

WHEREAS, the proposed tax would apply to persons and entities conducting business within the City and would not impose a tax based solely upon residency, homeownership, tenancy, or ownership of residential property; and

WHEREAS, revenues generated by the measure would be deposited into the City's General Fund and would be available for general municipal purposes, including, but not limited to:

1. Maintaining police staffing, patrols, investigations, and emergency response;
2. Preventing and addressing commercial burglary, organized retail theft, cargo theft, and other crimes;
3. Maintaining 911 emergency response capabilities;
4. Keeping commercial districts, industrial areas, neighborhoods, parks, and public areas safe and clean;
5. Repairing and maintaining streets, truck routes, sidewalks, and other public infrastructure;
6. Supporting code compliance, traffic enforcement, and business protection programs; and

7. Maintaining other essential City services; and

WHEREAS, the proposed ordinance would require appropriate fiscal accountability protections, including independent annual financial audits, public reporting, and consideration of revenues and expenditures through the City's publicly noticed annual budget process; and

WHEREAS, all proceeds collected under the measure would be collected for the benefit of the City of Chino and administered by the City in accordance with the ordinance, the City's annual budget, and applicable law; and

WHEREAS, the proposed ordinance would establish business license tax rates based on business type and gross receipts attributable to business activity conducted in the City; and

WHEREAS, the proposed ordinance would provide a reduced tax amount for the first $75,000 or less in gross receipts, as set forth in the proposed ordinance; and

WHEREAS, the business license tax proposed by this Ordinance is a general tax within the meaning of California Constitution article XIII C because the revenues would be available for general governmental purposes and would not be legally restricted to any specific purpose; and

WHEREAS, by separate resolution, the City Council has called a municipal election and submitted this Ordinance to the voters pursuant to Elections Code section 9222; and

WHEREAS, all legal prerequisites to the submission of this Ordinance to the voters have occurred.

NOW, THEREFORE, THE PEOPLE OF THE CITY OF CHINO DO ORDAIN AS FOLLOWS:

SECTION 1. Recitals.

The foregoing recitals are true and correct and are incorporated into this Ordinance by this reference.

SECTION 2. Purpose and Intent.

The purpose and intent of this Ordinance is to add Chapter 5.03 to the Chino Municipal Code relating to the City's reformed business license tax structure, establish business license tax rates based on business type and gross receipts attributable to business activity conducted within the City, provide a reduced tax amount for the first $75,000 or less in gross receipts, and generate revenue for general City services. The addition of Chapter 5.03 will repeal the inconsistent business license tax amounts in Chapter 5.04 to the extent such provisions remain in the Municipal Code upon enactment of this Ordinance.

SECTION 3. General Tax; Deposit of Proceeds.

The business license tax imposed by this Ordinance is a general tax within the meaning of California Constitution article XIII C. All proceeds of the tax shall be deposited into the City's General Fund and may be used for any lawful municipal purpose. Nothing in this Ordinance shall be construed to restrict the use of tax proceeds to any specific purpose or to create a special tax.

SECTION 4. Amendments to the Chino Municipal Code.

Chapter 5.03 is hereby added to the Chino Municipal Code to read as set forth in Exhibit A hereto and by this reference incorporated herein.

SECTION 5. Voter Approval; Effective and Operative Dates.

This Ordinance shall take effect only if approved by a majority of the voters voting on the measure at the municipal election held on November 3, 2026.

If approved by the voters, this Ordinance shall be considered adopted on the date the City Council declares the results of the election and shall go into effect ten (10) days thereafter pursuant to Elections Code section 9217, or on such other date as provided by law.

The business license tax imposed by this Ordinance shall become operative on January 1, 2027, unless a different operative date is required by law.

If this Ordinance is not approved by a majority of the voters voting on the measure, this Ordinance shall not be adopted and shall have no force or effect.

SECTION 6. Council Authority to Implement, Administer, and Amend.

