

# Cost of Doing Business Survey

## Executive Summary

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The 2018 Kosmont-Rose Institute Cost of Doing Business Survey is the 23rd edition of the annual survey and continues to offer comprehensive profiles and insightful analysis delivered by the decade-long collaboration between Kosmont Companies and the Rose Institute of State and Local Government. The Survey gives an overview of the taxes, fees, and other costs associated with running a business in over 300 cities in the western United States. City governments find this information essential to understanding where their municipality stands in relation to the surrounding area. Businesses and their realtors see the Survey as a one-stop shop for understanding the business climate in the featured cities and regional economic trends.

The cost ratings found in the 2018 Cost of Doing Business Survey are the results of a yearlong data collection process. The Rose Institute collects data on license fees, tax codes, and other quantitative measures and incorporates all the figures into a proprietary formula which rates the 307 cities in the Survey from most to least expensive. The cities are also assigned a cost rating based on the quintile in which they fall: 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 or contact the Rose Institute at (909) 621-8159.

The 307 cities are located in nine states in the western United States: California, Oregon, Washington, Nevada, Texas, Arizona, Colorado, Utah, and New Mexico. Similar to previous years, the Survey focuses its research and analysis on California cities. We hope you find the 2018 Survey useful as you compare the cost of doing business in municipalities all around the Western United States.

## 2018 Most Expensive Cities

The 2018 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. Of the municipalities evaluated, the twenty most expensive cities are located in five different states. California dominates the list with twelve cities; eight are in Southern California and four are in the Bay Area. Arizona and Washington have three cities on the list; Colorado and Oregon each have one.

The twenty most expensive cities in the West include several of the largest cities in the region. Six of the ten largest western metropolitan areas are represented on the list: Los Angeles, San Francisco, Riverside, San Bernardino, Phoenix, Seattle, and Portland. Many of the most expensive cities are important regional hubs; 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 opportunities available in such cities.

The Survey's findings indicate that

**Table 1: The Twenty Most Expensive Cities**

| City Name      | State | Sales Tax Rate | Retail Business License Fee | Property Tax Rate |
|----------------|-------|----------------|-----------------------------|-------------------|
| BELL           | CA    | 9.00%          | \$4,386.00                  | 1.51%             |
| BELLINGHAM     | WA    | 8.70%          | \$17,000.00                 | 2.31%             |
| BERKELEY       | CA    | 9.50%          | \$12,000.00                 | 1.24%             |
| BEVERLY HILLS  | CA    | 9.50%          | \$12,500.00                 | 1.16%             |
| CHANDLER       | AZ    | 7.80%          | \$50.00                     | 4.86%             |
| CULVER CITY    | CA    | 9.50%          | \$10,060.00                 | 1.08%             |
| EL SEGUNDO     | CA    | 9.50%          | \$15,332.50                 | 1.17%             |
| INGLEWOOD      | CA    | 9.50%          | \$11,022.00                 | 1.41%             |
| LONGMONT       | CO    | 3.27%          | \$25.00                     | 7.96%             |
| LOS ANGELES    | CA    | 9.50%          | \$13,200.00                 | 1.22%             |
| OAKLAND        | CA    | 9.25%          | \$12,000.00                 | 1.35%             |
| PHOENIX        | AZ    | 8.30%          | \$0.00                      | 4.58%             |
| PORTLAND       | OR    | 0.00%          | \$36,500.00                 | 2.29%             |
| RICHMOND       | CA    | 9.25%          | \$4,411.60                  | 1.42%             |
| SAN BERNARDINO | CA    | 8.25%          | \$7,548.75                  | 1.31%             |
| SAN FRANCISCO  | CA    | 8.75%          | \$13,500.00                 | 1.17%             |
| SANTA MONICA   | CA    | 10.25%         | \$12,500.00                 | 1.14%             |
| SEATTLE        | WA    | 9.60%          | \$21,590.00                 | 1.29%             |
| TACOMA         | WA    | 10.10%         | \$15,390.00                 | 1.61%             |
| TUCSON         | AZ    | 8.60%          | \$25.00                     | 4.01%             |

*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.*

the Bay Area and Los Angeles are the two most expensive metropolitan areas in the western United States, followed by Portland. The four most expensive cities located in the Bay Area are San Francisco, Berkeley, Oakland, and Richmond. All four cities have high utility rates of 7.50% or more. Of the four cities, San Francisco has the highest business license fees. For example, the 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)

in San Francisco is \$13,500 a year. Both Berkeley and Oakland also have very high business license fees of \$12,000. Phoenix has the lowest business license fee on the list of twenty most expensive cities at \$0. Seven out of the twenty most expensive cities are in Los Angeles County: Los Angeles, Santa Monica, Culver City, Inglewood, Beverly Hills, Bell, and El Segundo. In these cities, a medium-sized retail business would pay between \$4,386 and \$15,332.50 a year in business license fees. Of the twenty most expensive cities, Portland has the highest business license fee of \$36,500 and a utility tax rate

of 5% for all services excluding cellular. The concentration of expensive cities in major metropolitan areas limits options for businesses that desire less expensive business environments while retaining access to key markets, trading ports, and other resources.

Arizona has three of the most expensive western cities on the list: Tucson, Chandler, and Phoenix. These cities have high property tax rates between 4.01% and 4.86%, among the highest rates found in the Survey. These three cities also have high electricity tax rates that range from 2.7% to 9.05%. Washington also contains three cities on the list: Seattle, Tacoma, and Bellingham. The cities have utility user tax rates between 6% and 7.5% and charge business license fees ranging from \$15,390 to \$21,590 for a medium-sized retail business.

High property tax rates continue to be a driver of the high costs of doing business. Five of the twenty most expensive cities have property tax rates more than double the Survey's median property tax rate of 1.16%. Longmont, Colorado, has the highest property tax rate in the Survey at 7.96%, followed by Chandler (4.86%), Phoenix (4.58%), and Tucson, Arizona (4.01%). California's Prop 13 greatly limits property tax rates; the twelve California cities on the list have property tax rates ranging from 1.08% to 1.51%. Culver City and Santa Monica have the lowest property tax rates on the list at 1.08% and 1.14%, respectively. Overall, California's median proper-

ty tax rate of 1.16% is less than one-half of the median property tax rate in Arizona (2.35%).

Many, but not all, of the most expensive western cities also have high business license taxes. These taxes vary significantly. A medium-sized retail business would pay \$13,500 per year in San Francisco, \$36,500 per year in Portland, and \$21,590 per year in Seattle. In sixteen of the twenty most expensive cities, a medium sized retail business would pay over \$4,386 a year. Moreover, in thirteen of the twenty most expensive cities surveyed, a medium sized retail business would pay over \$10,000 a year. Those figures are significantly higher than the median business license fee of all cities surveyed (\$1,000). All three of the cities in Arizona stand out due to their low business license fees. A medium-sized retail business would pay \$50 a year in Chandler, \$25 in Tucson, and nothing in Phoenix. This is also true for a new city in the twenty most expensive, Longmont, Colorado (\$25). However, these cities have higher than average property, utility, and sales tax rates that still make them three of the twenty most expensive cities to do business in the western United States.

