Cost of Doing Business Survey®

Executive Summary

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Introduction

The 2013 *Kosmont-Rose Institute Cost of Doing Business Survey* marks the publication's nineteenth year and the tenth year since Kosmont Companies initiated a partnership with the Rose Institute of State and Local Government. The Survey provides information about the costs of operating a business in more than three hundred cities and a variety of regions across the United States. City and county governments can use this information to bring economic policies into agreement with economic goals. Corporations, real estate developers, and business associations can use the information to document regional economic trends and make informed business decisions.

The cost ratings found in the 2013 *Cost of Doing Business Survey* are the results of a yearlong survey process. The Rose Institute collects data on license fees, tax structures, economic incentives, and other quantitative measures that influence a business's operating expenses. After a comparative analysis of all 305 cities, each city is assigned a cost rating on the following scale: Very Low Cost ($), Low Cost ($$), Average Cost ($$$), High Cost ($$$$), and Very High Cost ($$$$$). For more information on the Survey's methodology, cost ratings, or city profiles, please consult the "User Guide" on the 2013 *Cost of Doing Business Survey* CD or contact the Rose Institute at (909) 621-8159.

The 2013 Survey features 305 cities spread across nine states: Arizona, California, Colorado, Nevada, New Mexico, Oregon, Texas, Utah, and Washington. Keeping in line with past editions, this year's publication maintains a focus on California and the western states that many businesses consider to be alternatives to the Golden State. We hope you find the 2013 Survey valuable as you compare the cost of doing business in these economically diverse regions.

Most Expensive Cities

The 2013 edition of the *Kosmont-Rose Survey* takes a close look at the cost of doing business in California and eight other western states (Arizona, Colorado, Nevada, New Mexico, Oregon, Texas, Utah, and Washington) that many companies may view as alternatives to California. These twenty cities are located in five different states. California dominates the list with twelve cities – nine in Southern California and three in the Bay Area. Arizona and Washington have three cities on the list while Colorado and Oregon each have one.

The twenty most expensive cities in the West include several of the largest cities in the region. Seven of the ten largest western metropolitan areas are represented on the list: Los Angeles, San Francisco, Riverside-San Bernardino, Phoenix, Seattle, Denver, and Portland. Many of the most expensive cities are important regional hubs; Denver, Los Angeles, Phoenix, Portland, and Seattle are the largest cities in their respective states. In spite of high taxes and fees, these cities are often attractive to businesses because they provide access to financial markets, concentrated manufacturing and distribution, and regional and international trade. Many businesses are willing to pay a premium in business, property, and utility taxes in order to benefit from the abundance of business opportunities available in such cities.

The Survey's findings indicate that the Bay Area and Los Angeles are the two most expensive metropolitan areas in the western United States, followed by Portland. The three most expensive cities located in the Bay Area are San Francisco, Berkeley, and Oakland. All three cities have high utility rates of 7.50%. San Francisco ranks first on the list with an extremely high business license fee for a medium-sized retail business (typically a store of roughly 5,000 to 15,000 square feet with approximately 25 to 75 full time equivalent employees) of $60,500 a year. Both Berkeley and Oakland also have very high business license fees of $12,000; the lowest business license fee on the list of twenty most expensive cities is $2,850. Eight out of the twenty most expensive cities are in Los Angeles County: Los Angeles, Santa Monica, Culver City, Inglewood, Beverly Hills, Bell, El Segundo, and Compton. In these cities, a medium-sized retail business would pay between $2,850 and $13,048 a year in business license fees. Portland trails the Bay Area and Los Angeles with a high business license fee of $36,500 and utility tax rate of 5%. This concentration of expensive cities in major metropolitan areas limits options for businesses that want to locate in cheaper cities while still retaining access to key markets and other resources.

Arizona has three of the most expensive western cities on the list: Tucson, Glendale, and Phoenix. These cities have high property tax rates between 3.49% and 4.32%, the highest rates found in the Survey. These three cities also have high electricity tax rates that range from 9.50% to 13.10%. Washington also has three cities on the list: Seattle, Tacoma, and Bellingham. All three

Table 1: The Twenty Most Expensive Cities

City Name and State	Sales Tax	Retail Business License Fee	Property Tax
BELL, CA	9.00%	$4,386	1.55%
BELLINGHAM, WA	8.70%	$17,000	1.09%
BERKELEY, CA	9.00%	$12,000	1.25%
BEVERLY HILLS, CA	8.75%	$12,500	1.23%
COMPTON, CA	8.75%	$2,850	1.55%
CULVER CITY, CA	9.50%	$10,060	1.21%
DENVER, CO	7.62%	$4,800	3.69%
EL SEGUNDO, CA	8.75%	$13,048	1.17%
GLENDALE, AZ	9.50%	$50	3.49%
INGLEWOOD, CA	9.25%	$11,022	1.28%
LOS ANGELES, CA	8.75%	$12,700	1.25%
OAKLAND, CA	9.00%	$12,000	1.41%
PHOENIX, AZ	9.30%	$0	3.53%
PORTLAND, OR	0.00%	$36,500	2.29%
SAN BERNARDINO, CA	8.25%	$7,549	1.31%
SAN FRANCISCO, CA	8.50%	$60,500	1.17%
SANTA MONICA, CA	9.25%	$12,500	1.14%
SEATTLE, WA	9.50%	$21,590	1.29%
TACOMA, WA	9.50%	$15,390	1.58%
TUCSON, AZ	8.10%	$45	4.32%

cities have a utility user tax rate of 6% and charge business license fees ranging from $15,390 to $21,590 for a medium-sized retail business.

Utility user taxes are an important determinant of business expense. Not surprisingly, many of the twenty most expensive western cities have high utility tax rates. Whereas only half of all cities in the Survey have utility user taxes, seventeen out of the twenty cities have utility user taxes above 5%, and eight have at least one utility tax at or above 10%. In Arizona, the state and county privilege (sales) tax is also assessed on utilities, which helps explain Arizona's very high utility taxes. California has no equivalent tax on utilities. Tucson and Los Angeles have the highest electricity tax rates in the Survey at 13.10% and 12.50%. Tucson, Glendale, and Culver City have the highest telephone tax rates at 14.60%, 12.70%, and 11%. The median electricity and telephone tax rates for the most expensive western cities are 7.69% and 7.56%, respectively. Beverly Hills is the only city on the list that does not have taxes for electricity and telephone services.

Many of the twenty most expensive western cities also have very high property tax rates. Five cities have property tax rates above 2.20%, nearly double the Survey's median property tax rate of 1.17%. Tucson has the highest property tax rate in the Survey at 4.32%, followed by Denver at 3.69%, Phoenix at 3.54, and Glendale, Arizona, at 3.49%. California's Prop 13 greatly limits property tax rates; the twelve California cities on the list have property tax rates ranging from 1.14% to 1.55%. Santa Monica and Bellingham have the lowest property tax rates on the list at 1.14% and 1.09%, respectively. Overall, California's median property tax rate of 1.22% is roughly half that of Arizona.

