CITY OF UPLAND
CITY ATTORNEY'S IMPARTIAL ANALYSIS OF MEASURE "M"
THE "UPLAND BUSINESS LICENSE REFORM MEASURE"
ADJUSTING THE RATES OF BUSINESS LICENSE TAXES WITHIN THE CITY AND MAKING OTHER TECHNICAL UPDATES

For decades, the City of Upland has levied a license tax on businesses operating within the City. The business license tax is a general tax. Revenues are deposited into the General Fund and may be spent for any City expense, like street repair, infrastructure repair and maintenance, emergency response, and public safety. The existing license tax structure was last updated in 1994. Because the existing structure treats most businesses with gross receipts over $1,400,001 identically, capping the amount of the tax at $864, the structure taxes small businesses at a higher proportional rate while taxing larger businesses at a lower proportional rate.

On August 3, 2026, the City Council unanimously voted to place Measure "M" on the November 3, 2026 ballot. If approved by majority (50%+1) of Upland voters, this Measure would revise the City's business license tax to be based predominantly on gross receipts rather than a range of factors, including number of employees. For small businesses with less than $100,000 in annual gross receipts, the business license tax shall be a flat $75.00 per year. For annual gross receipts over $100,000, the rates for each business classification would be:

- Retail/Commercial: 0.065%;
- Contractors: 0.150%;
- Rental (commercial or residential): 0.200%;
- General Service (nonprofessional or non-semiprofessional, e.g., hair and nail salons): 0.125%; and
- Professional service/calling or semiprofessional: 0.125%.

In addition, self-storage facilities would pay $50 per unit.

Notwithstanding the above, the maximum business license tax would be capped at $28,000 per business per year. With the larger cap, the proposed measure would result in larger businesses paying a greater proportional share relative to small businesses than they do under the current structure.

The Measure would continue to exempt businesses exempted by Federal or State law along with any person issued a special event permit who does not have a fixed place of business and is not otherwise engaged in business within the City.

The Measure also updates the City's tax collection and administrative procedures. This includes updating definitions, license application, review, denial, approval, renewal and transfer procedures, tax calculation formulas, and tax deficiency, credit, refund and appeal procedures. Proceeds from the tax will be subject to an annual, independent financial audit, and audit results shall be available to the public.

This tax is estimated to generate $3.3 million annually, $2.1 million more than the current business license tax structure. The new rates would become effective on January 1, 2028 and remain in effect until repealed by voters. From January 1, 2027 until December 31, 2027, the business license tax will be levied at a rate temporarily lowered by 0.005%-0.075%.

A "yes" vote on Measure "M" will approve this amendment to the City's business license tax code.

A "no" vote on Measure "M" will not approve this amendment to the City's business license tax code.

The above statement is an impartial analysis of Measure "M". If you desire a copy of the Measure, please call the City's elections official at (909) 931-4120 and a copy will be mailed at no cost to you.

/s/ THOMAS A. RICE
City Attorney