## 2018 Least Expensive Cities

This year's list of twenty least expensive cities in the western United States includes seven cities in Texas, four cities each in Washington and Nevada, four cities in California, and one city in Oregon. The list also includes cities from several of the largest western metropolitan areas including Dallas-Fort Worth, Houston, San Antonio, Las Vegas, and Reno.

Business license fees are an important factor in determining cost ratings, and many of the least expensive western cities have very low business taxes. Half of the twenty cities on the list do not have a business license tax, while two others have a very low annual flat rate under \$100. The four cities in Nevada (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 because they are located in a state without corporate income tax. Additionally, all four cities in Nevada have relatively low property tax rates between 1.014% and 1.27%.

Many of the least expensive western cities have low utility user taxes. Nine of the twenty cities do not have any electricity tax, and ten do not have any telephone tax. The remaining cities have electricity tax rates varying from 0.26% to 7.88%, and telephone tax rates varying from 1%

to 9.05%, with Plano holding the highest telephone tax rate. Despite high utility taxes, Plano remains a Very Low Cost city due to the absence of a business license tax and 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 surveyed are located in Nevada, Texas, or Washington – all states without corporate income tax. One other city, Eugene, is located in Oregon, which has no sales tax. This allows it a place on the list despite a high state income tax, making it the only city outside of California with an income tax to make it onto the list. Businesses should note, however, that while Texas and Washington do not have a state income tax, they each have gross receipts-based taxes that were 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 (0.471% of gross receipts).

Texas continues to stand out as a low cost state, boasting seven of the twenty least expensive cities surveyed in the western United States. Texas does not have a corporate income tax, and many of the cities surveyed in Texas do not have business license fees. Five of the seven least expensive cities in Texas do not have any utility tax on telephone service, and five do not tax cable or

water. However, six of the seven cities have relatively high property tax rates (between 2.188% and 2.79%), among the highest in the Survey. These findings remind businesses that a city can remain low cost despite having higher tax rates in certain areas.

Although California has a number of low cost cities, only four are on the twenty least expensive western cities list, up from only one from the previous year. Menifee, Mission Viejo, and Aliso Viejo are all included the least expensive cities list. To

make up for California's high corporate income tax, these cities have reduced business license, utility, and property taxes. Two of the four California cities have no business license fees or utility taxes, and medium sized business in any of these four cities will not pay more than \$93 in business license fees. Additionally, the average ad valorem property tax rates of these cities in 1.06%, much lower than the average of all twenty least expensive cities (1.61%).

**Table 2: The Twenty Least Expensive Cities**

| City Name      | State | Sales Tax Rate | Retail Business License Fee | Property Tax Rate |
|----------------|-------|----------------|-----------------------------|-------------------|
| ABILENE        | TX    | 8.25%          | \$0.00                      | 2.58%             |
| ALISO VIEJO    | CA    | 8.00%          | \$0.00                      | 1.01%             |
| CORPUS CHRISTI | TX    | 8.25%          | \$0.00                      | 2.77%             |
| DALLAS         | TX    | 8.25%          | \$0.00                      | 2.71%             |
| EUGENE         | OR    | 0.00%          | \$0.00                      | 1.44%             |
| EVERETT        | WA    | 9.00%          | \$1,000.00                  | 1.19%             |
| FORT WORTH     | TX    | 9.25%          | \$0.00                      | 2.79%             |
| HENDERSON      | NV    | 8.10%          | \$5,600.00                  | 1.01%             |
| HOUSTON        | TX    | 8.25%          | \$0.00                      | 2.68%             |
| KENT           | WA    | 9.50%          | \$717.50                    | 1.55%             |
| LAS VEGAS      | NV    | 8.10%          | \$5,600.00                  | 1.15%             |
| MENIFEE        | CA    | 8.75%          | \$93.00                     | 1.13%             |
| MISSION VIEJO  | CA    | 7.75%          | \$0.00                      | 1.04%             |
| MOORPARK       | CA    | 7.25%          | \$36.00                     | 1.08%             |
| PLANO          | TX    | 8.25%          | \$0.00                      | 2.19%             |
| RENO           | NV    | 7.72%          | \$7,545.00                  | 1.28%             |
| SAN ANTONIO    | TX    | 8.25%          | \$0.00                      | 0.56%             |
| SPARKS         | NV    | 7.72%          | \$10,070.00                 | 1.27%             |
| SPOKANE        | WA    | 8.70%          | \$2,060.00                  | 1.419%            |
| YAKIMA         | WA    | 8.20%          | \$1,285.20                  | 1.29%             |

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

## County Summaries

The County Summaries serve as a brief comparative analysis of the ten California counties that we surveyed: Alameda, Contra Costa, Los Angeles, Orange, Riverside, San Bernardino, San Diego, San Mateo & Santa Clara, and Ventura. Each summary covers one or two counties and includes a table breaking down the surveyed cities by cost and other factors contributing to those ratings, such as property tax rates and business license fees. While some counties such as Alameda have higher costs across all categories, each county has significant variation in taxes and cost ratings across cities. Among all ten counties surveyed, Alameda remains the highest cost county followed by Los Angeles County. The county cost ranking has not changed from 2017 to 2018.

|  |            |                        |       |                     |       |
|--|------------|------------------------|-------|---------------------|-------|
| CA Average Business License Fee Median | \$1,300.33 | CA Property Tax Median | 1.14% | CA Sales Tax Median | 8.25% |
|--|------------|------------------------|-------|---------------------|-------|

|  |         |                              |       |                           |       |
|--|---------|------------------------------|-------|---------------------------|-------|
| Bay Area Average Business License Fee Median | \$2,425 | Bay Area Property Tax Median | 1.14% | Bay Area Sales Tax Median | 8.25% |
|--|---------|------------------------------|-------|---------------------------|-------|

| County Name    | Average Cost Rating Index | Average Cost Rating | Percent of Very Low Cost | Percent of Very High Cost | Cost Rating Rank |
|----------------|---------------------------|---------------------|--------------------------|---------------------------|------------------|
| San Diego      | 1.81                      | \$\$                | 37.50%                   | 0.00%                     | 1                |
| Orange         | 2.03                      | \$\$                | 46.43%                   | 3.57%                     | 2                |
| San Bernardino | 2.42                      | \$\$                | 15.79%                   | 5.26%                     | 3                |
| Ventura        | 2.55                      | \$\$\$              | 33.33%                   | 0.00%                     | 4                |
| Riverside      | 2.57                      | \$\$\$              | 26.09%                   | 4.35%                     | 5                |
| Contra Costa   | 3.00                      | \$\$\$              | 9.09%                    | 18.18%                    | 6                |
| San Mateo      | 3.00                      | \$\$\$              | 22.22%                   | 11.11%                    | 6                |
| Santa Clara    | 3.00                      | \$\$\$              | 0.00%                    | 0.00%                     | 6                |
| Los Angeles    | 3.66                      | \$\$\$\$            | 1.35%                    | 28.38%                    | 9                |
| Alameda        | 4.08                      | \$\$\$\$            | 0.00%                    | 58.33%                    | 10               |