Many, though not all, of the most expensive western cities also have high business license taxes. These taxes vary widely. A medium-sized retail business would pay $60,500 per year in San Francisco, $36,500 per year in Portland, and $21,590 per Seattle. In seventeen of the twenty most expensive cities, a medium sized retail business would pay over $2,800 a year, and over $10,000 a year in thirteen cities—compared to an overall median business license fee of $1,025 in the Survey. All three of the Arizona cities stand out because of their very low business license fees. A medium-sized retail business would pay $50 a year in Glendale, $45 in Tucson, and nothing in Phoenix. However, these cities have very high property, utility, and sales tax rates that still make them three of the twenty most expensive cities in the western United States.

Table 1 lists the twenty most expensive western cities in alphabetical order along with each city's sales tax rate, retail business license fee, and property tax rate.

Table 2: The Twenty Least Expensive Cities

City Name and State	Sales Tax	Retail Business License Fee	Property Tax
ABILENE, TX	8.25%	$0	2.21%
CORPUS CHRISTI, TX	8.25%	$0	2.77%
DALLAS, TX	8.25%	$0	2.71%
EUGENE, OR	0.00%	$0	1.44%
EVERETT, WA	9.00%	$1,000	1.19%
FEDERAL WAY, WA	9.50%	$50	1.61%
FORT WORTH, TX	8.25%	$0	2.84%
GRESHAM, OR	0.00%	$469	1.62%
HENDERSON, NV	7.75%	$5,600	1.01%
HOUSTON, TX	8.25%	$0	2.68%
KENT, WA	9.50%	$100	1.37%
LAS VEGAS, NV	8.10%	$5,600	1.15%
MISSION VIEJO, CA	7.75%	$0	1.04%
MOORPARK, CA	7.25%	$36	1.08%
OGDEN, UT	6.85%	$987	1.00%
PLANO, TX	8.25%	$0	2.19%
RENO, NV	7.72%	$7,545	1.28%
SPARKS, NV	7.72%	$10,070	1.27%
SPOKANE, WA	8.70%	$2,060	1.42%
YAKIMA, WA	8.20%	$1,285	1.29%

Least Expensive Cities

This year's list of twenty least expensive cities in the western United States includes six Texas cities, five Washington cities, four Nevada cities, two southern California cities, and two Oregon cities. The list also includes cities from several of the largest western metropolitan areas including the areas of Dallas-Fort Worth, Houston, Seattle, and Las Vegas.

Business license fees are an important factor in determining cost ratings, and many of the least expensive western cities have very low business taxes. Eight out of the twenty cities do not have a business license tax, while two others have a very low annual flat rate fee between $36 and $50. A medium-sized business would pay less than $400 a year in 11 of the 20 cities, well below the Survey median of $1,000. The four Nevada cities (Henderson, Las Vegas, Reno, and Sparks), however, all have significantly higher business license taxes; a medium-sized retail business would pay over $5,600 a year in all four cities. These four cities remain Very Low Cost, though, because they are located in a state without corporate income tax. Additionally, all four Nevada cities have fairly low property tax rates between 1.01% and 1.28%.

Many of the least expensive western cities have low utility user taxes. Eight of the twenty cities do not have any electricity tax, and nine do not have any telephone tax. The remaining cities have electricity tax rates varying from 0.26% to 7.75%, and telephone tax rates varying from 1% to 6%, with the exception of Plano. Plano stands out as having the highest utility taxes with a 9.05% tax on telephone service and an 8.3% tax on gas. Plano remains an overall Very Low Cost city, though, because a Plano-based business does not pay any business license tax or state corporate income tax.

State taxes, over which a city has no control, greatly influence the cost of doing business. Fifteen of the twenty least expensive western cities are located in Nevada, Texas, or Washington – three states that do not have corporate income tax. Two other cities – Eugene and Gresham – are located in Oregon, which has no sales tax. Businesses should note, however, that while Texas and Washington do not have a state income tax, they each have gross receipts-based tax that was not included in the Survey's calculations. Under Texas's Franchise Tax, a medium-sized retail business would pay about $5,000 a year; under Washington's Business and Occupation (B&O) tax, that same business would pay about $48,400 a year (0.47% of gross receipts).

Texas continues to stand out as a low cost state, boasting six of the least expensive cities in the western United States. Texas does not have a corporate income tax, and these six cities do not have any business license fees. Four of the six do not have any utility tax on telephone service, and five do not tax cable or water. However, all six cities have very high property taxes between 2.19% and 2.84%, among the thirty highest in the Survey. These Texas cities remind businesses that a city can remain inexpensive even though it may have very high taxes in a specific area.

Although it claims the subsequent thirty-three cities after the twenty least expensive, California only has two of the twenty least expensive western cities. Both are located in low-cost areas of Southern California, with one in Orange County and one in Ventura County. Neither city is located in Los Angeles County or the Bay Area, the two most expensive regions in California. To make up for California's high corporate income tax, these cities must have very low business license, utility, and property taxes. Mission Viejo does not have a business license tax, while Moorpark has a very low flat rate fee of $36 a year. Neither of these cities has a utility tax. Their property tax rates range from 1.04% in Mission Viejo to 1.08% in Moorpark, significantly below the Survey median of 1.29% and the California median of 1.15%. The two cities have sales tax rates of 7.25 to 7.75%, below the Survey median of 8.25%.

Table 2 lists the twenty most expensive western cities in alphabetical order along with each city's sales tax rate, retail business license fee, and property tax rate.

California Cities Rank Poorly

"Real estate is up, unemployment is down and yet California's cities still struggle to make ends meet," said Larry Kosmont, President of Kosmont Companies. "The increase in tax revenues from our recent economic recovery has been a balm to struggling city balance sheets all over the state, but the loss of redevelopment funds and rising pension obligations are still too much for some cities and we've seen the fallout in 2013 with several major cities going bankrupt." Kosmont warns, "After disposing of redevelopment agencies and the enterprise zone programs, California has few economic development tools left in the shed to stimulate recovery at the state or the local level, often resorting to penalties or adding new taxes to business rather than incentives to create jobs."

California's relative indifference to business has been growing since the late 1970s and today can even be described as functionally, if not ideologically, somewhat hostile to the private sector. Long-term

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>
> **- Larry Kosmont**

economic development has been systematically eroded by tax policies as well as heavy exactions on business and development activities. Relying on its historic perception as the land of opportunity and good weather, the state has been slow to react to an exodus of companies seeking cost-effective policies and friendlier political environments. As a result, local cities, which do not receive a nickel of the state's high corporate income tax rate, may lack sufficient revenue to support themselves while taxing a shrinking local business base.