The City Council may, by ordinance or resolution, adopt rules, regulations, policies, procedures, and administrative measures necessary or desirable to implement, administer, and enforce this Ordinance, provided that no such action shall increase the rate of any tax above the maximum rate approved by the voters, expand the tax to apply to persons or activities not otherwise subject to the tax, or otherwise constitute an increase in the tax requiring voter approval under California Constitution article XIII C.

The City Council may amend this Ordinance without further voter approval to the extent permitted by law, including amendments to improve administration, clarify procedures, correct errors, conform the Ordinance to applicable law, or reduce, suspend, or repeal the tax. The City Council may not increase the tax above the maximum voter-approved rates without voter approval.

SECTION 7. Severability.

If any section, subsection, sentence, clause, phrase, provision, or part of this Ordinance, or its application to any person or circumstance, is held invalid or unconstitutional by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance or its application to other persons or circumstances.

The voters of the City of Chino declare that they would have adopted this Ordinance and each section, subsection, sentence, clause, phrase, provision, and part thereof, regardless of whether any one or more sections, subsections, sentences, clauses, phrases, provisions, or parts are declared invalid or unconstitutional.

SECTION 8. Publication and Certification.

If this Ordinance is approved by a majority of the voters voting on the measure, the City Clerk shall certify to the passage and adoption of this Ordinance upon the City Council's declaration of the election results and shall cause this Ordinance to be published or posted in the manner required by law.

SECTION 9. Execution.

This Ordinance was submitted to the voters of the City of Chino by the City Council pursuant to Elections Code section 9222 and approved by the voters at the municipal election held on November 3, 2026.

The City Council declared the results of the election by Resolution No. ______on ____________, 2026.

PASSED, APPROVED, AND ADOPTED by the voters of the City of Chino at the municipal election held on November 3, 2026.

APPROVED

Eunice M. Ulloa, Mayor

ATTEST

Natalie Gonzaga, City Clerk

EXHIBIT A

The following Chapter 5.03 is hereby added to the Chino Municipal Code to read in its entirety as set forth below:

Chapter 5.03 Business License Reform and Small Business Protection Measure

5.03.001 Title

The Title of this Chapter shall be known as the Business License Reform and Small Business Protection Measure of the City of Chino.

5.03.010 Definitions

"*Business*" means a profession, art, trade, vocation, rental, lease, enterprise, establishment, occupation, or calling, which is conducted for the purpose of earning in whole, or in part, a profit or livelihood, whether or not a profit or livelihood is actually earned, whether paid in money, goods, labor, or otherwise, and whether or not the business has a fixed place of business in the city

"*Collector" or "Tax Collector*" means the City's Finance Director or his or her designee charged with the administration of the business license code, including but not limited to any agents used by the Tax Collector.

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

(a) Where the gross receipts are less than the cost of maintaining the operations of the Licensee, then the Licensee shall be deemed to produce gross receipts in an amount at least equal to the cost of operations plus 10% of the costs of operations. The "cost of operations" means the cost of maintaining the operations of the business and includes, but is not limited to, rent, utilities, depreciation, salaries, wages, fixed charges, and other expenses.

(b) The following are excluded from "gross receipts":

  (1) Any tax required by law to be included in or added to the purchase price and collected from the consumer or purchaser.

  (2) Receipts of refundable deposits, except that such deposits when forfeited and taken as income of the Licensee are not excluded.

  (3) Amounts collected for others where the Licensee is acting as an agent or trustee to the extent that such amounts are paid to those for whom they are collected, provided the agent or trustee has furnished the Tax Collector with the names and addresses of the others and the amounts paid to them. The exclusion does not apply to any fees, percentages, or other payments retained by the agent or trustee.

  (4) Transactions between a partnership and its partners when the partnership itself has obtained a business license and paid business license tax under this Article.

"Licensee" means a person required to obtain a business license under this article.

"Person" means any individual, firm, company, corporation, limited liability company, partnership, limited partnership, limited liability partnership, association, joint venture, trust, business trust, estate, receiver, trustee, executor, administrator, assignee, syndicate, club, society, organization, or any other group or combination acting as a unit, whether organized for profit or not for profit, and includes the plural as well as the singular.