## Alameda and Contra Costa Counties

Alameda remains one of the highest cost counties in California and the most expensive county in the Bay Area. Of the cities surveyed, Alameda County has seven Very High Cost (\$\$\$\$\$) cities, four Average Cost (\$\$\$) cities, and one Low Cost (\$) city. Most of these Very High Cost cities are concentrated along the water, closest to San Francisco. Nine of the twelve Alameda County cities featured in the Survey have property tax rates above the Bay Area median of 1.14%, and all cities surveyed have 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 tax rates in the state of California (7.5% tax on all utilities except water).

High business license fees also contribute to Alameda County’s high cost ratings. Eleven of the twelve cities surveyed have average business license fees that are well above the state median of \$1,300. Berkeley and Oakland, in which a medium-sized retail business would pay \$12,000 a year, have some of the highest retail business license fees in

the state. By contrast, the City of Dublin is the least expensive city in Alameda County and the only city surveyed with an average business license tax well below the state median. While ev-

ery other city calculates retail business license fees based on gross receipts or number of employees, Dublin charges a low fee of \$50.

**Table 3: The Cities of Alameda County**

| City Name   | Cost Rating | Business License Fee Ranking | Property Tax Ranking |
|-------------|-------------|------------------------------|----------------------|
| DUBLIN      | \$\$        | 1                            | 5                    |
| FREMONT     | \$\$\$      | 6                            | 3                    |
| NEWARK      | \$\$\$      | 4                            | 7                    |
| PLEASANTON  | \$\$\$      | 3                            | 5                    |
| UNION CITY  | \$\$\$      | 2                            | 10                   |
| ALAMEDA     | \$\$\$\$\$  | 5                            | 4                    |
| BERKELEY    | \$\$\$\$\$  | 12                           | 11                   |
| EMERYVILLE  | \$\$\$\$\$  | 9                            | 9                    |
| HAYWARD     | \$\$\$\$\$  | 8                            | 8                    |
| LIVERMORE   | \$\$\$\$\$  | 10                           | 2                    |
| OAKLAND     | \$\$\$\$\$  | 11                           | 12                   |
| SAN LEANDRO | \$\$\$\$\$  | 7                            | 1                    |

*Table 3 lists the cost ratings, business license fee rankings, and property tax rankings for the cities surveyed in Alameda 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.*



PHOTO FROM WIKIVOYAGE

Neighboring Contra Costa County has a more even distribution of cost ratings among the cities surveyed. Of the eleven cities featured in the Survey, two are Very High Cost (\$\$\$\$\$) cities, two are High Cost (\$\$\$\$) cities, two are Average Cost (\$\$\$) cities, four are Low Cost (\$\$) cities, and one is a Very Low Cost (\$) city. Two of Contra County's four most expensive cities, Richmond and San Pablo, are located near San Francisco and other Very High Cost cities in Alameda County. Most of the lower cost cities surveyed are further from San Francisco. Richmond and San Pablo, similar to Alameda, Berkeley, Oakland, and San Francisco, have high utility user tax rates - above 7% - that contribute to their high cost ratings. Richmond and San Pablo also have some of the highest property tax rates in the Bay Area at 1.42% and 1.31%, respectively.

Contra Costa County's five surveyed cities that are either Very Low Cost or Low Cost are San Ramon, Brentwood, Walnut Creek, Pittsburg, and Antioch.

None of these cities have utility taxes, and they all have reduced fees relative to other cities in Contra Costa County. San Ramon, the only Very Low Cost city surveyed in Contra Costa County,

has a \$350 business license fee across all business categories, which is at least \$750 less than other cities in the county.

**Table 4: The Cities of Contra Costa County**

| City Name     | Cost Rating | Business License Fee Ranking | Property Tax Ranking |
|---------------|-------------|------------------------------|----------------------|
| SAN RAMON     | \$          | 1                            | 5                    |
| ANTIOCH       | \$\$        | 7                            | 2                    |
| BRENTWOOD     | \$\$        | 5                            | 1                    |
| PITTSBURG     | \$\$        | 4                            | 7                    |
| WALNUT CREEK  | \$\$        | 6                            | 3                    |
| CONCORD       | \$\$\$      | 10                           | 3                    |
| DANVILLE      | \$\$\$      | 2                            | 5                    |
| MARTINEZ      | \$\$\$\$    | 8                            | 9                    |
| PLEASANT HILL | \$\$\$\$    | 11                           | 8                    |
| RICHMOND      | \$\$\$\$\$  | 9                            | 11                   |
| SAN PABLO     | \$\$\$\$\$  | 3                            | 10                   |

*Table 4 lists the cost ratings, business license fee rankings, and property tax rankings for the cities surveyed in Contra Costa 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.*



West face of Mount Diablo in Contra Costa County

PHOTO FROM WIKIMEDIA COMMONS

## Los Angeles County

Los Angeles County, California's most populous county, remains a very high cost county. Of the seventy-four Los Angeles County cities surveyed, more than half received a High or Very High Cost rating. Los Angeles County has twenty-one Very High Cost (\$\$\$\$) cities, twenty-four High Cost (\$\$\$\$) cities, thirteen Average Cost (\$\$\$) cities, fifteen Low Cost (\$\$) cities, and only one Very Low Cost (\$) city. This means that fewer than 2% of cities surveyed in Los Angeles County are Very Low Cost, while nearly 28% are Very High Cost. From 2017 to 2018, there was no change in the position of LA County cities relative to all cities included in the Survey.

The Survey finds that Los Angeles County is one of the most expensive areas in California and in the western United States to do business. Eleven of the twenty most expensive cities surveyed in California are in Los Angeles County; none of the cities surveyed in Los Angeles County made the list of twenty least expensive California cities. Additionally, seven of the twenty most expensive cities surveyed in the western United States are located in Los Angeles County: Bell, Beverly Hills, El Segundo, Culver City, Inglewood, Los Angeles, and Santa Monica. These cities tend to have high taxes across all categories, including business license fees, utility taxes, sales taxes, and property taxes. In Culver City, Inglewood, Los Angeles, Santa Monica, Beverly Hills, and El Segundo, a medium-sized retail business would pay over \$10,000 a year in business license fees, about nine times the state retail business fee median of \$1,120. The seven cities listed above have some of the highest utility tax rates in the state. Electricity rates, for instance, range from 10% in Inglewood to 12.5% in Los Angeles. In ad-

dition, property tax rates exceed 1.20% in three of the seven cities listed above, and run as high as 1.51% in Bell.