Without meaningful financial help from the state, California cities are left with only two basic options to raise funds: raise local taxes, which requires a public vote, or encourage development. To meet their needs, cities have historically relied upon achieving new revenues from real estate and business investment. But now as part of one of the only states that does not have tax increment to use, California cities must resort in great part to taxation. Unsurprisingly, in the last 5 years nearly 400 out the state's 502 cities have raised taxes through ballot measures; most of the tax increases have targeted industry.

Many California cities view housing as installing an operating expense burden rather than a source of revenue from paid fees and taxes, opting instead to chase commercial projects, especially those that generate sales tax, the cash cow for cities in California because of the relative portion of the tax they can keep. "California cities have become so dependent on a few unstable sources of income that it makes it difficult for them to commit to a long-term economic development plan with the appropriate incentives and still pay their day-to-day costs," he notes. "In their rush for sales tax cash registers, cities frequently forget that you need both rooftops and well-paying jobs to generate local sales."

Kosmont states that firms still want to locate in California, citing the Golden State's world-class weather, amenities, large and diverse workforce, and strategic Pacific Rim location. "Large corporations have a love-hate relationship with California. They want to be in California. But in their attempt to minimize costs, CEOs are compelled to ask, 'How small an operation in California can I manage with and still service that market?' As a result, the sales or design office may stay or even expand in LA or the Bay Area, but the bulk of jobs and back office functions will likely end up in states like Nevada, Arizona or Texas."

There are some signs that the anti-business sentiment in California politics may be waning. Recent voter initiatives mandated commissions, not politicians, to redraw congressional (Prop 20) and legislative districts (Prop 11). Then, the Open Primary law was passed by voters in 2010 (Prop 14) in which the top two vote getters go to the general election, regardless of party affiliation. These laws are already forcing legislators to play to a broader field of constituents, requiring

politicians running for office to work harder for their votes and ultimately tending toward more moderate viewpoints in Sacramento.

Kosmont cautions, “California won’t become business friendly overnight. Change is apt to be incremental, but sooner or later the State will figure out that the long term answer to their budget deficit is private investment that creates jobs, and that means it will need to woo business back. Otherwise, the promise of temporary taxes, which led voters to approve sales and income tax hikes in 2012, will join the long list of excuses as to why the state needs more money to provide questionably effective education at most levels.”

The State of Doing Business in California

In the state of California, the climate for business has been shifting in recent years, and as a result of policy changes, program updates, and new legislation, businesses could face a number of challenges for operating within the state.

In the past few months, Governor Brown has signed multiple bills with significant impacts on the business community in California. Just this past September, Brown authorized Senate Bill 743, which was a watered-down attempt at reforming one of the so-called “third rails” of California politics, the California Environmental Quality Act (CEQA). The Act’s length and burdensome procedures, as well as legal pathway for lawsuits by opposing parties place extensive restrictions on business developments, have caused constant headaches for developers trying to navigate the dimensions of the CEQA bureaucracy.

SB 743 is Senate Leader Darrell Steinberg’s intermediate reform effort for CEQA after his proposal for a more extensive set of reforms was sidelined until next year. The bill’s primary application is to expedite the environmental review of the new basketball stadium under construction for the Sacramento Kings, but it also includes a few measures that will apply broadly to other state development projects. Some of these reforms offer some hope for economic development in California by eliminating bureaucratic delays; the law will streamline judicial approval for large environmental development projects, and it will no longer classify aesthetic impacts on high-traffic transport areas as “significant environmental impacts.”

Despite the passage of these minor reforms to CEQA, their impact on the act as a whole are very minimal. Kosmont maintains that the rest of the law will likely continue to create bureaucratic difficulties and generally unwarranted exposure to frivolous litigation for developers in California, "CEQA originated as environmental legislation but today exists more as a weapon for opponents that want to kill a project by the slow death of years of litigation, often based on nothing more than violations of procedure and other technicalities." Kosmont sums it up by saying "In real estate, time kills all deals and CEQA has become more of a lethal weapon against projects and less of a tool designed to alert the public to legitimate hazards and supportable impact mitigations to the environment." Additionally, the difficulty of passing even Steinberg's limited reforms does not make the task of CEQA reform appealing to other state legislators. It will take some time to see more extensive changes to the law that will ease the restrictions on the business community.

Another new law that will impact the state of doing business in California is Assembly Bill 562, which Governor Brown signed in October. AB 562, set to take effect on January 1, 2014, will likely add red tape to the process of economic development for local agencies. The law requires that local governments hold public hearings prior to approving an economic development subsidy of $100,000 or more. The law was enacted to demystify public projects to taxpayers who previously lacked information about the development subsidies being granted by their local governments. However, the delays that will take effect as a result of this bill could slow the progress of economic development in city and county governments by adding additional steps to the process.

Meanwhile, tax-increment financing (TIF) for redevelopment projects is still unavailable. Before Governor Brown dissolved the state's 400 redevelopment agencies (RDAs) in 2011, the agencies were receiving $6 billion in revenue from TIF, which meant that the state had to subsidize $3 billion of that to make up for the revenues not going to school districts as a result of the partial diversion of property tax revenue. Now that the RDAs have been dissolved and TIF eliminated, there remains a significant void in funding for public-private real estate projects that offer economic development, since TIF was such an integral and oft-used funding strategy. Localities subsidizing development projects have thus faced greater constraints in the past two years, but TIF's elimination has also forced legislators and local governments alike to look for creative solutions to fill the funding gaps necessary to make job and tax-producing projects feasible. For example, one option proposed by Darrell Steinberg is to allow the TIF revenue to go to schools, but let the local agencies keep the real estate assets created by redevelopment. Another option, proposed by Assembly Pro Tem Nora Campos, would allow the use of TIF , but only when it is tied to job creation. All of these efforts are likely to remain sidebar discussions as the Governor continues to signal that there will be no help in the form of tax increment legislation so long as any proposal includes a share of education's tax increment and only if special districts and other taxing agencies have to affirmatively approve the use of their share of future increment. "Cities need to realize they are pretty much on their own at this point, and that there is no knight in shining armor with a coat of arms that bears TIF on it coming from this Governor."