5.03.020 Obligation to Obtain a Business License and to Pay Business License Tax

(a) It is unlawful for any person, either for themselves or for any other person, to conduct in the city any business without a current and valid business license from the city and without paying the business license tax, if any, required by this article. Even if a business does not owe business license tax, it must obtain a valid business license. If a business is conducted within the city, whether authorized or not, it must pay the business license tax. As noted below, payment of that tax is not evidence of authorization to conduct the business.

(b) A business license is evidence only of the fact that the business license tax was paid based on the business activity as reported to the city.

(c) A business license is not permission to carry on a business at any place within the city where conducting such business is prohibited or fails to comply with the city's zoning, planning, building, and business regulation. The issuance of any license or the payment of a license tax under the provisions of this chapter, and its acceptance by the city, shall not entitle the licensee to conduct any business at any location in violation of any provision of this code or other ordinance of the city relative to zoning, nor to conduct any business for which a permit is required by any provisions of this code or other ordinance of the city or for which a license is required by any statute or law.

(d) Neither the payment of business license tax nor the possession of a business license authorizes the doing of any act which the person paying the business license tax or holding a business license would not otherwise be entitled to do.

(e) The Business Licenses issued under the authority of Chapter 5.03 of this Code are receipts of payment of the business taxes levied on the privilege of carrying on or engaging in a business, profession or occupation under the City's taxing power. The Business Licenses are not regulatory licenses issued under the City's police power. Provisions of a regulatory nature contained in Chapter 5.03 of this Code are placed in Chapter 5.03 as a matter of convenience only. Although a separate regulatory Business License is not issued, such provisions are imposed as conditions of an additional regulatory license imposed under the City's police power to regulate businesses, occupations, professions, trades, or callings in order to protect the public health, morals, safety and welfare.

5.03.030 Branch Establishments

A separate license must be obtained for each branch establishment or location of the business transacted and carried on and for each separate type of business at the same location.

5.03.050 Constitutional savings/ Severability clause

If any section, subsection, sentence, clause, phrase or portion of this chapter is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this chapter. The city council of this city declares that it would have adopted this chapter and each section, subsection, sentence, clause, phrase or portion thereof, irrespective of the fact that any one or more sections, subsections, clauses, phrases or portions be declared invalid or unconstitutional.

5.03.060 Classifications

The Tax Collector shall determine the license classification for each business in the City. The examples listed with each definition are for illustrative purposes. The Tax Collector has the right to make the final determination of the applicable classification for a business.

The groups are defined as follows:

Category A: “General/Retail”: These are persons or firms carrying on the business of retail sales, restaurants, wholesale trade, manufacturing, service stations, or similar general business activities.

Category A includes, but is not limited to, the following types of businesses:

Retail Store,
Restaurant,
Wholesaler,
Manufacturer,
Service Station,
Convenience Store,
Grocery Store,
Warehouses

Category B: “Professional and Advanced”: These are persons or firms carrying on businesses that provide services requiring rigorous training through higher education, vocational institutions, certification, licensing, or specialized professional skill. This category also includes advanced services, including businesses in research and development, scientific, technical, and similar fields.

Category B includes, but is not limited to, the following types of businesses:

Doctor’s Office,
Law Office,
Consulting Firm,
Accounting Firm,
Engineering Firm,

Architectural Firm,
Software Development,
Research and Development,
Scientific Services,
Technical Services,
Financial Advisory Services,
Medical Office,
Dental Office.

Category C: “Real Property and Rental Activities”: These are persons or firms carrying on the business of leasing, renting, or otherwise providing the use of real property to another person for compensation.

Category C includes, but is not limited to, the following types of businesses:

Commercial Leasing,
Residential Rental,
Parcel Leasing,
Hotelier,
Apartment Rental,
Office Space Rental.

Category D: “Services”: These are persons or firms carrying on service-based businesses that generally require minimal to no higher education, formal training, certification, or professional licensing.

Category D also serves as the default category for any business that is not specifically classified under another category in this section.