Los Angeles County remains an expensive area to do business in part because of its high sales taxes and utility user taxes. Every incorporated city surveyed has a sales tax rate above 8.75%, while the California state median is 8.25%. Three cities have very high sales tax rates; both Pico Rivera and Downey have a sales tax rate of 10%, and Santa Monica has a sales tax rate as high as 10.25% (the highest sales tax rates of all 307 cities surveyed). While only 45% of all California cities have utility user taxes, more than 60% of Los Angeles County cities tax at least one utility. Of the forty-five cities with utility taxes, twenty-three have high electricity taxes ranging from 6% to 12.5%.

Several Los Angeles County cities also have high property tax rates. Nine of the cities surveyed have property taxes above 1.30%, which are among the thirty highest property tax rates in California. The City of Industry has the highest property tax rate in the state of California at 1.99%. Although City of Industry is rated as a high-cost city,

it remains business friendly as it does not have business license fees or utility taxes.

The City of Los Angeles is one of the most expensive cities in the county, as it has high utility taxes ranging from 10% on gas to 12.5% on electricity, and also a relatively high property tax rate of 1.22%. 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 in the City of Los Angeles would pay between \$10,500 and \$52,800 a year in business license fees. The City of Los Angeles is surrounded by other High and Very High Cost cities, many of which also have high utility taxes and business license fees totaling several thousand dollars a year.

The only Very Low Cost city in LA County, Westlake Village, is located on the edge of Los Angeles County, bordering the less expensive Ventura and Orange Counties. Westlake Village is one of seven LA County cities surveyed without a business license tax. Westlake Village also joins the cities of Santa Clarita and Industry as having no utility taxes and no business license fees.



The Los Angeles Skyline

PHOTO FROM WIKIMEDIA COMMONS



Table 5: The Cities of Los Angeles County

| City Name        | Cost Rating | Business License Fee Rankings | Property Tax Rankings | City Name           | Cost Rating | Business License Fee Rankings | Property Tax Rankings |
|------------------|-------------|-------------------------------|-----------------------|---------------------|-------------|-------------------------------|-----------------------|
| WESTLAKE VILLAGE | \$          | 1                             | 11                    | LA VERNE            | \$\$\$\$    | 41                            | 12                    |
| AGOURA HILLS     | \$\$        | 9                             | 20                    | LAWNDALE            | \$\$\$\$    | 31                            | 15                    |
| BELL GARDENS     | \$\$        | 12                            | 45                    | LOMITA              | \$\$\$\$    | 67                            | 55                    |
| DIAMOND BAR      | \$\$        | 8                             | 53                    | LONG BEACH          | \$\$\$\$    | 39                            | 17                    |
| DUARTE           | \$\$        | 14                            | 30                    | MANHATTAN BEACH     | \$\$\$\$    | 65                            | 2                     |
| GLENDORA         | \$\$        | 32                            | 27                    | MONTEREY PARK       | \$\$\$\$    | 48                            | 65                    |
| LA MIRADA        | \$\$        | 29                            | 16                    | NORWALK             | \$\$\$\$    | 27                            | 22                    |
| LA PUENTE        | \$\$        | 20                            | 32                    | PICO RIVERA         | \$\$\$\$    | 53                            | 29                    |
| LANCASTER        | \$\$        | 11                            | 44                    | REDONDO BEACH       | \$\$\$\$    | 44                            | 10                    |
| PALMDALE         | \$\$        | 22                            | 9                     | SAN FERNANDO        | \$\$\$\$    | 66                            | 72                    |
| ROSEMEAD         | \$\$        | 10                            | 63                    | SOUTH EL MONTE      | \$\$\$\$    | 45                            | 60                    |
| SANTA CLARITA    | \$\$        | 1                             | 51                    | Unincorp. LA COUNTY | \$\$\$\$    | 1                             | 42                    |
| SIGNAL HILL      | \$\$        | 15                            | 21                    | WEST HOLLYWOOD      | \$\$\$\$    | 62                            | 45                    |
| TEMPLE CITY      | \$\$        | 28                            | 52                    | WHITTIER            | \$\$\$\$    | 23                            | 19                    |
| VERNON           | \$\$        | 24                            | 45                    | BELL                | \$\$\$\$\$  | 60                            | 73                    |
| WALNUT           | \$\$        | 17                            | 8                     | BEVERLY HILLS       | \$\$\$\$\$  | 73                            | 35                    |
| ARTESIA          | \$\$\$      | 54                            | 1                     | CERRITOS            | \$\$\$\$\$  | 13                            | 4                     |
| BALDWIN PARK     | \$\$\$      | 30                            | 40                    | COMPTON             | \$\$\$\$\$  | 58                            | 33                    |
| CARSON           | \$\$\$      | 51                            | 37                    | CUDAHY              | \$\$\$\$\$  | 46                            | 45                    |
| COMMERCE         | \$\$\$      | 26                            | 66                    | CULVER CITY         | \$\$\$\$\$  | 70                            | 3                     |
| INDUSTRY         | \$\$\$      | 1                             | 74                    | EL MONTE            | \$\$\$\$\$  | 59                            | 70                    |
| LAKESWOOD        | \$\$\$      | 49                            | 17                    | EL SEGUNDO          | \$\$\$\$\$  | 71                            | 38                    |
| MONROVIA         | \$\$\$      | 34                            | 57                    | GARDENA             | \$\$\$\$\$  | 64                            | 55                    |
| MONTEBELLO       | \$\$\$      | 35                            | 67                    | HAWTHORNE           | \$\$\$\$\$  | 68                            | 41                    |
| PARAMOUNT        | \$\$\$      | 16                            | 64                    | HUNTINGTON PARK     | \$\$\$\$\$  | 57                            | 69                    |
| SAN DIMAS        | \$\$\$      | 33                            | 43                    | INGLEWOOD           | \$\$\$\$\$  | 69                            | 68                    |
| SANTA FE SPRINGS | \$\$\$      | 18                            | 36                    | IRWINDALE           | \$\$\$\$\$  | 56                            | 60                    |
| SOUTH GATE       | \$\$\$      | 52                            | 45                    | LOS ANGELES         | \$\$\$\$\$  | 74                            | 54                    |
| WEST COVINA      | \$\$\$      | 42                            | 58                    | LYNWOOD             | \$\$\$\$\$  | 19                            | 71                    |
| ALHAMBRA         | \$\$\$\$    | 43                            | 24                    | MAYWOOD             | \$\$\$\$\$  | 46                            | 50                    |
| ARCADIA          | \$\$\$\$    | 37                            | 62                    | PASADENA            | \$\$\$\$\$  | 55                            | 25                    |
| AZUSA            | \$\$\$\$    | 38                            | 34                    | POMONA              | \$\$\$\$\$  | 63                            | 39                    |
| BELLFLOWER       | \$\$\$\$    | 25                            | 59                    | SAN GABRIEL         | \$\$\$\$\$  | 40                            | 31                    |
| BURBANK          | \$\$\$\$    | 21                            | 6                     | SANTA MONICA        | \$\$\$\$\$  | 72                            | 26                    |
| CALABASAS        | \$\$\$\$    | 1                             | 14                    | TORRANCE            | \$\$\$\$\$  | 61                            | 13                    |
| CLAREMONT        | \$\$\$\$    | 50                            | 7                     |                     |             |                               |                       |
| COVINA           | \$\$\$\$    | 1                             | 27                    |                     |             |                               |                       |
| DOWNEY           | \$\$\$\$    | 36                            | 22                    |                     |             |                               |                       |
| GLENDALE         | \$\$\$\$    | 1                             | 5                     |                     |             |                               |                       |

