



City of Davis Business License FAQ Sheet

A reference sheet for Frequently Asked Questions that come up as the Business License Application is completed.

Primary Business Name: This can be the owner's name. If the business is going to be operated under a Fictitious Business Name, a Fictitious Name Statement may need to be filed with the Yolo County Recorder's office.

Primary Business Address: For businesses located in Davis this must be a physical address. No Post Office Box can be used as a primary business address.

Type of Business: For Non-Profit, Fraternal, Governmental Agencies, Religious, or other businesses exempt from business license tax, complete Business License Payment Exemption form.

Agent of Service: For corporations please list the name and address of the person authorized to act on behalf of the corporation.

Federal ID Number or Social Security Number: This needs to be the same number used to file taxes for the business.

State Resale Permit Number: Any business engaged in retail sales must obtain a Resale Permit (also called a "Seller's Permit") from the State Board of Equalization.

Health Permit Number: Any business engaged in the sale or handling of food must be inspected by the Yolo County Health Department, which will issue a Health Permit.

Tobacco Permit: Selling tobacco or tobacco products you will need a **Davis Tobacco Retail Permit** the permits are issued by Yolo County Health Department Tobacco Prevention Program.

Alcoholic Beverage Permit Number: Any business engaged in the sale of alcohol must obtain a permit from the State of California Department of Alcoholic Beverage Control.

Number of employees: Please estimate the number of part and full time employees (including owners) who will be working in Davis. This information is used by the Community Development Department to assess parking needs.

Business Opening Date: The date the business will begin operation in Davis.

Tax Group: The Tax Group is determined by analyzing the name recognition, advertising, phone book classification, and principal business activities of the business. If the business activities fall in more than one group the owner has the option of purchasing 2 business licenses or registering in the higher group and paying for the license based on that higher scale. Any shift in the above factors could result in a reclassification. See the back of this sheet for a complete listing of the Tax Groups.

Gross Receipts Bracket: For a first year license you must estimate the gross receipts your business will generate for the remainder of the calendar year. For businesses located outside of Davis, only the gross receipts from the business in Davis is considered. For businesses located in Davis and doing work outside Davis, all gross receipts for the business are included. When the renewal is submitted at the end of the calendar year, the City will compare your estimate to the actual reported gross receipts to determine if further charges are due or if the business will get a refund. See the back of this sheet for the Gross Receipt Brackets and charges for each bracket.

Home Occupancy: All businesses located in residential areas must comply with the restrictions described in the "Home Occupancy Requirements" sheet.

Branch Licenses: If one owner or group of owners has more than one business within the city limits, one business can be the Primary Business and the other Branch Businesses. The financial records for all businesses must be kept on an integrated set of books and the taxes reported and filed to the IRS on a single tax return.

Business Groups : *Business are categorized by the following:*

1. Group I - includes businesses such as: service stations, grocery stores, food manufacturing or processing, public utilities, automobile and motorcycle dealers, etc. food marts in Gas Stations etc.
2. Group II - includes businesses such as: retail sales, residential leasing (2 units or more), commercial leasing, wholesale, artists, ambulance services commercial printing, finance, nursing homes, newspaper publications, restaurants, vending machines, trade schools, hotels, motels, apartments, trailer or mobile home parks, all other manufacturing, transporting persons, import/export, wholesale trade, etc.
3. Group III - includes such businesses as: business and personal services; contractors; real estate agents, conducting concerts, lectures, tennis, other entertainment events; handypersons; handbill distribution, property management, equipment leasing, travel agencies, secretarial services, commercial and portrait photography, education/instruction, property developers, auto service and repair, taxi, research & development, insurance agency (non-broker) sub-contractor for cabs, bike cabs, computer tech etc.
4. Group IV - includes professionals such as; attorneys, doctors, CPA's, consultants, therapists, massage therapists, graphic design, real estate broker, interior design, web design, computer consultants and any other professional business requiring qualifying certification or licensing, etc.
5. Miscellaneous Tax Group - includes such businesses as: transportation and trucking, dance halls, card rooms, circus, carnivals, concessions or rides for children, bankrupt closeout sales, Christmas tree and card sales, junk dealers, pawnbrokers, peddlers, solicitors, bazaars, craft fairs, etc. * Special transportation tax for the delivery of soda, chips, gas etc: motor vehicle tax 120.00 per vehicle plus the 10.00 registration fee or they can use the gross receipts based on the load value in a group II tax bracket.

All Business Licenses expire December 31. All Annual Business License Renewals are due January 1 and are delinquent at 5:00 p.m. January 31. All delinquent accounts are charged a 10% per month delinquent penalty.

- ✓ **The current year gross receipts business license tax is based and computed on the prior calendar year's gross receipt sales. For businesses located outside Davis, only receipts generated in Davis will be used for this calculation.**

<u>Business License Tax</u>				
Gross Receipts Bracket	Group I	Group II	Group III	Group IV
\$ 0 - 9,999	\$ 1.50	\$ 3.00	\$ 4.50	\$ 9.00
10,000 - 19,999	4.50	9.00	13.50	27.00
20,000 - 29,999	7.50	15.00	22.50	45.00
30,000 - 39,999	10.50	21.00	31.50	63.00
40,000 - 49,999	13.50	27.00	40.50	81.00
50,000 - 59,999	16.50	33.00	49.50	99.00
60,000 - 69,999	19.50	39.00	58.50	117.00
70,000 - 79,999	22.50	45.00	67.50	135.00
80,000 - 89,999	25.50	51.00	76.50	153.00
90,000 - 99,999	28.50	57.00	85.50	171.00
100,000 - 109,999	31.50	63.00	94.50	189.00
Plus				
For each additional \$10,000	3.00	6.00	9.00	18.00

This informational sheet is general information and not intended to be all-inclusive. Should you have any questions pertaining to Business Licenses, Garbage or other City utilities, call City's Finance Department (530) 757-5651. See City Code Chapter 19 for all-inclusive information.