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GOING INTO BUSINESS IN THE CITY OF SAN JOSÉ

Prepared by the City of San José Treasury Division

The City of San José welcomes your business to our City. Our staff may provide you with information regarding certain Federal, State, County and City requirements. However, this information and referral service does not constitute final or complete interpretation of legal requirements, which you must obtain from the appropriate administering agency. In addition, you may wish to consult with an attorney to insure that your business meets all legal requirements.

BUSINESS LICENSE TAX

All persons or companies conducting business in San José must obtain the business license tax, whether or not they have offices located in San José. **Payment of this tax is required prior to the commencement of business in San Jose**

Key sections of the San José Municipal Code regarding business operations are as follows:

4.76.050 Business

The term "business" shall include all activities engaged in or caused to be engaged in within this city including any commercial or industrial enterprise, trade, profession, occupation, vocation, calling, or livelihood including rental or lease of residential or nonresidential real estate and mobile- home parks, or independent contractors, whether or not carried on for gain or profit, but shall not include the services rendered by an employee to his employer.

4.76.070 Engaged in business

"Engaged in business" means the commencing, conducting, operating, managing or carrying on of a business and the exercise of corporate or franchise powers, whether done as owner, or by means of an officer, agent, manager, employee, servant, or otherwise, whether operating from a fixed location in the city or coming into the city from an outside location to engage in such activities.

4.76.075 Evidence of doing business

Whenever any person shall, by use of signs, circulars, cards or any other advertising media, including the use of telephone solicitation, hold himself out as, or represent that he is, doing business in the city, then these facts may be used as evidence that such person is doing business in the city.

4.76.170 License-Required

There are hereby imposed upon all businesses in the city license taxes in the amounts hereinafter in this chapter prescribed. It shall be unlawful for any person, either for himself or for any other person, to commence, transact or carry on any business in the city not excluded by this chapter without first having procured a license from the city to do so, or without complying with any and all provisions contained in this chapter. The carrying on of any business without first having a license under this chapter from said city so to do, or without complying with any and all provisions of this chapter, shall constitute a separate violation of this chapter for each and every day that such business is so carried on.

4.76.220 License-For multiple businesses at one location

If a person engages in two or more separate businesses at the same establishment or location, there shall be a separate license issued for each business. Separate business operations are further defined as involving two or more separate and distinct business entities or names wherein separate sets of accounting records, bank accounts, and the like are maintained. If a person engages in two or more separate businesses at the same establishment or location, there shall be a separate license issued for each business. Separate business operations are further defined as involving two or more separate and distinct business entities or names wherein separate sets of accounting records, bank accounts, and the like are maintained.

4.76.225 License-For the same business at multiple locations

Notwithstanding any language in this chapter to the contrary, each branch establishment or location at or from which a person carries on the same business shall not be deemed a separate business, but all such branches and locations shall be treated as one business.

4.76.300A Licenses not transferable

Licenses issued pursuant to this chapter are not transferable or assignable by the licensee to any other person, nor shall any tax paid by any person under the provisions of this chapter be applied in whole or in part to the payment of any tax due or to become due from any other person.

4.76.335B Refund-Credit

No refund of any tax collected pursuant to this chapter shall be made because of the discontinuation, dissolution or other termination of a business.

TAX RATE

All businesses pay a basic tax rate of \$150.00 plus an Administration Fee. Some businesses pay additional tax increments based on number of owners and employees. Commercial and residential landlords and mobile home parks pay based on square feet, units or lots, respectively. The rates are shown below:

TAX RATE SCHEDULE

TYPE OF BUSINESS	ANNUAL TAX	ADDITIONAL TAX INCREMENTS	NOT TO
San Jose Business	\$150.00 up to 8 employees (owners plus employees)	\$18.00 per person over 8	\$25,0(

Out of Town Business Please refer to the [Out of Town Business Tax Schedule](#)

Commercial Landlords	\$150.00 up to 15,000 sq ft	\$0.01 per sq ft over 15,000	\$5,000
Mobilehome Parks	\$150.00 up to 30 lots	\$5.00 per lot over 30	\$5,000

EMPLOYEE

The San José Municipal Code (Section 4.76.060) defines "employee" as "each and every person engaged in the operation or conduct of any business, whether as owner, member of the owner's family, partner, associate, agent, manager or solicitor, and each and every other person employed or working in such business for a wage, salary, commission or room and board."