*Table 5 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.*

## Orange County

Orange County remains a relatively low-cost county with twenty-three of the twenty-eight cities featured in the Survey ranking Average Cost (\$\$\$) or lower. The county has three Average Cost (\$\$\$) cities, seven Low Cost (\$\$) cities, and thirteen Very Low Cost (\$) cities. Four of the remaining five cities are High Cost (\$\$\$\$), and, only one city, 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, proximate to the Los Angeles County border.

Overall, Orange County has low business license fees and sales tax rates relative to other California cities. Twenty of the twenty-eight Orange County cities surveyed (75%) have average business license fees below the state median of \$1300. Seven of the cities surveyed (25%) do not have business license fees, and nineteen of the cities surveyed have business license taxes for a medium-sized retail business that are less than \$1,000. Eighteen of the twenty-eight cities surveyed have a sales tax rate of 7.75%, which is below the state median of 8.25%.

Orange County’s low property tax rates contribute to its low-cost county status. Twenty-two of the twenty-eight featured cities have property tax rates below the state median of 1.14%; sixteen of these cities have property tax rates below 1.10%. Aliso Viejo has one of the ten lowest property tax rates in the Survey, including both California and non-California cities. Rancho Santa Margarita has one of the highest property tax rates in California at 1.49% due to a high water bond. However, Rancho Santa Margarita remains a Low Cost (\$\$) city because it does not have any

**Table 6: The Cities of Orange County**

| City Name                 | Cost Rating | Business License Fee Ranking | Property Tax Ranking |
|---------------------------|-------------|------------------------------|----------------------|
| ALISO VIEJO               | \$          | 1                            | 1                    |
| BREA                      | \$          | 17                           | 21                   |
| COSTA MESA                | \$          | 10                           | 18                   |
| FOUNTAIN VALLEY           | \$          | 11                           | 7                    |
| FULLERTON                 | \$          | 20                           | 14                   |
| LA HABRA                  | \$          | 13                           | 6                    |
| LAGUNA HILLS              | \$          | 1                            | 23                   |
| LAGUNA NIGUEL             | \$          | 1                            | 22                   |
| LAKE FOREST               | \$          | 1                            | 4                    |
| MISSION VIEJO             | \$          | 1                            | 3                    |
| ORANGE                    | \$          | 16                           | 17                   |
| TUSTIN                    | \$          | 9                            | 8                    |
| Unincorporated ORANGE CO. | \$          | 1                            | 24                   |
| ANAHEIM                   | \$\$        | 22                           | 26                   |
| CYPRESS                   | \$\$        | 24                           | 9                    |
| IRVINE                    | \$\$        | 8                            | 16                   |
| NEWPORT BEACH             | \$\$        | 21                           | 18                   |
| RANCHO SANTA MARGARITA    | \$\$        | 1                            | 28                   |
| SAN JUAN CAPISTRANO       | \$\$        | 15                           | 27                   |
| YORBA LINDA               | \$\$        | 14                           | 12                   |
| BUENA PARK                | \$\$\$      | 19                           | 11                   |
| GARDEN GROVE              | \$\$\$      | 28                           | 25                   |
| SAN CLEMENTE              | \$\$\$      | 25                           | 2                    |
| HUNTINGTON BEACH          | \$\$\$\$    | 12                           | 13                   |
| PLACENTIA                 | \$\$\$\$    | 27                           | 10                   |
| SANTA ANA                 | \$\$\$\$    | 26                           | 20                   |
| WESTMINSTER               | \$\$\$\$    | 23                           | 15                   |
| SEAL BEACH                | \$\$\$\$\$  | 18                           | 5                    |

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

utility user taxes or business license fees.

The only Very High Cost city in Orange County, Seal Beach, has very low business license fees (a flat rate of \$207 in all business categories except manufacturing). However, Seal Beach has

the highest utility taxes in the county (11%). The only cities comparable to Seal Beach in terms of utility taxes are Culver City, which has the same utility tax rates, and the City of Los Angeles, which has a higher electricity tax rate (12.5%).

## Riverside County

Riverside County has a wide distribution of cost ratings, with six Very Low Cost (\$) cities, six Low Cost (\$\$) cities, four Average Cost (\$\$\$) cities, six High Cost (\$\$\$\$) cities, and one Very High Cost (\$\$\$\$\$) city. Coachella is the only Very High Cost city with high taxes across all categories. Of the twenty-three cities surveyed, Coachella has the highest retail business license fees; a medium-sized retail business in the City of Coachella pays \$7,000 per year, compared to \$2,588 in Moreno Valley and \$2,040 in Corona. Coachella also imposes a 5% utility tax rate and a property tax rate of 1.14%.

Property tax rates in Riverside County range from 1.03% to 1.39%. Fourteen of the twenty-three cities surveyed have property tax rates above the state median of 1.14%. Banning and Beaumont have two of the twenty highest property tax rates in California (1.39% and 1.36%). 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.