Category D includes, but is not limited to the following types of business:

Administration Office,
Advertising - Agency,
Advertising - Billboards or reader boards,
Ambulance - Emergency,
Artist & Designer,
Automotive - Carwashes & Detailing,
Beauty Parlor and Salons
Dry Cleaning
Security and Patrol
Land Developers and Brokers

Category E: “Contractors” These are persons or firms that are carrying on the business of a contractor, subcontractor, or builder, particularly the construction or repair of any buildings.

Category E includes, but is not limited to, the following types of businesses:
Contractor - Electrical,
Contractor - General,
Contractor - HVAC,
Contractor - Landscape,
Contractor - Masonry,
Contractor - Plumbing,
Contractor - Roofing,
Contractor - Signs,
Contractor - Specialized

5.03.070 Rates

(a) A licensee must pay a business license tax for each tax year based on gross receipts derived from business activity in the city.

(b) If those gross receipts are $75,000 or less, the licensee must pay a flat business license tax of $25. (c)If the gross receipts are greater than $75,000, then the gross receipts tax is calculated as follows:

(1) Take the total gross receipts and subtract $75,000.

(2) The remaining gross receipts are multiplied by the rate in the applicable category (or categories) set forth in the rate table below.

(3) Add $25 to the sum in step b to account for the first $75,000 in gross receipts.

(4) By way of illustration the formula would be:
((Gross receipts - $75,000)/1000)* the decimal rate)+$25

(5) The rates in the Rate Table are expressed as a decimal rate (i.e. $0.60) for each thousand dollars of the licensee's total gross receipts derived from business conducted in the city for the previous tax year, except when a licensee did not operate in the city for the entirety of the previous tax year, in which case the tax is measured by the licensee's gross receipts derived from business conducted in the city for the current tax year. The rate applied is the maximum rate unless lowered by appropriate Council action.

Cat. A: General/Retail	$0.60 per thousand dollars
Cat B: Professional and Advanced	$1.50 per thousand dollars
Cat. C: Real Property and Rental Activities	$1.50 per thousand dollars
Cat. D: Services	$1.00 per thousand dollars
Cat. E: Contractor	$1.00 per thousand dollars
Exempt	$0

(c) If a licensee conducts a single integrated business with two or more parts, each of which could each fall within different business categories, the city may, at its discretion, tax each part under the applicable category, provided the business's gross receipts can be reasonably allocated between the parts. If the Tax Collector determines that the gross receipts cannot be reasonably allocated between the different parts of the business, then the entire business shall be taxed at the highest rate applicable to any of the business's parts.

5.03.080 Exemptions from Tax

Any business exempt by the laws of the United States or the laws of the State of California from the tax imposed by this article is not required to pay the tax imposed by Section 5.03.060, or this Chapter in general, but is required to demonstrate the business is exempt and to obtain a license.

No business license tax measured by the licensee's income or gross receipts, shall apply to any nonprofit organization that is exempted from taxes by Chapter 4 (commencing with Section 23701) of Part 11 of Division 2 of the Revenue and Taxation Code or Subchapter F (commencing with Section 501) of Chapter 1 of Subtitle A of the Internal Revenue Code of 1986, or the successor of either, or to any minister, clergyperson, Christian Science practitioner, rabbi, or priest of any religious organization that has been granted an exemption from federal income tax by the United States Commissioner of Internal Revenue as an organization described in Section 501(c)(3) of the Internal Revenue Code or a successor to that section.

No business license tax shall be applicable or levied on any local, state or federal governmental person.

The CASp fee (Gov. Code Section 4467) and/or other state mandated fees remain applicable to any business that is exempt from the business license tax.

5.03.090 Business License Application for a New Business

When a Licensee begins operating a business in the city for the first time, the Licensee must provide the Tax Collector with the following information and any other information required by the Tax Collector:

(a) The name of the business and the address at which it will be operating.

(b) The date on which the business will begin operating.

(c) The nature of the business's activities sufficient for the Tax Collector to determine or confirm the business classification and category of the business.