Governor Brown has also been a vocal critic of California's Enterprise Zone Program, which identifies areas throughout the state that are economically distressed and provides incentives to businesses to spur investment and job creation in the hopes of helping economic recovery. There are 42 enterprise zones in the state, but recent reports have shown that the business incentives in the enterprise zones have been manipulated in some cases, with large corporations like Wal-Mart using the program to get benefits from the State for simply moving jobs from one area to another, rather than actually creating new jobs. Other critiques Brown expressed were that the incentives have been used to support low-wage industries instead of strengthening opportunities for middle-class jobs, which he hoped would be stimulated. A recent report suggested that the incentives of the enterprise zones have not created a net increase in job creation, but some small business owners contend that the credits from the program were crucial in enabling them to establish and grow their businesses.

With these concerns looming about the 27-year-old program, Brown advanced a program as part of his 2012-13 budget plan that effectively eliminates the Enterprise Zone Program by redirecting the funding for the enterprise zones to tax credits for manufacturing and biotech, incentives for businesses to provide jobs for the state's poor and unemployed, and a rewards program for the businesses that demonstrate growth. He and State Senator Jerry Hill, who is sponsoring Senate Bill 434 for enterprise zone reform, hope that they can provide a better alternative to the zones that will be more effective in supporting businesses that are making positive contributions to the business climate in the state.

Los Angeles Focus

Traditionally, Los Angeles has been rated as a poor place for conducting business. The imposition of the city's gross receipt taxes has forced businesses to pay taxes based on company profits, discouraging business and hurting the local economy. Recently, however, the city has been making strides in the area of economic development to help promote business growth.

This new hope comes in the form of newly developed public-private partnerships, or P3s, between the city and locally contracted agencies. The initial plan came from a blue ribbon panel's recommendations to create three separate entities to promote growth, including a city development department, a nonprofit economic development entity, and a Deputy Mayor to oversee the program. Since then, the city has implemented the department and the deputy mayor slot, and must now continue efforts toward establishing the proposed economic development board.

The Los Angeles City Council created the Economic and Workforce Development

Table 3: The Cities of Los Angeles County, CA

City Name	Retail License Fee Rank	Property Tax Rank	Cost Rating
AGOURA HILLS	9	12	$$
ALHAMBRA	42	17	$$$$
ARCADIA	37	60	$$$$
ARTESIA	56	1	$$$
AZUSA	39	27	$$$$
BALDWIN PARK	27	57	$$$
BELL	60	72	$$$$$
BELL GARDENS	12	37	$$
BELLFLOWER	18	17	$$$$
BEVERLY HILLS	72	51	$$$$$
BURBANK	20	6	$$$$
CALABASAS	1	7	$$$$
CARSON	53	37	$$$
CERRITOS	16	1	$
CLAREMONT	59	5	$$$$
COMMERCE	25	37	$$
COMPTON	52	72	$$$$$
COVINA	22	22	$$$$
CUDAHY	45	37	$$$$$
CULVER CITY	69	37	$$$$$
DIAMOND BAR	7	48	$$
DOWNEY	51	17	$$$$
DUARTE	17	22	$$
EL MONTE	49	68	$$$$$
EL SEGUNDO	74	30	$$$$$
GARDENA	62	37	$$$$$
GLENDALE	1	3	$$$$
GLENDORA	30	22	$$
HAWTHORNE	68	33	$$$$$
HUNTINGTON PARK	58	69	$$$$$
INDUSTRY	1	74	$$$$
INGLEWOOD	70	62	$$$$$
IRWINDALE	57	57	$$$$$
LA MIRADA	29	12	$$
LA PUENTE	21	27	$$
LA VERNE	48	7	$$$$
LAKEWOOD	40	12	$$$
LANCASTER	11	37	$$

Table 4: The Cities of Los Angeles County, CA (cont.)

City Name	Retail License Fee Rank	Property Tax Rank	Cost Rating
LAWNDALE	28	7	$$$$
LOMITA	67	51	$$$$$
LONG BEACH	33	12	$$$$
LOS ANGELES	73	54	$$$$$
LYNWOOD	24	70	$$$$$
MANHATTAN BEACH	66	3	$$$$
MAYWOOD	45	54	$$$$$
MONROVIA	34	60	$$$
MONTEBELLO	35	65	$$$
MONTEREY PARK	38	64	$$$$
NORWALK	36	17	$$$$
PALMDALE	15	67	$$$
PARAMOUNT	14	62	$$$
PASADENA	50	17	$$$$$
PICO RIVERA	55	22	$$$$
POMONA	63	34	$$$$$
REDONDO BEACH	43	7	$$$$
ROSEMEAD	8	48	$$
SAN DIMAS	31	34	$$
SAN FERNANDO	65	70	$$$$$
SAN GABRIEL	32	66	$$$$$
SANTA CLARITA	1	48	$$
SANTA FE SPRINGS	19	30	$$$
SANTA MONICA	71	22	$$$$$
SIGNAL HILL	13	12	$$
SOUTH EL MONTE	44	57	$$$$
SOUTH GATE	54	37	$$$
TEMPLE CITY	26	54	$$
TORRANCE	64	37	$$$$$
Uninc. LOS ANGELES CO.	1	34	$$$
VERNON	23	37	$$
WALNUT	10	27	$$
WEST COVINA	41	53	$$$
WEST HOLLYWOOD	61	37	$$$$
WESTLAKE VILLAGE	1	7	$
WHITTIER	45	30	$$$$

Department (EDD) with a goal of "building local businesses, providing residents with the tools they need for quality employment, and improving the total economic outlook for the City of Los Angeles." With this primary focus on economic development services, planners hope the process will become a more accessible and "user-friendly experience for business owners." In order to achieve these ends, the council divided the department into three services divisions: economic development, workforce development, and Youth Source and Summer Youth Employment.

The EDD established several new WorkSource centers that provide free employment services such as prescreening, customized training, labor market information and other tools. The department has also worked to create tax incentives and federal grants and partnerships to incentivize small and large businesses. The Workforce Development Division has used these programs and services to connect employers to veterans, adults and other job seekers. The Youth Source and Summer Youth Employment division created several programs to assist local youth with the job and college search. YouthSource provides resources and services to individuals ages 16 to 21 to help encourage high school graduation. The Case

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>
> **- Larry Kosmont**

for College program provides college information and financial aid advising, as well as college scholarships. Most recently, the department launched the Hire LA Youth Summer Employment Program last July to help connect individuals to local businesses, ease the hiring process and engage youth in the local work force.

The city has also begun considering the implementation of a City Economic Development Nonprofit (CEDN), a nonprofit dedicated to managing Los Angeles's strategic real estate assets and "off-budget finance entities." Working in conjunction with the EDD, the CEDN's goal is to maximize the value of real estate, taking money from private investment to help improve public resources in low income areas.

To help coordinate the two entities, Los Angeles Mayor Eric Garcetti appointed Kelli Bernard as Deputy Mayor for Economic Development. Bernard, who previously served as the interim deputy mayor economic development, will work with city departments and economic development agencies, as well as local businesses, to foster economic growth. Through this new framework, the city intends to stimulate job growth and attract new businesses and industries to the city of Los Angeles.