Seven of the twenty-three 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 County at \$30, followed by \$36 in Temecula. Thirteen of the twenty-three cities surveyed have no utility user taxes; two of the cities surveyed only have taxes on three types of utilities, all of which are 5% or below. Conversely, the City of Desert Hot Springs and the City of Riverside have the highest util-

**Table 7: The Cities of Riverside County**

| City Name               | Cost Rating | Business License Fee Ranking | Property Tax Ranking |
|-------------------------|-------------|------------------------------|----------------------|
| LAKE ELSINORE           | \$          | 3                            | 3                    |
| MURRIETA                | \$          | 11                           | 8                    |
| PERRIS                  | \$          | 5                            | 5                    |
| SAN JACINTO             | \$          | 10                           | 11                   |
| TEMECULA                | \$          | 2                            | 1                    |
| MENIFEE                 | \$          | 4                            | 6                    |
| CORONA                  | \$\$        | 20                           | 7                    |
| HEMET                   | \$\$        | 9                            | 12                   |
| LA QUINTA               | \$\$        | 14                           | 13                   |
| NORCO                   | \$\$        | 13                           | 4                    |
| Unincorp. RIVERSIDE CO. | \$\$        | 1                            | 21                   |
| RANCHO MIRAGE           | \$\$        | 7                            | 16                   |
| BANNING                 | \$\$\$      | 12                           | 23                   |
| PALM DESERT             | \$\$\$      | 16                           | 19                   |
| INDIAN WELLS            | \$\$\$      | 6                            | 17                   |
| CATHEDRAL CITY          | \$\$\$      | 14                           | 15                   |
| BEAUMONT                | \$\$\$\$    | 17                           | 22                   |
| INDIO                   | \$\$\$\$    | 18                           | 13                   |
| MORENO VALLEY           | \$\$\$\$    | 22                           | 2                    |
| PALM SPRINGS            | \$\$\$\$    | 19                           | 20                   |
| RIVERSIDE               | \$\$\$\$    | 21                           | 9                    |
| DESERT HOT SPRINGS      | \$\$\$\$    | 8                            | 18                   |
| COACHELLA               | \$\$\$\$\$  | 23                           | 10                   |

*Table 7 lists the cost ratings, business license fee rankings, and property tax rankings for the cities surveyed in Riverside 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.*

ity taxes with rates of 7.0% and 6.5%, respectively, for all six utilities studied in the Survey.

The five Very Low Cost (\$) cities surveyed in Riverside County are San Jacinto, Perris, Lake Elsinore, Murrieta, and Temecula. None of these cities

have utility taxes, and they all have low business license taxes below \$1,000 for non-manufacturing firms. Of the cities surveyed, Temecula has the lowest property tax rate in the county at 1.03%.

**Table 8: The Cities of San Bernardino County**

**San Bernardino County**

San Bernardino is a lower cost county, with three Very Low Cost (\$) cities and eleven Low Cost (\$\$) cities. The county also has two Very High Cost (\$\$\$\$\$) cities, two High Cost (\$\$\$\$) cities, and one Average Cost (\$\$\$) city. 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.

The City of San Bernardino is one of the two Very High Cost cities in San Bernardino County; it 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 8.25%. The gross receipts-based business license fee structure is also the highest in the county; a medium-sized retail business would pay \$7,549 in the City of San Bernardino, which is well above the state median of \$1,120. Additionally, San Bernardino has a high utility tax on electricity, gas, telephone, and cellular service (7.75%). Rialto, another Very High Cost city, is the only city in the county with higher utility taxes; it has an 8.00% tax on all six utilities studied in the Survey. The City of 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. For example, Colton has one of the lowest property tax rates among all California cities surveyed (1.00%). Colton is followed closely by Chino and Chino Hills, both at 1.05%, and the City of Ontario with a property tax rate of 1.07%. In contrast, the cities of Adelanto, Fontana, Highland Redlands, Rialto, San Bernardino, Victorville, and Unincorporated San Ber-

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

*Table 8 lists the cost ratings, business license fee rankings, and property tax rankings for the cities surveyed in San Bernadino 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.*

nardino County all have property rates between 1.30% and 1.34%, making them among the thirty most expensive California cities in terms of property tax. These tax rates are significantly higher than the state median of 1.14%. Despite high property tax rates, 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 it has low utility taxes and business license fees. Sixteen of the nineteen cities surveyed 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 ten San Bernardino County cities and no business license fees in unincorporated parts of the county. Chino Hills and Hesperia have the lowest business license fees, with flat rates of \$84 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 property tax rates at 1.34% and therefore received a Low Cost rather than Very Low Cost rating.

## 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 featured county. San Diego is the only California county without any High or Very High Cost cities. Of the sixteen cities surveyed, six are Very Low Cost (\$) cities, seven are Low Cost (\$\$) cities, and three are Average Cost (\$\$\$) cities.

The City of San Diego is one of the least expensive large 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 Cali-

fornia with a population over 500,000. San Diego has a lower cost rating than most large cities mainly because of its low business license fees, which are computed based on the number of employees working for a company. A medium-sized retail business in San Diego County would pay around \$560 per year in business license fees, which is one-half of the state median (\$1,120). Like most of the other cities in the county, the City of San Diego does not have utility user taxes; however, it does have the highest property tax rate of 1.20% in San Diego County, which helps explain why it received a Low Cost rating rather than a Very Low Cost rating.

Of the cities surveyed, El Cajon, Oceanside, and Carlsbad received the highest cost ratings in San Diego County as Average Cost cities. In lower cost categories, they 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 fees in the county with the flat business license fee of \$5,075 a year, compared to the flat fee of \$560 in the City of San Diego for all types of businesses.

**Table 9: The Cities of San Diego County**

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

*Table 9 lists the cost ratings, business license fee rankings, and property tax rankings for the cities surveyed in San Diego 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.*

## San Mateo and Santa Clara Counties

With two Very Low Cost (\$) cities, four Average Cost (\$\$\$) cities, two High Cost (\$\$\$\$) cities, and one Very High Cost (\$\$\$\$\$) city, San Mateo County is an Average Cost county. The nine cities featured in the Survey within the County have property tax rates ranging from 1.09% to 1.17%. Except Foster City, which has the highest property taxes in the county, all San Mateo County cities surveyed have property tax rates below the state median of 1.14%.

Like most of the Bay Area, San Mateo County has relatively high business license fees; in seven of the nine cities surveyed, a medium-sized retail business would pay more than the state median of \$1,120. Daly City, where businesses pay 0.1% of their gross receipts in taxes, has the highest retail business license tax rates in the county (among the 20 highest in California). The City of Colma and the City of Burlingame, two Very Low Cost cities, both have low business license fees that are among the lowest retail business license fees in the state (bottom 20%). While a retail business making \$10 million per year in gross receipts would pay \$10,000 a year in Daly City, it would only pay \$26 in the City of Colma and \$100 in City of Burlingame.

Santa Clara County is a higher cost county than San Mateo, with no Very Low Cost (\$) cities, four Low Cost (\$\$) cities, four Average Cost (\$\$\$) cities, and four High Cost (\$\$\$\$) cities. All 12 Santa Clara cities surveyed have property tax rates above the state median, with Gilroy, Palo Alto, and San Jose having the highest in the county at 1.27%, 1.27%, and 1.28% respectively. Relative to cities in San Mateo County, cities in Santa Clara County tend to have higher property tax and utility user tax rates.

While only three San Mateo County cities have utilities taxes, eight Santa Clara County cities have taxes on electricity, gas, and telecommunications ranging from 2% to 5%. The median utility tax in Santa Clara County, 2.2%, exceeds the Bay Area median of 1.00%.