(d) An estimate of the business's gross receipts for the first tax year.

   (1) For the first tax year that a business operates in the city, it must pay tax measured by the estimate of the business's gross receipts for the first tax year.

   (2) Within 30 days of the end of a business's first tax year operating in the city, the business

must provide the Tax Collector with a statement of the business's actual gross receipts for the first tax year.

a. If the actual gross receipts for the first tax year are more than the estimated gross receipts on which the tax for the first tax year was calculated and paid, then an additional amount of tax based on the additional gross receipts will be assessed and due within 30 days of the start of the second tax year.

b. If the actual gross receipts for the first tax year are less than the estimated gross receipts on which the tax for the first tax year was calculated and paid, then the excess amount of tax will be refunded to the business or applied to the business's tax for the second tax year.

5.03.100 Business License Renewal

(a) After the first license period of operating in the city and for all subsequent license periods, a business's business license renewal application is due on the first day of the month following the expiration of the current license period.

(b) The business license renewal application must provide the following information and any other information required by the Tax Collector:

(1) The name of the business and the address at which it will be operating.

(2) The nature of the business's activities sufficient for the Tax Collector to determine or confirm the business classification and category of the business.

(3) The business's gross receipts for the previous tax year unless a renewing business did not operate for the entirety of the previous tax year, in which case it must provide an estimate of the business's gross receipts for the current tax year, pay tax based on that estimate, and comply with subdivision (c) below.

(c) For a business's first renewal, If a business pays tax based on an estimate of gross receipts for the applicable license period, the business must, within thirty (30) days after the expiration of that license period, provide the Tax Collector with a statement of the business's actual gross receipts, together with supporting records, for the license period for which an estimate was used to calculate the tax.

(1) If the actual gross receipts for the license period are more than the estimated gross receipts on which the tax was calculated and paid, then the business must pay the additional amount of tax based on the additional gross receipts within thirty (30) days after the expiration of the license period.

(2) If the actual gross receipts for the tax year are less than the estimated gross receipts on which the tax was calculated and paid, then the excess amount of tax will be refunded to the business or applied to the business's tax for the current tax year.

By way of illustration, and without limiting the foregoing language in this section, a business that applies to start its business on February 14, 2027, will be assigned an initial start date at the beginning of the next quarter, April 1, 2027, and would, if all other requirements are met, receive a license that is current from April 1, 2027 through March, 31, 2028.

5.03.110 Timing (cycle)

(a) When a Licensee first begins operating a business in the city, the tax imposed by this article is due 30 days after the first day of business operation in the city and is delinquent 60 days after the first day of business operation if not paid.

(b) After the first tax year of operation and for all subsequent tax years, the tax is due 30 days after the first day of the tax year and is delinquent 60 days after the first day of the tax year if not paid.

5.03.120 Nontransferable

No license issued pursuant to this chapter shall be transferable

5.03.130 Delinquent Taxes (Penalties and Interest)

(a) The business license tax in this chapter shall be due and payable and a penalty of ten percent shall be added to each license remaining unpaid thirty days after it becomes due. On the first day of each month thereafter that such tax remains unpaid, an additional penalty of ten percent of such unpaid tax shall be added; provided, that the maximum penalty amount shall not exceed an amount equal to 100% of the amount of the original license tax.

(b) The city shall collect, in addition to the penalty due, any costs incurred by the necessity to file suit for collection in the courts.

(c) In order to promote the licensing of all businesses within the city, the city council may, by resolution, establish amnesty periods during which persons or entities conducting business within the city may apply for a current business license, and be absolved from the obligation of paying business license taxes which are delinquent in excess of one year and any penalties.

(d) A Licensee may apply to the Tax Collector for a reduction or waiver of any accrued penalties or interest, and the Tax Collector may reduce or waive any accrued penalties or interest upon a finding of good cause.