Streams of Light

With some of the highest business taxes and license fees in the country, California could be viewed as at best as a challenging place for business. Recent legislation, however, could provide a stream of light for California businesses. During the month of October, Governor Brown signed into law three bills intended to promote local economic growth. The bills invigorate existing legislation and create new methods to develop economic areas. Additionally, the legislature is considering additional bills that could also further benefit Californian businesses.

The best example is Assembly Bill 440, which was signed October 5, 2013. The legislation grants municipalities the autonomy to "compel cleanup of contaminated properties," or "blighted properties." The bill also provides immunity for any release addressed in the cleanup plans, protecting cities and the property's future developers or purchasers. This creates an incentive to improve areas that had not previously been attractive to consumers. Economically speaking, the resulting cleanup and removal of these "blighted properties" add value to the area and work to attract more consumers.

Senate Bill 470 works parallel to these pieces of legislation by declaring it "the policy of the state to protect and promote the sound development of economic opportunity" and "the general welfare of the inhabitants of those communities through employment." The bill thus redefines economic development as an official public benefit, making it a priority of the state. Assembly Bill 440 and Senate Bill 341 carry out this function.

"*Los Angeles County remains such an expensive area in part because of its high sales and utility user taxes.*

- Larry Kosmont

This trend may continue in the form of two bills, Senate Bill 1 and Assembly Bill 690, often referred to as the Jobs and Education District Initiative. Senate Bill 1 was vetoed last year by Governor Brown but is on the docket for this year. If passed, the bill would create the Sustainable Communities Investment Authority that would work "to invest in regions near transit nodes and other stops." Assembly Bill 690 would establish Jobs and Infrastructure Districts to "provide incentives to the private sector to create new jobs and provide workforce training." If passed, both pieces of legislation would work to stimulate the economy through job creation and an increase in property value.

Kosmont feels it is unlikely the legislature will be able to advance any bill that uses TIF until the Governor can set aside ill feelings about the way TIF was used with Redevelopment Agencies. "The equation is simple. California gets 85% of its funding from income and sales tax. If we invest TIF in projects that create jobs, the state gets paid back 11 to 1 on its investment because the new job handsomely returns increased income and sales tax back to Sacramento. The project gets to happen. The state gets a check. The city gets a job. That's a natural win-win-win. With over 9% unemployment one would think that state can find a way clear to bring TIF back in a balance productive way."

Los Angeles County

Tables 3 and 4 lists the cost ratings, business license fee rankings, and property tax rankings for the cities surveyed in Los Angeles County. Please note that the license fee and property tax rankings are in comparison to only the other cities in the county. Any cities with equal fees or tax rates receive the same ranking.

Los Angeles County, California's most populous county, remains a very high cost county. Of the 74 Los Angeles County cities surveyed, more than half received a High or Very High Cost rating. Los Angeles County has 22 Very High Cost ($$$$$) cities, 22 High Cost ($$$$) cities, 12 Average Cost ($$$) cities, 16 Low Cost ($$) cities, and only 2 Very Low Cost ($) cities. This means that fewer than 3% of Los Angeles cities are Very Low Cost, while nearly 30% are Very High Cost. From 2012 to 2013, the number of cities with a Very High Cost ($$$$) rating increased by two, and both the number of Average Cost ($$$) cities and Very Low Cost($) cities decreased.

The Survey finds that Los Angeles is one of the most expensive areas in California and in the western United States in which to do business. Eleven of the twenty most expensive cities in California are in Los Angeles County; on the other hand, not a single Los Angeles city made the list of 20 least expensive California cities. Additionally, eight of the 20 most expensive cities in the western United States are located in Los Angeles County: Bell, Beverly Hills, El Segundo, Compton, Culver City, Inglewood, Los Angeles, and Santa Monica. These cities tend to have high taxes across the board, including business license fees, utility taxes, sales taxes, and property taxes. In Culver City, Inglewood, Los Angeles, and Santa Monica, a medium-sized retail business would pay over $10,000 a year in business license fees, nearly ten times the state median of $1,370. All seven cities have some of the highest utility tax rates in the state; electricity rates, for instance, range from 10% in Compton to 12.5% in Los Angeles. Property tax exceeds 1.20% in six of the eight cities, and runs as high as 1.55% in Bell and Compton.

Los Angeles County remains such an expensive area in part because of its high sales and utility user taxes. Every incorporated city has a sales tax above 8.75%, while the California state median is 8.25%. Four cities have a sales tax of 9.25%, while two – Pico Rivera and South Gate – have a sales tax of 9.75%, the highest of all 305 cities in the Survey. While only 45% of all California cities have utility user taxes, more than 60% of Los Angeles cities tax at least one utility. Of the 4 cities with utility taxes, 22 have high electric taxes ranging from 6% to 12.5%.

Several Los Angeles County cities also have very high property taxes. 10 cities have property taxes above 1.30%, among the thirty highest tax rates in California. The City of Industry has the highest property tax rate in the survey of California cities at 1.99%. However, Industry is business friendly and overall very competitive because it remains an Average Cost city and does not have any business license or utility taxes.

The City of Los Angeles is one of the most expensive cities in the county. Los Angeles has high utility taxes ranging from 10% on gas to 12.5% on electricity, and a relatively high property tax rate of 1.25%. Thanks to its gross receipts-based formula, the city also has one of the highest business license fees; depending on the type of business, a company making $10 million a year would pay between $10,100 and $50,700 a year. Los Angeles is surrounded by other High and Very High cost cities, many of whom also have high utility taxes and business license fees totaling several thousand dollars a year.

Westlake Village and Cerritos, the two Very Low Cost cities, are both located on the geographic extremes of Los Angeles County, bordering the less expensive Ventura and Orange Counties. Westlake Village is one of six cities without any business license tax, while a medium-sized retail business would pay less than $60 a year in Cerritos. Both cities have low property tax rates (between 1.05 and 1.11%), and neither has utility taxes.

San Bernardino County

Table 5 lists the cost ratings, business license fee rankings, and

Table 5: The Cities of San Bernardino County, CA

City Name	Retail License Fee Rank	Property Tax Rank	Cost Rating
ADELANTO	4	18	$$
APPLE VALLEY	6	7	$$
BARSTOW	8	6	$$
CHINO	12	1	$$$
CHINO HILLS	2	1	$
COLTON	15	12	$$$$$
FONTANA	16	12	$$$$$
GRAND TERRACE	11	12	$$$
HESPERIA	3	7	$
HIGHLAND	7	9	$$
LOMA LINDA	9	12	$$$
ONTARIO	14	3	$$
RANCHO CUCAMONGA	13	4	$$
REDLANDS	18	10	$$$$
RIALTO	17	12	$$$$$
SAN BERNARDINO	19	10	$$$$$
Uninc. SAN BERNARDINO CO.	1	12	$$
UPLAND	10	4	$$
VICTORVILLE	5	18	$$

property tax rankings for the cities surveyed in San Bernardino County.