Despite higher taxes on utilities, Santa Clara County has lower retail business license fees than San Mateo County, with a median fee of \$634.50 compared to \$3,858 in San Mateo County. In eight Santa Clara County cities, a medium-

sized retail business would pay less than \$1,000 per year. In contrast only two cities in San Mateo County (Colma and Burlingame) have comparable business license fees. The City of Palo Alto does not have any business license tax, while Mountain View charges a \$30 flat fee for most business types. Although the City of 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.

**Table 10: The Cities of San Mateo County**

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

**Table 11: The Cities of Santa Clara County**

| City Name     | Cost Rating | Business License Fee Ranking | Property Tax Ranking |
|---------------|-------------|------------------------------|----------------------|
| CAMPBELL      | \$\$        | 5                            | 2                    |
| MILPITAS      | \$\$        | 3                            | 7                    |
| MORGAN HILL   | \$\$        | 6                            | 1                    |
| SANTA CLARA   | \$\$        | 4                            | 6                    |
| CUPERTINO     | \$\$\$      | 8                            | 5                    |
| LOS ALTOS     | \$\$\$      | 10                           | 3                    |
| MOUNTAIN VIEW | \$\$\$      | 2                            | 9                    |
| SUNNYVALE     | \$\$\$      | 9                            | 4                    |
| GILROY        | \$\$\$\$    | 7                            | 10                   |
| LOS GATOS     | \$\$\$\$    | 12                           | 8                    |
| PALO ALTO     | \$\$\$\$    | 1                            | 11                   |
| SAN JOSE      | \$\$\$\$    | 11                           | 12                   |

Tables 10 & 11 list the cost ratings, business license fee rankings, and property tax rankings for the cities surveyed in San Mateo & Santa Clara County respectively. Please note that the license fee and property tax rankings are in comparison to only the other cities in each county. Any cities with equal fees or tax rates receive the same ranking.

## Ventura County

Ventura is a fairly low-cost county, as illustrated in Table 12. Of the nine cities surveyed, three are Very Low Cost (\$) cities, one is Low Cost (\$\$) city, two are Average Cost (\$\$\$) cities, and three are High Cost (\$\$\$\$) cities. Ventura County does not have any Very High Cost (\$\$\$\$\$) cities. Generally, the more expensive cities, including Oxnard, Port Hueneme, and Unincorporated Ventura Co. are located along the coast, while less expensive cities such as 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. Four of the nine cities surveyed have a sales tax rate of 7.25%. The cities of Fillmore, Camarillo, Thousand Oaks, and Ventura have a sales tax rate of 7.50%, and the City of Oxnard has a sales tax rate of 8%. All cities in Ventura County fall below the state sales tax median of 8.25%.

There is significant variation in property tax rates between the cities surveyed in Ventura County. Five of the nine cities surveyed have property taxes lower than the state median of 1.14%, while Port Hueneme, Oxnard, Unincorporated Ventura County, and Ventura have higher property taxes than the state median. Only Oxnard, a high cost city, has property tax in excess of 1.20%, at 1.22%. Additionally, seven of the nine cities surveyed do not have utility user taxes. Only Port Hueneme and Ventura, two High Cost cities, have utility taxes of 4% and 5%, respectively. The two Very Low Cost cities are unique due to their low flat-rate business license fees. A medium-sized retail business grossing \$10 million per year would pay just \$36 in Moorpark and \$258 in Fillmore (annually).

**Table 12: The Cities of Ventura County**

| City Name             | Cost Rating | Business License Fee Ranking | Property Tax Ranking |
|-----------------------|-------------|------------------------------|----------------------|
| FILLMORE              | \$          | 2                            | 5                    |
| MOORPARK              | \$          | 1                            | 2                    |
| THOUSAND OAKS         | \$          | 4                            | 1                    |
| CAMARILLO             | \$\$        | 5                            | 4                    |
| SIMI VALLEY           | \$\$\$      | 6                            | 3                    |
| Unincorp. VENTURA CO. | \$\$\$      | 9                            | 8                    |
| OXNARD                | \$\$\$\$    | 8                            | 9                    |
| PORT HUENEME          | \$\$\$\$    | 7                            | 6                    |
| VENTURA               | \$\$\$\$    | 3                            | 7                    |

*Table 12 lists the cost ratings, business license fee rankings, and property tax rankings for the cities surveyed in Ventura 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.*



Ventura County Fair

PHOTO FROM WIKIMEDIA COMMONS

## California's 2017 Housing Package

On September 29, 2017, Governor Jerry Brown signed 15 housing bills into law, known collectively as California's 2017 Housing Package. This package of bills was written in response to the growing California housing crisis. Of all U.S. states, California currently ranks 49th in housing units per capita, and housing prices are climbing, with the median home price in California now at over half a million dollars.<sup>1</sup> The 15 housing bills that comprise the 2017 package are intended to combat this trend through a wide variety of approaches. In the words of Assembly Speaker Anthony Rendon, "This package has everything from A to Z – affordability to zoning."<sup>2</sup>

The 15 bills can be broken down into three main categories: funding and incentivizing low-income housing, streamlining the development process for affordable housing, and enforcing local accountability. The first two bills in the package, Senate Bills 2 and 3, work to raise revenue for low-cost housing, homeless navigation centers, and the CalVet home loan program by imposing a fee on real estate transactions and proposing a \$4 billion housing bond respectively. These bills especially focus on developing areas near jobs and public transportation.<sup>3</sup> Assembly Bills 571 and 1505 further the effort to create affordable housing, expanding California's low-income tax credit program to farmworker housing and letting municipalities mandate that at least 15 percent of market-rate housing units be dedicated to low- or moderate-income tenants.<sup>4</sup>

Senate Bills 35, 166, and 540, along with Assembly Bills 73 and 879, work to streamline the process of affordable housing development. They allow low-income housing projects to bypass the extensive process of public hearings and environmental analysis in localities that have not met their housing targets and provide financial incentives for cities and counties that streamline zoning processes, so long as they have a certain percentage of affordable housing.<sup>5</sup> They also require local governments to identify development sites for unmet housing needs and reduce processing times for certain housing applications. These measures will hopefully allow developers to take advantage of the increased demand for affordable housing and overcome some local barriers to its construction.

Finally, Senate Bill 167 and Assembly Bills 72, 678, 1397, 1515, and 1521 all seek to increase local accountability

for low-income housing through state enforcement. They begin by strengthening the state's Housing Accountability Act, raising the standard of proof required for a municipality to deny low-to-moderate-income housing. They also provide an avenue for prosecution by the Attorney General if a locality commits any action inconsistent with its housing element and extend the period of review for these actions indefinitely.<sup>6</sup> These bills require cities to zone more appropriately for regional housing needs and protect current affordable housing through requiring notification when housing protections expire. Finally, they provide the HCD (California Department of Housing and Community Development) with additional tracking and enforcement responsibilities for affordable housing.<sup>7</sup>

This three-pronged approach of incentivizing, streamlining, and enforcing low-income housing has been touted as a major move to combat the California housing crisis. Senator Scott Weiner (D- San Francisco) stated on the day of the bills were signed into law that they began a "pivot from a housing last policy to a housing first policy."<sup>8</sup> This view, however, may be overly optimistic. The housing bills are expected to provide around 14,000 new homes annually, but to keep pace with California population growth, the housing increase would need to be over eight times this. Additionally, these bills may not sufficiently address one of the major barriers to affordable housing development: a residential population that, while often generally supportive of low-income housing, maintain a "not in my backyard" mentality, earning the title of NIMBYs.<sup>9</sup> These people are generally wealthier and whiter than the average California population and have the resources to petition local legislatures for exceptions to their general housing element, posing a significant barrier to the effectiveness of California's 2017 Housing Package.