AVERAGE NUMBER OF EMPLOYEES

For an established business, the number of employees is computed based on the average number of owners and employees employed in the year (twelve month period) preceding the year for which the certificate (for payment of tax) is issued. For new businesses, an estimated number of employees to be employed is applied. (*Not including Business Tax Administrative Fee)

The average number of employees should be computed by adding your weekly, bi-weekly or monthly payroll figures (# of employees) and dividing by 52 (weeks), 26 (two week periods) or 12 (months). For employers reporting to the State Department of Employment, the monthly reports to the State should be used as the basis for computation.

OUT-OF-TOWN BUSINESSES

If you conduct business in San José from an office based outside San José, you may be entitled to an apportioned tax rate (Section 4.76.760).

City of San Jose Out-of-Town Business Tax Rate Schedule

Average number of days in San Jose during the year, with an average of 8 or fewer employees. The fee for any number of employees above 8 is \$18.00 per employee.

Calendar Days	Tax
5 or less	No Fee
6-29	\$37.50
30-89	\$56.25
90-119	\$75.00
120 +	\$150.00

NOT A LICENSE TO OPERATE

When you pay your business tax, you will receive a certificate (sometimes called business license) which is an official receipt for payment of tax. This certificate must be displayed conspicuously in your place of business. This certificate does not indicate clearance for zoning, fire code, occupancy

7. You must also obtain a license or permit from the City, County, State or Federal permit or license which may be required for your type of business.

BUSINESS TAX RENEWAL SCHEDULE

Each subsequent annual Business Tax payment is due and payable on the fifteenth (15th) day of the calendar month in which the business began. Should the tax remain unpaid by the due date, a penalty of 25% is assessed. Should the tax remain unpaid for a period exceeding one calendar month beyond the due date, an additional 25% penalty is assessed. The interest rate of 1.5% a month will also be assessed on unpaid tax and penalties.

PAYMENT – NOTICES NOT REQUIRED

Although the City does issue renewal notices as a courtesy to businesses, the law specifically provides that notification is not required (Code Section 4.76.281). It is your responsibility to pay the tax on the due date whether or not you have received a renewal notice.

You may pay by mail using check or money order, or you may come in person to the Small Business Center and pay by check, money order, cash, Master Card, Visa, or Discover Card. The Small Business Center is located in City Hall, 200 East Santa Clara Street, Tower, 1st Floor, San José, CA 95113.

PENALTIES

Failure to comply with the Business Tax Ordinance is a misdemeanor violation. Furthermore, if payment is not made within 45 days from the start date, a 25% penalty of the total tax due will be charged. Should the tax remain unpaid for a period exceeding one calendar month beyond that date, an additional 25% penalty is assessed. The interest rate is 1.5% a month will also be assessed on the unpaid tax and penalties.

FINANCIAL HARDSHIP

To be eligible for a business tax financial hardship you must be a sole proprietor, S-Corporation or domestic partner ownership, have no employees and gross less than twice the poverty level for your business year. To start the process you will need to complete an "Hardship Exemption" form and pay the exemption fee. You also agree to file with the Director of Finance, no later than November 30th of the year immediately following the calendar year for which the business tax was due, a statement of financial hardship with business records (Federal 1040 and schedule C or E) attached to verify your gross receipts. If the amount you earned is more than what is allowed you will be given 30 days to remit payment for the business tax that would have been initially due. Reminder notices are sent regarding the process. Call our office for the current poverty level.

AUDIT

The City may audit your records at any time for up to a three-year prior period. Thus, you should maintain adequate records to support the figures reported for taxing purposes.

EXCLUSIONS AND EXEMPTIONS

Certain businesses are excluded or exempted from payment of the tax. Exclusions (Section 4.76.600) include banks, insurance companies and associations to the extent provided in the State Constitution and any person exempt from City tax by State or Federal law.