San Bernardino is a lower cost county, with two Very Low Cost ($) and nine Low Cost ($$) cities. However, the County also has four Very High Cost ($$$$$), one High Cost ($$$$), and three Average Cost ($$$) cities. All of the High and Very High Cost cities are concentrated around the City of San Bernardino and lie near the border with Riverside County.

San Bernardino, the county seat, is one of the two Very High Cost cities and has some of the highest taxes within the county. The City of San Bernardino, which imposes a 0.25% municipal sales tax, has the highest sales tax rate in the county at 8%. The gross receipts-based business license tax is also the highest in the county; a medium-sized retail business would pay $7,549 in San Bernardino, well above the state median of $1,370. Additionally, San Bernardino has a high 7.75% utility tax on electricity, gas, telephone, and cellular service. Rialto, another Very High Cost city, is the only city in the county with higher utility taxes; it has an 8% tax on all six utilities studied in the Survey. Rialto also has the third highest retail business license fees in the county, behind San Bernardino and Redlands.

San Bernardino County's property tax rates vary widely. With their 1.05% property tax rate, Chino and Chino Hills have two of the 20 lowest property tax rates among all California cities surveyed. They are followed closely by Ontario at 1.07%. In contrast, Adelanto, Colton, Fontana, Grand Terrace, Loma Linda, Rialto, San Bernardino, Unincorporated San Bernardino County, and Victorville all have property rates between 1.31% and 1.35%, making them among the 25 most expensive California cities in terms of property tax. These tax rates are significantly higher than the state median of 1.15%. However, several of these cities, including Adelanto and Victorville, maintain Low Cost ratings because they have low business license taxes and no utility taxes.

San Bernardino remains a lower cost county because of low utility taxes and business license fees. 13 out of the 19 surveyed cities do not have any utility taxes. Additionally, most cities have low to moderate business license fees. A medium-sized retail business would pay less than $1,000 a year in eight cities, and nothing in unincorporated parts of the county. Chino Hills and Hesperia have the lowest business license fees, with flat rates of $52 and $69, respectively, for all business categories. Although Unincorporated San Bernardino County does not have a business license tax, it has one of the highest

Table 6: The Cities of Riverside County, CA

City Name	Retail License Fee Rank	Property Tax Rank	Cost Rating
BANNING	6	22	$$$
BEAUMONT	13	21	$$$$
CATHEDRAL CITY	13	17	$$$$
COACHELLA	22	11	$$$$$
CORONA	20	6	$$
DESERT HOT SPRINGS	11	18	$$$$
HEMET	8	9	$
INDIAN WELLS	4	11	$$
INDIO	18	11	$$$$
LA QUINTA	13	11	$$
LAKE ELSINORE	3	3	$
MORENO VALLEY	21	2	$$$$
MURRIETA	10	6	$$
NORCO	16	4	$
PALM DESERT	17	11	$$$
PALM SPRINGS	12	18	$$$$
PERRIS	5	5	$
RANCHO MIRAGE	7	11	$$
RIVERSIDE	19	6	$$$$
SAN JACINTO	9	9	$
TEMECULA	2	1	$
Uninc. RIVERSIDE CO.	1	20	$$

property tax rates at 1.34% and therefore received a Low Cost rather than Very Low Cost rating.

Riverside County

Table 6 lists the cost ratings, business license fee rankings, and property tax rankings for the cities surveyed in Riverside County.

Riverside County has a wide distribution of cost ratings, with six Very Low Cost ($) cities, six Low Cost ($$) cities, two Average Cost ($$$) cities, seven High Cost ($$$$) cities, and one Very High Cost ($$$$$) city. Coachella is the only Very High Cost city with high taxes across the board. Coachella has the highest retail business license fees; a medium-sized retail business pays $7,000 a year in Coachella, compared to $2,588 in Moreno Valley and $2,040 in Corona. Coachella also has a 5% utility tax rate and a 1.13% property tax rate.

Property tax rates in Riverside County range from 1.03% to 1.39%. Fifteen of the twenty-two cities have property tax rates above the state median of 1.15%. Banning and Beaumont have two of the twenty highest property tax rates in California with rates of 1.39% and 1.37%, respectively. However, Banning remains a Low Cost city because it has no utility taxes and a moderate retail business license fee of $330 for medium-sized businesses.

Nine of the twenty-two Riverside County cities featured in the Survey have retail business license fees over $1,000. Five cities have flat-rate fees of $100 or less. Although every city charges a business license tax, the lowest fees are in the unincorporated areas of Riverside at $30, followed by $36 in Temecula. Twelve of the twenty-two cities have no utility user taxes at all, while two more only have taxes on three types of utilities—all of which are 5% or below. Conversely, Desert Hot Springs and Riverside have the highest utility taxes with rates of 7.0% and 6.5%, respectively, for all six utilities studied in the Survey.

The six Very Low Cost ($) cities are Norco, San Jacinto, Hemet, Perris, Lake Elsinore, and Temecula. None of these cities have utility taxes and they have low property tax rates, all below 1.20%. Temecula has the lowest property tax in the county at 1.03%.

Table 7: The Cities of San Diego County, CA

City Name	Retail License Fee Rank	Property Tax Rank	Cost Rating
CARLSBAD	15	3	$$$
CHULA VISTA	11	6	$$
EL CAJON	8	13	$$$
ENCINITAS	3	1	$
ESCONDIDO	13	8	$$
IMPERIAL BEACH	10	8	$$
LA MESA	7	14	$$
LEMON GROVE	5	12	$
NATIONAL CITY	12	8	$$
OCEANSIDE	16	2	$$$
POWAY	2	3	$
SAN DIEGO	9	16	$$
SAN MARCOS	5	3	$
SANTEE	4	11	$
Uninc. SAN DIEGO CO.	1	14	$
VISTA	14	6	$$

San Diego County

Table 7 lists the cost ratings, business license fee rankings, and property tax rankings for the cities surveyed in San Diego County.

San Diego has historically been one of the lowest cost counties featured in the Survey, and once again it maintains its place as the least expensive overall county. San Diego is one of very few California counties without any High or Very High Cost cities; of a total 16 cities surveyed, 6 are Very Low Cost ($), 7 are Low Cost ($$), and only 3 are Average Cost ($$$).