5.03.140 Administrative Procedure to Assess or Correct Tax

If the Tax Collector determines that a Licensee has incorrectly reported any information to the city or has not paid all or any of the tax, penalties, or interest that are due, the Tax Collector may, using any information available to the Tax Collector, issue an Initial Determination stating what the Tax Collector believes to be the correct information and, if new or additional tax, penalties, or interest are due, how much tax, penalties, or interest are due. The Initial Determination must be served on the Licensee either personally or by U.S. mail to the most recent address for the Licensee in the Tax Collector's records. If a notice is sent by U.S. mail, it will be deemed given five (5) business days after it is deposited in the mail, properly addressed to the receiving party and with first-class postage prepaid. If a notice is delivered by hand or overnight courier, it will be deemed given on the date of delivery

(a) A Licensee affected by an Initial Determination may within 15 days of service of an Initial Determination contest the Initial Determination and request a hearing before the Tax Collector by filing with the Tax Collector a written request for a hearing. The further accrual of penalties and interest shall be tolled upon the filing of a request for a hearing. If a Licensee does not contest an Initial Determination and request a hearing with the Tax Collector within 15 days of service of the Initial Determination, the Initial Determination is final and cannot be appealed.

(b) If a Licensee timely contests an Initial Determination and requests a hearing, the Tax Collector must set a hearing within 30 days of the filing of the request for a hearing or as soon thereafter as reasonably practical. Notice of the hearing must be served on the Licensee either personally or by U.S. mail to the most recent address for the Licensee in the Tax Collector's records.

(c) At the hearing the Licensee may present evidence and argument regarding the Initial Determination to show why the Initial Determination is incorrect and to show what the determination of the Tax Collector should be. Within 60 day after the close of the hearing or as soon thereafter as reasonably practical, the Tax Collector must serve a Final Determination, setting forth the Tax Collector's determination of the facts and issues that were the subject of the Initial Determination. The Final Determination must be served on the Licensee either personally or by U.S. mail to the most recent address for the Licensee in the Tax Collector's records. Unless an appeal of a Final Determination is filed under (5.03.180), any penalties or interest tolled under subdivision (b) of this section will resume accruing 10 days after the service of the Final Determination.

5.03.150 Administrative Rule

The Tax Collector may make such rules and regulations as are not inconsistent with the provisions of this Chapter of the Municipal Code as are necessary or desirable to aid in the enforcement and administration of the provisions of said Chapter. When, by reason of the provisions of the Constitution of the United States or the Constitution of the State of California, the business tax imposed by this Chapter cannot be enforced without there being an apportionment according to the amount of business done within the City, the Tax Collector may make such rules and regulations for the apportionment of the taxes as are necessary or desirable to overcome the constitutional objections. Such rules, regulations, and apportionment thereunder shall be approved by the City Attorney prior to becoming effective.

5.03.160 Application – Confidential

It is unlawful for the Tax Collector or any person having an administrative duty under the provisions of this chapter to make known in any manner whatever the business affairs, operations, or information obtained by an investigation of records and equipment of any person visited or examined in the discharge of official duty, or the amount or source of income, profits, losses, expenditures, or any particular thereof, set forth in any statement or application, or to permit any statement or application, or copy of either, or any book containing any abstract or particulars thereof to be seen or examined by any person; provided, that nothing in this section shall be construed to prevent:

(a) The disclosure to, or the examination of records and equipment by, another City official, employee, or agent for collection of taxes for the sole purpose of administering or enforcing any provisions of this chapter, or collecting taxes imposed under this chapter;

(b) The disclosure of information to, or the examination of records by, Federal or State officials, or the tax officials of another city or county, or city and county, if a reciprocal arrangement exists, or to a grand jury or court of law, upon subpoena;

(c) The disclosure of information and results of examination of records of particular taxpayers, or relating to particular taxpayers, to a court of law in a proceeding brought to determine the existence or amount of any business license tax liability of the particular taxpayers to the City;

(d) The disclosure, after the filing of a written request to that effect, to the taxpayer himself, or to his successors, receivers, trustees, executors, administrators, assignees and guarantors, if directly interested, of information as to the items included in the measure of any paid tax, any unpaid tax or amounts of tax required to be collected, interest and penalties; further provided, however, that the City Attorney approves each such disclosure and that the Tax Collector may refuse to make any disclosure referred to in this subsection when in his opinion the public interest would suffer thereby;

