

The Journal

Government & Community Affairs
Monterey County Association of REALTORS®

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*Investing In Your Future....
Your Realtor Action Fund Dollars Work For You!*

Rush Hour! **City of Salinas Business License Tax Amnesty Period Ending**

MCAR sent out a notice late last year regarding the City of Salinas business license tax interpretation and the amnesty period set forth by the City Council.

This Friday is the deadline for the amnesty period!

Although we have been meeting with City of Salinas department heads regarding this issue, and have sent a letter to the City Attorney outlining our concerns, there has been no agreement to extend the amnesty period. We are unclear at this time when a decision will be made by the City of Salinas regarding their interpretation of the business license tax itself and are uncertain if the City will change it's mind. Penalties can be high.

Each broker doing business in Salinas should make sure they get the business license to avoid penalties.

Each agent should decide for themselves if they want to pay the \$200.00 or take a chance on being assessed penalties. They should also consult their broker.

Anyone doing business in the City of Salinas is required to have a business license. According to the City, even though a broker does not have a physical business address in Salinas, if properties are being listed or sold in Salinas, a license is required. Typically, brokers would pay the \$200.00 and agents working for the broker would be charged the \$10.00, as if they were employees. In a letter for us to use, the Department of Real Estate outlined the unique relationship between brokers and agents as it would pertain to business license taxes. The City's current interpretation lumps the brokers and agents together and requires both brokers AND agents to obtain a license and pay the \$200.00. This is a departure from prior interpretations.

We are continuing to present our case on your behalf with the City of Salinas, however, we cannot guarantee that we will prevail in this matter.

For your reference, below is the notice that MCAR sent out on November 30, 2007

Urgent Message for REALTORS® doing business in Salinas.

Please be advised that the City of Salinas has authorized a three (3) year audit of ALL existing businesses, to include Real Estate offices, in the city in an effort to find uncollected monies from those businesses that are operating out of compliance with the cities business licensing requirements.

The penalty for those out of compliance will be payment of current tax, three years of back taxes in addition to penalties of up to 50% of the tax due.

The City has granted a **60-day amnesty period** for those who wish to bring their business up to compliance. The amnesty period will run **from January 1st to Feb 28th**, 2008. During this amnesty period, businesses would only have to pay the

business license fee.

Salinas Business License Ordinance:

Section 19.4

It shall be unlawful for any person to transact and carry on any business, trade, profession, calling or occupation in the city without first having procured a license from the city.

Section 19.27.1

Every person conducting, managing, carrying on or engaging in any business, profession, occupation or service shall pay a license tax of two hundred dollars per annum for each person practicing his or her profession or occupation other than a salaried employee, plus an additional tax of ten dollars per annum for each employee.

Contact the City of Salinas for more information, 831-758-7211

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