<sup>1</sup> <https://www.vox.com/cities-and-urbanism/2018/2/23/17011154/sb827-california-housing-crisis>

<sup>2</sup> <https://www.gov.ca.gov/2017/09/29/news19979/>

<sup>3</sup> <http://www.sacbee.com/news/politics-government/capitol-alert/article176152771.html>

<sup>4</sup> <http://www.hcd.ca.gov/policy-research/lhp.shtml>

<sup>5</sup> <http://www.sacbee.com/news/politics-government/capitol-alert/article176152771.html>

<sup>6</sup> <http://www.hcd.ca.gov/policy-research/lhp.shtml>

<sup>7</sup> <http://www.hcd.ca.gov/policy-research/lhp.shtml>

<sup>8</sup> <http://www.lao.ca.gov/Reports/2016/3345/Low-Income-Housing-020816.pdf>

<sup>9</sup> <http://www.laweekly.com/news/2016-the-year-of-the-nimby-7742914>



## California's New Financing Districts/Authorities

Formed in 1945, Redevelopment Agencies (RDAs) were originally tasked to “rehabilitate blighted areas” and develop infrastructure for a growing population.<sup>1</sup> However, due to an inefficient allocation of property tax revenue that annually drained upwards of \$1.8 billion,<sup>2</sup> Governor Brown proposed to dissolve RDAs in his 2011-2012 budget. This idea came to fruition when the California State Assembly passed (ABX1) 26, which dissolved RDAs effective February 1, 2012. In its wake, many new districts and financing authorities were formed to take on the task of sustainably assisting underdeveloped areas.

In 2015, “Enhanced Infrastructure Financing Districts” (EIFDs) and “Community Revitalization and Investment Authorities” (CRIAs) were approved by the California legislature. These public entities were intended to help finance infrastructure and revitalize economic development within low-income communities. EIFDs can fund a broader scope of projects like industrial structures, affordable housing, transit, libraries, etc. Meanwhile, CRIAs are more specifically geared towards revitalizing disadvantaged communities, funding civic infrastructure, brownfield remediation, assisting businesses, etc.<sup>3</sup> While EIFDs broadly cover most of the projects that CRIAs would finance, CRIAs require stricter approval criteria, which include evaluation of income, crime rates, and deterioration of infrastructure. Overall, EIFDs and CRIAs differ from RDAs as they are run by a board that is separate from the public financing authority, do not require funded areas to be urbanized, relieve education districts of property tax increments, and do not require tax sharing payments to other taxing agencies.<sup>4</sup>

In 2017, more legislation was passed in order to bolster California's response to the continuing housing crisis. These included the establishment of “Workforce Housing Opportunity Zones” (WHOZ). WHOZs conduct environmental impact reports which include planning for housing unit locations, including provisions for low-income residents.

While WHOZs are attractive due to their ability to receive planning funds from California, there are some doubts about their sustainability due to the large initial planning cost.<sup>5</sup> Another bill established “Housing Sustainability Districts” (HSD), which grants financial incentives to cities if they conduct planning for areas located near public transit and existing underused infrastructure.<sup>6</sup> Again, projects must include units that are available to low-income residents and subject to affordability restrictions for decades. Another bill that was passed was the Neighborhood Infill Finance and Transit Improvements Act. This act expands cities' ability to allocate tax revenues to EIFDs and CRIAs, given that adequate low-income housing opportunities are available.

The last notable legislation is AB 1598, which established “Affordable Housing Authorities” (AHA). Cities and counties can form these authorities to establish specialized funds to accommodate low and moderate-income housing projects from property tax increment revenues. However, there may be legal challenges down the road as opposition groups may argue that drawing such funds require a two-thirds approval by voters.<sup>7</sup> Ultimately, many of the effects of these newly implemented acts will become more clear as we analyze the actions of counties and cities within the next couple of years.

<sup>1</sup> [https://www.huduser.gov/portal/publications/Redevelopment\\_WhitePaper.pdf](https://www.huduser.gov/portal/publications/Redevelopment_WhitePaper.pdf)

<sup>2</sup> <http://www.ebudget.ca.gov/FullBudgetSummary.pdf>

<sup>3</sup> [https://www.kosmont.com/services/eifd-cria/#Statewide EIFD\\_CRIA\\_Evaluation\\_Areas](https://www.kosmont.com/services/eifd-cria/#Statewide EIFD_CRIA_Evaluation_Areas)

<sup>4</sup> <https://caled.org/wp-content/uploads/2016/08/TIF-Tools-Chart.pdf>

<sup>5</sup> <http://dudek.com/sb-540-effects-on-ceqa-process-for-housing-projects/>

<sup>6</sup> <https://turnercenter.berkeley.edu/blog/california-steps-forward-for-housing>

<sup>7</sup> <https://www.orricks.com/Insights/2017/11/California-Affordable-Housing-Authority-Bill-Signed-Into-Law>



Photo by Giuseppe Milo

## KOSMONT-ROSE INSTITUTE SURVEY STAFF

**Leon Ren '20**  
**Benjamin McAnally '21**  
*Project Manager, Rose Institute*

**Elena Castellanos '21**  
**Sevion DaCosta '21**  
**Will Frankel '21**  
**Jake Leischner '21**  
**Johnson Lin '21**  
**Nandeeni Patel '21**  
**Naseem Nazari '21**  
**Zane Tolchinsky '20**  
*Research Assistants, Rose Institute*

**Andrew Busch, Ph.D.**  
*Director, Rose Institute*

**Kenneth P. Miller, J.D., Ph.D.**  
*Associate Director, Rose Institute*

**Bipasa Nadon, J.D.**  
*Assistant Director for Research and Publications, Rose Institute*

**Marionette Moore**  
*Administrative Assistant, Rose Institute*  
*CONTACT by phone at 909.607-7572*  
*or by email at [mmoore@cmc.edu](mailto:mmoore@cmc.edu).*

**Rose Institute of State and Local Government**  
*850 Columbia Avenue*  
*Kravis Suite #432*  
*Claremont, CA 91711*  
*909-621-8159*  
*Please direct any questions regarding the Survey to the address above.*