The city of San Diego is one of the least expensive Big Cities in California. It is also one of only two Low Cost Cities in California with a population over 250,000 (the other being Anaheim), and it is the only Low Cost City in California with a population over 500,000 (San Antonio, Texas also has a population over 500,000 and a Low Cost rating). San Diego has a lower cost rating than most large cities mainly because of its low business license tax, which is computed based on the number of employees working for a company; a medium-sized retail business would pay around $560 a year in business license taxes, which is less than half of the state median of $1,370. Like most of the other cities in the county, San Diego does not have utility user taxes. However, it does have the highest property tax rate in San Diego County, which helps explain why it received a Low Cost rather than Very Low Cost rating.

El Cajon, Oceanside, and Carlsbad received the highest cost ratings in San Diego County, although all three are only Average Cost and remain competitive with other California cities. El Cajon is the only city in San Diego County with utility taxes on electricity and gas, and one of just two cities with utility taxes on telecommunications. Oceanside has the highest business license tax in the county; with the city's gross receipts calculation formula, a medium-sized business could pay $5,075 a year, compared to the low figure of $560 in the city of San Diego.

Orange County

Table 8 lists the cost ratings, business license fee rankings, and property tax rankings for the cities surveyed in Orange County.

Orange County remains a relatively low-cost county with 24 of the 28 cities featured in the Survey ranking Average Cost ($$$) or lower. The county has five Average Cost ($$$) cities, six Low Cost ($$) cities, and thirteen Very Low Cost ($) cities. Three of the remaining four cities are High Cost ($$$$), and, only one, Seal Beach, is Very High Cost ($$$$$). Geographically, every city south of Santa Ana is either Low or Very Low Cost, and the more expensive cities are located in the northern part of Orange County, closer to Los Angeles County.

Geographically, every city south of Santa Ana is either Low or Very Low Cost.

Overall, Orange County has low business license fees and sales tax relative to other California cities. 20 of the 28 Orange County cities, or 71%, have business license taxes below the state median of $1,370 for a medium-sized retail business. Six cities, or 21.4%, do not have any business license fees, and in thirteen other cities a retail business would pay less than $1,000. 26 of the 28 cities have sales tax of 7.75%, below the state median of 8.25%.

Orange County's low property tax rates contribute to its low-cost county status. 24 of the 28 featured cities have property tax rates below the state median of 1.15%; thirteen of these cities have property tax rates below 1.10%. Mission Viejo and San Clemente have two of the eight lowest property tax rates in the entire Survey, including both California and non-California cities. Rancho Santa Margarita has one of the highest property tax rates in California at 1.50% due to a high water bond. However, Rancho Santa Margarita remains a Low Cost ($$) city because it does not have any utility user taxes or business license tax.

The only Very High Cost city in Orange County, Seal Beach, has very low business license fees (a flat rate of $207 in most business categories). However, with a utility rate of 11%, Seal Beach has the highest utility taxes in the entire county. Seal Beach and Culver City are tied for California's highest telephone tax rate, and only the city of Los Angeles has a higher electricity tax rate at 12.5%.

Compared with the rest of California, Ventura County cities tend to have lower sales tax rates.

Ventura County

Table 9 lists the cost ratings, business license fee rankings, and property tax rankings for the cities surveyed in Ventura County.

Ventura is a fairly low-cost county, as Table 9 illustrates. Of the nine cities surveyed, two are Very Low Cost ($), two are Low Cost ($$), two are Average Cost ($$$), and three are High Cost ($$$$). Ventura County does not have any Very High Cost ($$$$$) cities. Generally, the more expensive cities, including Oxnard, Port Hueneme, and Unincorporated Ventura Co. are along the coast, while less expensive cities – Fillmore, Moorpark, Camarillo, and Thousand Oaks – are located further inland.

Compared with the rest of California, Ventura County cities tend to have lower sales tax rates. Five cities have 7.25% sales tax, Fillmore, Camarillo and Ventura have 7.50% sales tax, and Oxnard has 7.75% sales tax. All cities

Table 8: The Cities of Orange County, CA

City Name	Retail License Fee Rank	Property Tax Rank	Cost Rating
ALISO VIEJO	1	24	$
ANAHEIM	19	14	$$
BREA	14	22	$
BUENA PARK	22	14	$$$
COSTA MESA	10	18	$
CYPRESS	26	9	$$$
FOUNTAIN VALLEY	12	5	$
FULLERTON	21	14	$$
GARDEN GROVE	23	25	$$$
HUNTINGTON BEACH	13	9	$$$
IRVINE	8	18	$$
LA HABRA	14	5	$
LAGUNA HILLS	1	25	$
LAGUNA NIGUEL	1	23	$
LAKE FOREST	1	2	$
MISSION VIEJO	1	2	$
NEWPORT BEACH	18	18	$$
ORANGE	24	14	$
PLACENTIA	28	9	$$$$
RANCHO SANTA MARGARITA	1	28	$$
SAN CLEMENTE	17	1	$$$
SAN JUAN CAPISTRANO	16	4	$
SANTA ANA	27	18	$$$$
SEAL BEACH	11	5	$$$$$
TUSTIN	9	13	$
Uninc. ORANGE CO.	1	27	$
WESTMINSTER	25	5	$$$$
YORBA LINDA	20	9	$$

in Ventura County fall below the state median of 8.25% sales tax. Ventura County cities property taxes vary. Five cities have property taxes lower than the state median of 1.15%, while Oxnard, Unincorporated Ventura Co., Ventura, and Thousand Oaks have higher property taxes than the state median. Only Oxnard, a high cost city, has property tax in excess of 1.20%, at 1.21%. Additionally, seven of the nine cities do not have utility user taxes. Only Port Hueneme and Ventura, the two High Cost cities, have utility taxes of 4% and 5%, respectively. The two Very Low Cost cities, meanwhile, stand out because of their low flat-rate business license fees. A medium-sized retail business grossing $10 million a year would pay just $36 in Moorpark and $258 in Fillmore.

Table 9: The Cities of Ventura County, CA

City Name	Retail License Fee Rank	Property Tax Rank	Cost Rating
CAMARILLO	$1,750.00	3	$$
FILLMORE	$258.00	4	$
MOORPARK	$36.00	1	$
OXNARD	$6,198.59	9	$$$$
PORT HUENEME	$7,200.00	4	$$$$
SIMI VALLEY	$3,750.00	1	$$$
THOUSAND OAKS	$1,537.50	7	$$
Unincorporated VENTURA CO.	$5,000.00	8	$$$$
VENTURA	$345.00	6	$$$

Alameda and Contra Costa Counties

Tables 10 and 11 list the cost ratings, business license fee rankings, and property tax rankings for the cities surveyed in Alameda and Contra Costa Counties, respectively.