(e) The disclosure of the names and business addresses of persons to whom licenses have been issued, and the general type or nature of their business;

(f) The disclosure by way of public meeting or otherwise of such information as may be necessary to the City Council in order to permit it to be fully advised as to the facts when a taxpayer files a claim for refund of business license taxes, or submits an offer of compromise with regard to a claim asserted against him by the City for business license taxes, or when acting upon any other matter; and

(g) The disclosure of general statistics regarding taxes collected or business done in the City.

(h) Any disclosure required pursuant to the California Public Records Act or other applicable law.

5.03.170 Interstate Commerce

None of the business taxes provided for by this article shall be so applied as to occasion an undue burden upon interstate commerce or be violative of the equal protection and due process clauses of the Constitutions of the United States and the State.

If the holder of or applicant for a business tax certificate (the taxable person) believes that the business tax places an undue burden upon interstate commerce or would be violative of such constitutional clauses, the taxable person may apply to the Tax Collector for an adjustment of the tax (the apportionment application). The taxable person may make an apportionment application within six months after payment of the prescribed business tax. The taxable person shall, by sworn statement and supporting testimony, show its method of business, its cost of operations for all locations within the City, and such other information as the Tax Collector may deem necessary to determine the extent, if any, of such undue burden on interstate commerce or other violation of constitutional protection.

The Tax Collector shall then conduct an investigation, which may include but is not limited to inspecting the taxable entities books and records and other tax filings, and, after having first obtained the written approval of the city attorney, shall fix as the business tax for the taxable person an amount that is reasonable and nondiscriminatory, or if the business tax has already been paid, shall order a refund of the amount over and above the business tax so fixed.

In fixing the amount of the business tax, the Tax Collector shall take the cost of operations plus 10% for the locations in the City as the minimum amount owed in tax (absent extraordinary evidence to the contrary).

5.03.180 Appeal

(a) A person disputing any tax, penalty, interest, or other amount, including but not limited to any appeal under this section, must first pay the amount due and may thereafter seek a refund pursuant to the refund procedures set forth in this Chapter. The exclusive judicial remedy for any tax, penalty, interest, or other amount alleged to have been erroneously, illegally, or unconstitutionally imposed, assessed, collected, or received by the City shall be an action for refund following timely exhaustion of the administrative refund claim procedures in this Chapter. Payment of a disputed amount shall not constitute a waiver of the taxpayer’s right to pursue a timely administrative claim for refund or judicial refund action.

(b) Any person aggrieved by any decision of the Tax Collector concerning the amount of such business license taxes may appeal to the City Manager (or his or her designee) by filing a notice of appeal with the City Manager within 45 days of receipt of the decision of the Tax Collector. The City Manager shall thereupon fix a time and place for hearing within 60 days of such appeal. The City Manager shall give 30 days notice to such person of the time and place of the hearing by serving it personally or by depositing it in the United States Post Office in Chino, California, postage prepaid, addressed to such person at his last known address. The City Manager shall have the authority to determine all questions raised on such appeal. No such determination shall conflict with any substantive provision of this chapter.

5.03.190 Records and Audits

No statements submitted by the applicant shall be conclusive as to the matters set forth therein, nor shall the filing of the same preclude the City from collecting by appropriate action such sum as is actually due and payable under this chapter. Such statement and each of the several items therein contained may be subject to audit and verification by the Tax Collector, his deputies, or authorized employees or representatives of the City, who are authorized to examine, audit, and inspect such books and records of any Licensee or applicant for license, as may be necessary in their judgment to verify or ascertain the amount of license tax due.

All persons subject to the provisions of this chapter shall keep complete records of business transactions, including sales, receipts, purchases, and other expenditures, and shall retain all such records for examination by the Tax Collector. Such records shall be maintained for a period of at least three years. No person required to keep records under this section shall refuse to allow authorized representatives of the Tax Collector to examine such records at reasonable times and places.