Exemptions include, but are not limited to, the following:

Section 4.76.640	Certain organizations - Entertainment or activities sponsored by fraternal, religious, educational or public association.
Section 4.76.650	Charitable entertainment.
Section 4.76.660	Charitable organizations.
Section 4.76.710	Peddling wares produced by seller.
Section 4.76.715	Sale of hand-produced goods. Artists and craftpersons, who sell only their own designed, hand-produced goods and wares, shall be exempt from payment of any business tax under the provisions of this Chapter, if the following is established by the person claiming the exemption to the satisfaction of the Director of Finance: A) Sale of goods and wares in the artists or craftperson's dwelling under San Jose Municipal Code Section 20.08.101 for a period of no more than four consecutive days twice in any calendar year; or: B) Continuous sale of goods and wares on an annual basis at only one (retail) location so long as the retail value of inventory at such location does not exceed two thousand dollars (\$2,000.00). Senior citizens aged 65 years or older earning less than social security earnings caps. Transient marketeers at public markets conducting business without a "reserved space." Participation in special events conducted by a charitable or nonprofit organization; exemption is for the duration of the event only. Operation of a day care home for 12 or fewer children under the age of eighteen years. Attach a copy of State day care license Family member who receives compensation for providing care services to another family member who is ill and/or elderly.
Section 4.76.720	
Section 4.76.735	
Section 4.76.741	
Section 4.76.745	
Section 4.76.746	

OTHER GENERAL REQUIREMENTS

All businesses must obtain a fictitious name clearance "approval" for the business name from the County Clerks Office. The business location, whether owned or leased, must be properly zoned by the Planning Department and the building must meet fire code and hazardous materials standards by the Fire Department. The appropriate permits from the departments must be secured before the start of business. Residential Landlords must obtain the required Occupancy Permit and pay a Rent

peddlers and taxi drivers must obtain a Regulatory Permit by the Police Department prior to obtaining business tax.

OTHER CITY REQUIREMENTS

Depending on the nature of your business, you may need other permits or clearances from various city departments. The Treasury Department accepts applications and fees for certain regulatory permits issued by the Police Department. Following is an overview of city requirements.

FINANCE DEPARTMENT

Revenue Management - Business Tax and Permits

200 East Santa Clara Street
Tower, 1st Floor, City Hall
San José, CA 95113
(408) 535-7055
www.csjfinance.org

Enforces the business tax ordinance, issues business tax certificates, and accepts applications for the following regulatory permits: Amusement devices, carnivals/circuses, Christmas tree lots, flower vendors, handbills, peddlers (e.g. catering trucks/ ice cream trucks), pawnbrokers, pool and billiard rooms, pumpkin patches and second hand dealers.

POLICE DEPARTMENT

Permit Unit
201 West Mission Street
San José, CA 95110
(408) 277-4452
www.sjpd.org

Certain businesses require a police regulatory permit. In some cases, Treasury will accept the application and fees, and Police Permits will approve and issue the permits. Certain permits require additional clearances from the following departments: Planning; Neighborhood Preservation, Code Compliance; and Risk Management for insurance.

Treasury accepts applications and upon approval by the Police Department issues permits for: Amusement devices (pinball, electronic games, coin-operated devices); circuses and carnivals, flower vendors, pawnbrokers and secondhand dealers. The Police Department accepts applications fees and issues permits for: bingo, going out of business sales, canvassers of periodicals, massage parlors, masseuses, masseurs, public dance halls, taxicabs/limousine service regulations, tow-car business, regulation of display of reading material and peep show establishments, peddlers, pawnbrokers, pool and billiards.

FIRE DEPARTMENT

Fire Prevention Bureau
170 West San Carlos
San José, CA 95113
(408) 277-4444

Business locations must meet Fire Department fire prevention standards. Businesses storing hazardous materials must obtain required Fire Department permits.

The following types of businesses should obtain Fire Department clearance prior to commencing operations from any location:

Auto body and paint shops, auto brake and tire shops, auto wrecking, car rentals, chemical recycling and recovery, chemical warehouse and manufacturing, contractor and construction companies, dry cleaning establishments, electronics, fertilizer storage, food processing, furniture manufacturing and refurbishing, general warehouse, hospital laboratories, medical centers, metal fabrication and welding, new car dealers, wholesale paint, pest control, plating, pool service and supply, printing, publishing and newsprint, retail gasoline stations, semiconductor manufacturing, towing/trucking/moving or delivery companies.