Alameda remains one of the highest cost counties in California and the most expensive county in the high-cost Bay Area. Alameda County has seven Very High Cost ($$$$$) cities, four Average Cost ($$$) cities, one Low Cost ($$) city, and no Very Low Cost Cities ($). Most of these Very High Cost cities are concentrated along the water, closest to San Francisco. 10 of the 12 Alameda County cities featured in the Survey have property tax rates above the Bay Area median of 1.14%, and every city has a sales tax rate at least 0.5% above the state median of 8.25%. Alameda, Berkeley, and Oakland also have some of the highest utility user taxes in the state – a 7.5% tax on all utilities except water.

Very high business license fees greatly contribute to Alameda County's high cost ratings. 11 of the 12 cities have business license fees that are well above the state median of $1,370. Berkeley and Oakland, in which a medium-sized business would pay $12,000 a year, are among the 13 cities with the highest retail business license fees in the state. Dublin, in contrast, is the least expensive city in Alameda County and the only city with a

Table 10: The Cities of Alameda County, CA

City Name	Retail License Fee Rank	Property Tax Rank	Cost Rating
ALAMEDA CITY	7	10	$$$$$
BERKLEY	11	11	$$$$$
DUBLIN	1	4	$$
EMERYVILLE	10	7	$$$$$
FREMONT	3	2	$$$
HAYWARD	4	7	$$$$$
LIVERMORE	9	1	$$$$$
NEWARK	2	6	$$$
OAKLAND	11	12	$$$$$
PLEASANTON	5	4	$$$
SAN LEANDRO	6	3	$$$$$
UNION CITY	8	9	$$$

Table 11: The Cities of Contra Costa County, CA

City Name	Retail License Fee Rank	Property Tax Rank	Cost Rating
ANTIOCH	7	1	$$
CONCORD	9	2	$$$
DANVILLE	3	2	$$$
MARTINEZ	5	7	$$$$
PITTSBURG	2	8	$$
PLEASANT HILL	10	6	$$$$
RICHMOND	8	10	$$$$$
SAN PABLO	4	9	$$$$$
SAN RAMON	1	2	$
WALNUT CREEK	6	2	$$

business license tax below the state median. While every other city calculates retail business license fees based on gross receipts or number of employees, Dublin only charges a low $50 flat rate fee.

Neighboring Contra Costa County, on the other hand, has a more even distribution of cost ratings across its cities. Of the 10 cities featured in the Survey, two are Very High Cost ($$$$$), two are High Cost ($$$$), two are Average Cost ($$$), three are Low Cost ($$), and one is Very Low Cost ($). Two of Contra County's four most expensive cities, Richmond and San Pablo, are located closest to San Francisco and to Very High Cost cities in Alameda County, while most of the lower cost cities are further away from San Francisco. Richmond and San Pablo, like Alameda, Berkeley, Oakland, and San Francisco, have high utility user taxes above 7% that contribute to their high cost ratings. They also have some of the highest property tax rates in the Bay Area with 1.40% and 1.31% respectively.

Contra Costa County's four cities that are either Very Low Cost or Low Cost are San Ramon, Walnut

Creek, Pittsburg, and Antioch. Unlike cities of higher cost, none of these cities have utility taxes, and all four have significantly smaller fees than other cities in Contra Costa County. San Ramon, the only Very Low Cost city, has only a $350 fee across the board, which is significantly smaller than other cities in the county.

San Mateo and Santa Clara Counties

Tables 12 and 13 list the cost ratings, business license fee rankings, and property tax rankings for the cities surveyed in San Mateo and Santa Clara Counties, respectively.

With two Very Low Cost ($) cities, one Low Cost ($$) cities, four Average Cost ($$$) cities, one High Cost ($$$$) city, and one Very High Cost ($$$$$) city, San Mateo is an Average Cost county. The nine cities featured in the Survey, with property taxes ranging from 1.09% to 1.13%, all have rates below the state median of 1.15%.

Like most of the Bay Area, San Mateo County has relatively high business license fees; in seven of the nine cities, a medium-sized retail business would pay more than the state median of $1,370. Daly City, where businesses pay 0.1% of their gross receipts in taxes, has the highest retail business license tax rates in the county, and one of the 20 highest in California. Colma and Burlingame, two Very Low Cost cities, both have flat rate fees, putting them in the 20% of the Survey with the lowest retail business license fees in the state. While a retail business

Table 12: The Cities of San Mateo County, CA

City Name	Retail License Fee Rank	Property Tax Rank	Cost Rating
BURLINGAME	2	3	$
COLMA	1	3	$
DALY CITY	9	3	$$$$$
FOSTER CITY	6	1	$$$
MENLO PARK	5	8	$$$
REDWOOD CITY	4	3	$$$$
SAN BRUNO	7	3	$$$
SAN MATEO	8	9	$$$
SOUTH SAN FRANCISCO	3	1	$$

Table 12: The Cities of Santa Clara County, CA

City Name	Retail License Fee Rank	Property Tax Rank	Cost Rating
CAMPBELL	5	2	$$
CUPERTINO	7	2	$$$
GILROY	10	10	$$$$
LOS ALTOS	9	2	$$$
LOS GATOS	8	9	$$$$
MILPITAS	3	8	$$
MORGAN HILL	6	1	$$
MOUNTAIN VIEW	2	6	$$$
PALO ALTO	1	2	$$$$
SAN JOSE	11	11	$$$$
SANTA CLARA	4	7	$$

making $10,000,000 in gross receipts would pay $10,000 a year in Daly City, it would only pay $25 in Colma and $100 in Burlingame.

Santa Clara County is a higher cost county than San Mateo, with no Very Low Cost ($) cities, four Low Cost ($$), four Average Cost ($$$), and four High Cost ($$$$) cities. 10 of the 12 Santa Clara cities have property tax rates above the state median, with Gilroy and San Jose having the highest in the county at 1.21% and 1.28%, respectively. Compared to San Mateo cities, Santa Clara cities tend to have higher property tax and utility user rates. While only three San Mateo cities have any utilities taxes, eight Santa Clara cities have taxes on electricity, gas, and telecommunications ranging from 2% to 5%. The median utility tax, 2.2%, exceeds the Bay Area median of 1.55%.

However, Santa Clara County has lower retail business license fees than San Mateo County, with a median of $635 compared to $2,750. In eight Santa Clara cities, a medium-sized retail business would pay less than $1,000 a year; in contrast, there are only two such cities, Colma and Burlingame, in San Mateo County. Palo Alto does not have any business license tax, while Mountain View charges a $30 flat fee for most types of business. Although San Jose has the highest retail business license tax in Santa Clara County, a medium-sized retail business would still pay less in San Jose than it would in two thirds of the cities in San Mateo County. ■

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