

The Journal

Government & Community Affairs
Monterey County Association of REALTORS®

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Red Alert!

City of Salinas Business License Tax Amnesty Period Ending

MCAR has received a letter sent from the City of Salinas Sr. Deputy City Attorney to the MCAR Attorney. This letter is the City's formal response to our negotiations regarding the Business License Tax. This same letter is being handed out at the Clerk's office at the City of Salinas when Brokers and Agents come in to pay the \$200.00 tax and obtain their business license. If an Agent is given a 1099 instead of a W2, the City of Salinas is treating the Agent the same as the Broker, and requiring a license. That is the City's current interpretation of their City Code 19-27.

This Friday is the deadline for the amnesty period!

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

Each Agent doing business in Salinas, who is not a W2 employee of their Broker, should make sure they get the business license to avoid potentially steep penalties. Agents 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. 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. Unfortunately, short of litigation which is not prudent, the City of Salinas Business License Tax will remain in effect ...for now.

For your reference, below is the original notice that MCAR sent out.

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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