5.03.190.5 Timing of the Initiation of Audits

(a) To initiate an audit, the Tax Collector must provide written notice to the Licensee that is the subject of the audit of the initiation of the audit by serving the notice personally or by U.S. mail to the most recent address for the Licensee in the Tax Collector's records. The notice must state the period of time subject to the audit.

(b) Notice of the initiation of an audit for a tax year (or years) for which an application for a business license was filed by the Licensee must be served within three years of the last day of the tax year to which the application applied.

(c) Notice of the initiation of an audit for a tax year for which an application for a business license was not filed by the Licensee , but for which the Licensee did register as a business under Chapter 5 of this code, must be served within five years of the last day of the tax year for which the application should have been filed.

(d) Notice of the initiation of an audit for a tax year for which an application for a business license was not filed by the Licensee, and for which the Licensee did not register as a business under Chapter 5 of this code, must be served within 10 years of the last day of the tax year for which the application should have been filed.

(e) Upon completion of an audit, the Tax Collector may make an Initial Determination of any taxes, penalties, and interest determined to be owed and not paid for the audit period. If a Licensee subject to audit is unable or unwilling to provide sufficient records to enable the Tax Collector to verify compliance with this article, the Tax Collector is authorized to make a reasonable estimate of the amount of tax due, and the reasonable estimate shall be entitled to a rebuttable presumption of correctness.

5.03.200 Statute of Limitations-Refunds

(a) A licensee who believes that any tax, penalty, or interest has been illegally, erroneously, or mistakenly paid to, collected by, or otherwise received by the city may file a claim for a refund of the amount of tax, penalty, or interest claimed to have been improperly received by the city within one-year of the date the tax was due and payable.

(b) The claim must be filed with the Tax Collector and signed under penalty of perjury by the Licensee. The claim must state:

(1) The legal and factual basis for the refund claim;

(2) The amount of tax, penalty, or interest allegedly improperly received by the city,

(3) The date or dates that the improper payments were made to the city, and

(4) The address of the claimant.

(c) The claim must be filed with the Tax Collector within one year of the date of the allegedly improper payment to the city.

(d) The Tax Collector must provide a written decision on the claim within 30 days of the filing of the claim by serving the decision on the claimant either personally or by U.S. mail to the address provided in the claim. Service is effective upon deposit of the response in the U.S. Mail.

(e) A claimant may challenge the Tax Collector's decision on a refund claim under section (5.03.140)

5.03.205 Payment Required; Exclusive Refund Remedy

Except as otherwise required by applicable law, no person may commence or maintain any action in any court to prevent or enjoin the collection of any tax, penalty, interest, or other amount imposed or assessed under this Chapter.

A person disputing any tax, penalty, interest, or other amount must first pay the amount due and may thereafter seek a refund pursuant to the refund procedures set forth in this Chapter. The exclusive judicial remedy for any tax, penalty, interest, or other amount alleged to have been erroneously, illegally, or unconstitutionally imposed, assessed, collected, or received by the City shall be an action for refund following timely exhaustion of the administrative refund claim procedures in this Chapter.

Payment of a disputed amount shall not constitute a waiver of the taxpayer's right to pursue a timely administrative claim for refund or judicial refund action.

5.03.210 Tax Deemed Debt

The amount of any business license tax, penalty, interest, cost, or other amount imposed or required to be paid under this Chapter shall be deemed a debt owed to the City by the person required to pay the same. The City may commence an action in any court of competent jurisdiction to collect any such debt, together with applicable penalties, interest, costs of collection, and any other relief authorized by law.

5.03.220 Annual Audit and Public Disclosure

The Finance Director, or designee, shall annually report the amount of revenue received from the tax imposed by this Chapter during the prior fiscal year. The receipt and expenditure of such revenues shall be included in the City's annual independent financial audit and disclosed to the public as part of the City's regular budget, financial reporting, or audited financial statements. Nothing in this section shall restrict the use of tax proceeds for any lawful general governmental purpose.