Risk Management

200 East Santa Clara Street
Tower, 4th Floor, City Hall
San José, CA 95113
(408) 535-7060

Certificates of Insurance required by City Ordinances and Workers Compensation when contracting with the City of San José are filed in this office.

DEPARTMENT OF HOUSING

Rental Rights & Referral Program
200 East Santa Clara Street
Tower, 12th Floor, City Hall
San José, CA 95113
(408) 975-4480
www.sjhousing.org

Provides education and information to protect both landlord and tenant rights and improve relationships between the two parties. The program oversees the administration of the San Jose Apartment Rent Control Ordinance and Mobile Home Rent Ordinance.

PLANNING, BUILDING & CODE ENFORCEMENT

Planning Division

200 East Santa Clara Street
Tower, 1st Floor, City Hall
San José, CA 95113
(408) 535-3555
www.sanjoseca.gov/planning

All business locations must be in a zone suited to the type of business that is being conducted. You may also need a development or use permit depending upon your location which could be more

limited than the applicable zoning requirements. The Planning Department will determine which of these apply to your particular case.

Signs

Permits should be obtained before contracting for construction or installation. Dimensions and other sign requirements are governed by the zoning and street footage. You will be asked for property address, location sketch showing major cross streets, measurements of the outside dimensions of the building and a photo of the building if possible.

Home Occupation

If you operate your business from your home, you should be aware of the restrictions outlined in the attached definition of "home occupation."

Parking

Depending on the nature and location of your business, you may be required to provide certain off-street parking spaces for business traffic.

Building Division

200 East Santa Clara Street
Tower, 1st Floor, City Hall
San José, CA 95113
(408) 535-3555
www.sanjoseca.gov/building

They issue permits for new buildings and alterations or additions to existing structures; and issues certificate of occupancy permits for new buildings or change of occupancy of existing buildings. They take complaints for construction in process without proper permits.

Electrical

200 East Santa Clara Street
Tower, 1st Floor, City Hall
San José, CA 95113
(408) 535-3555
www.sanjoseca.gov/building

Issues permits for installation or modification of electrical systems. They authorize meter release after inspection of work. Investigates complaints regarding installations regulated by Electrical Code.

Plumbing/Mechanical

200 East Santa Clara Street
Tower, 1st Floor, City Hall
San José, CA 95113
(408) 535-3555
www.sanjoseca.gov/building

Issues permits for installation or modification of plumbing systems, HVAC systems and restaurant hoods. Authorizes gas meter release after inspection of work.

Code Enforcement Division

170 W. San Carlos St
San José, CA 95113
(408) 277-4528

www.sanjoseca.gov/codeenforcement

Enforces property blight ordinances, weed abatement, multiple housing regulations, neglected vacant house ordinance, smoking ordinance, City zoning ordinances, sign regulations, abandoned vehicles, State of California landfill and recycling facilities regulations. The Division also issues permits or collects fees for the following:

- Animal and fowl permits
- Bee keeping permits
- Kennel permits
- Neglected/Vacant House Registration
- Weed Abatement Fees

Multiple Housing

170 W. San Carlos St
San José, CA 95113
(408) 277-4528

www.sanjoseca.gov/codeenforcement

Issues occupancy permits. Regulates multiple unit housing such as apartment houses, lodging houses and hotels, and conducts inspection for compliance.

COUNTY OF SANTA CLARA

County Assessor
70 West Hedding St. East Wing
San José, CA 95110
www.scc-assessor.org

299-5500

- (3rd Fl)
 - (4th Fl)
 - (1st - 5th Flrs)
- Real property assessments
Business (personal) property assessments.
APN (assessors' parcel number for addresses)

County Clerk Recorder's
70 W. Hedding St., East Wing
First Floor
San José, CA 95113
www.clerkrecorder.org

299-2160

To file fictitious name statements
(business name) and notary bonds

<p>County Planning Office 70 W. Hedding St, East Wing, 7th Floor San José, CA 95110 www.sccplanning.or</p>	299-5770	Use permit for businesses in county
<p>Consumer Protection 70 W. Hedding St., West Wing Fourth Floor San José, CA 95110 www.santaclara-da.org</p>	792-2880	Takes complaints on products or services, county wide
<p>County Weights & Measures 1553 Berger Drive, Bldg. 1 San José, CA 95112 www.sccgov.org</p>	918-4601	Registers weighing and measuring devices
<p>Environmental Health Service (County Health Department) 1555 Berger Drive, #300 San José, CA 95121 www.ehinfo.org</p>	918-3400	To obtain application for health regulations and permits (food, restaurants, hot dog carts, catering vehicles,public swimming pools)
<p>Small Claims Division 14205 CapriDrive Los Gatos, CA 95030 www.sccsuperiorcourt.org/smallclaims</p>	370-4440	For filing Small Claims action
<u>STATE OF CALIFORNIA</u>		
<p>Alcoholic Beverage Control 100 Paseo de San Antonio #119 San José, CA 95113 www.abc.ca.gov</p>	277-1200	Alcoholic beverage licenses, regulations
<p>Board of Equalization California State Building 250 South 2nd Street San José, CA 95113 www.boe.ca.gov</p>	277-1231	Sales and use tax permits,use fuel tax permits (diesel fuel tax)
<p>Bureau for Private Post Secondary&Vocational Education 400 R Street, Suite5000 Sacramento, CA 95814-6200 www.bppve.ca.gov</p>	(916) 445-3428	Approval to operate schools above 12th grade and vocational schools, workshops, seminars,private tutors, or private schools

California Environmental Protection Agency
CALGold
www.calgold.ca.gov

Established to assist in providing businesses the information they need to comply with environmental and other regulatory and permitting requirements

Consumer Affairs
Boards and Bureaus
400 R Street
Sacramento, CA 95814
www.dca.ca.gov

(800) 952-5210

Licensing for auto repair, television repair, antennas, stereo, auto tape, and major home appliances, refrigerator, freezers, washers, dryers, room air conditioners, etc.

Contractor's State License Board
9821 Business Park Dr
Sacramento, CA 95827
www.cslb.ca.gov

(800) 321-2752

Regulation for contractors and subcontractors relating to construction work only, verification of licenses

Corporate Status Department

(916) 445-2900

Verifies corporate ownership and status

Department of Corporations
71 Stevenson St, Ste2100
San Francisco, CA 94105-2900
www.corp.ca.gov

(415) 557-3787

1) Regulates the offer and sale of securities (stocks, bonds, promissory notes) in the State of California,

2) Registers franchise (some of the very large ones, like McDonald's, are exempt)

3) Monitors security brokers and requires those brokers to submit a list of the agents who sell securities for them

4) Licenses financial lending companies, (e.g., credit unions, money order companies, trading thrift and loan companies and licensed debt counselors

5) Monitors health care service providers (primarily HMO's)

Dept. of Industrial Relations
Division of Labor Standards
100 Paseo de San Antonio# 120
San Jose, CA 95113
www.dir.ca.gov/dlse/dlse.html

(408) 277-1266

Registers garment manufacturer's (including silk screening), issues licenses to farm labor contractors, talent agents; employers, transporters, and supervisors of minors involved in door-to-door sales, industrial home workers and athletic agents

Department of Motor Vehicles
Occupational Licensing
90 Great Oaks Blvd 104
San Jose, CA 95119
www.dmv.ca.gov

Vehicle licenses registration of new
and used car dealers,
salespersons, driving schools, and
registration services

229-7113

Department of Motor Vehicles
Motor Carrier Permit Branch G875
P. O. Box 932370
Sacramento, CA 94232-3700
www.dmv.ca.gov

Regulation of for-hire carriers
transporting general freight in
intrastate commerce.

(916) 657-8153

Department of Social Services

Licensing requirements for care
facilities

Child Care
2580 N 1st Street, Ste300
San José, CA 95113

1) Family daycare

324-2148

Adult / Senior Care
2580 N 1st Street, Ste350
San José, CA 95113

2) Daycare centers
1) Residential care homes
2) Elderly care homes
3) Group care homes

324-2112

Employment Development Department
Employment Tax District Office
906 Ruff Dr
San José, CA 95110
www.edd.cahwnet.gov

Employer tax, withholding
registration and information

(888) 745-3886

Franchise Tax Board
121 Spear St #400
San Francisco, CA 94105
www.ftb.ca.gov

1) Sole-proprietor's individual
income taxes, partner's individual
income taxes, corporation
franchise taxes.
2) Filing of non-profit status for a
business/organization.

(800) 852-5711

Public Utilities Commission
505 Van Ness Avenue, #2250
San Francisco, CA 94102
www.cpuc.ca.gov

Regulation of household goods'
carriers, limousine services.

(415) 703-2063

Secretary of State
1500 11th Street, 3rdFloor
Sacramento, CA95814
www.ss.ca.gov

Registration of corporations, file
trade and service marks, articles of
incorporation, statement of officer
forms and non-profit corporation
filings, limited partnership
registration

(916) 653-3365

Secretary of State (by mail)
Certification & Records Unit
PO BOX 944260
Sacramento, CA 94244-2600

State Department of
Consumer
Affairs
400 R Street
Sacramento, CA 95814
www.dca.ca.gov

(916) 445-1254

Regulates more than 40 professions and vocations. Contact for certain regulations on your business and location for your nearest appropriate offices.

State Health Services Department
Food & Drug Branch
100 Paseo de San Antonio #304
San José, CA 95113
www.dhs.ca.gov

277-1832

1) Licensing for wholesale and manufacturers of food products.
2) Manufacturers of medical devices pharmaceutical drugs & bottled water.
3) Retail bottled water.

Licensing & Certification Division
100 Paseo de San Antonio, Ste 235
San José, CA 95113
www.dhs.ca.gov

277-1784

License and certify hospitals, nursing homes, clinics and home

Nursing Home Complaints
100 Paseo de San Antonio, Ste 235
San José, CA 95113
www.dhs.ca.gov

(800) 554-0348

FEDERAL OFFICES

Internal Revenue Service
55 S. Market Street
San José, CA 95113
www.irs.ustreas.gov

817-6747

Business income taxes, employee income and social security taxes, other Federal taxes.

(800) 829-1040

Federal employee identification number to file a non-profit business or organization

U.S. Customs Office
555 Battery St

(415) 782-9200

Specific information on import requirements, custom duties and

U S Department of Commerce 1(800) USA-TRADE

U.S. Export Assistance Center of Silicon Valley
 152 North 3rd street, # 550
 San José, CA 95112
www.buyusa.gov/siliconvalley

Information on export licenses and restrictions on certain goods, assistance in locating export markets or import sources, import/export statistics

271-7300

OTHER TOWNS AND CITIES IN SANTA CLARA COUNTY:

Campbell	70 N. 1st Street	408-866-2117	www.ci.campbell.ca.us
Cupertino	10300 Torre Ave	408-777-3221	www.cupertino.org
Gilroy	7351 Rosanna St	408-846-0221	www.ci.gilroy.ca.us
Los Altos	1 N. San Antonio Rd	650-947-2760	www.ci.los-altos.ca.us
Los Altos Hills	25890 Fremont Rd	650-941-7222	www.losaltoshills.ca.gov
Los Gatos	110 East Main St	408-399-5704	www.town.losgatos.ca.us
Milpitas	455 E. Calaveras Dr	408-586-3100	www.ci.milpitas.ca.gov
Monte Sereno	18041 Saratoga-Los Gatos Rd	408-354-7635	www.montesereno.org
Morgan Hill	17555 Peak Ave	408-779-7237	www.morgan-hill.ca.gov
Mountain View	500 Castro St	650-903-6317	www.ci.mtnview.ca.us
Palo Alto	285 Hamilton Ave	650-329-2100	www.cityofpaloalto.org
Santa Clara	1500 Warburton Ave	408-615-2310	www.ci.santa-clara.ca.us
Saratoga	13777 Fruitvale Ave	408-868-1260	www.saratoga.ca.us
Sunnyvale	650 W. Olive Ave	408-730-7620	www.ci.sunnyvale.ca.us

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