

CITY OF PALM DESERT STAFF REPORT

MEETING DATE: October 12, 2023

PREPARED BY: Richard D. Cannone, AICP, Development Services Director

REQUEST: INTRODUCTION OF AN ORDINANCE AMENDING CHAPTER 5.04 OF THE PALM DESERT MUNICIPAL CODE REGARDING BUSINESS LICENSING AND TAXING PROCEDURES, AND MAKING A FINDING OF EXEMPTION UNDER CEQA

RECOMMENDATION:

Introduce an ordinance entitled, “AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF PALM DESERT, CALIFORNIA, UPDATING CHAPTER 5.04 REGARDING BUSINESS LICENSING AND TAXING AND MAKING FINDINGS UNDER CEQA.”

BACKGROUND/ANALYSIS:

City Council provided prior direction to City staff to update the business license suspension procedures in Chapter 5.04, to grant the City Manager the ability to suspend a business license without having to wait for City Council authorization. The suspension and revocation procedures of that chapter were originally adopted in 1974 and were last updated in 1983 to align with best practices at the time. On August 24, 2023, the City Council provided additional feedback and direction that the appeal body would remain as City Council instead of delegating that to a hearing examiner. The update to Chapter 5.04 includes:

- **Logical reorganization** – The proposed Ordinance includes essentially the same parts as the existing municipal code chapter but reorganizes the chapter in a more logical way so that there are fewer main sections with each main section being divided into subsections titled by descriptive headings. The sections have been restructured in a more user-friendly manner and simplified, making it easier for businesses and individuals to navigate and understand the City’s business licensing and tax requirements.

For example, the existing chapter includes several different sections on exemption procedure, statutory exemptions, and specific exemptions that have been tacked on at different times. The proposed Ordinance includes a single section on exemptions that includes subsections detailing the process for claiming an exemption, statutory/Constitutional exemptions, and specific exemptions allowed by the City.

- **Updated definitions** – The proposed Ordinance updates several definitions, removes superfluous definitions, and adds a few definitions, such as “tax administrator” and “city manager” for clarity.

- **Updated procedures** – The procedures for decision-making, notice, and appeal have been improved. The proposed Ordinance includes updated processes for the tax administrator (defined as finance director, or that person’s designee) to make decisions regarding exemptions, license taxes due, penalties, and for the city manager (defined as the city manager or that person’s designee) to make decisions related to modifications/suspensions/revocations of existing licenses.

For example, the city manager may make a determination to modify, suspend, or revoke a business license without having to first get City Council authorization to make such a determination. The proposed Ordinance also includes several grounds for which a license may be modified, suspended, or revoked, whereas the existing code section did not provide as much guidance. The City Council will hear all timely appeals, including those from modification, suspension, or revocation notices issued by the tax administrator. The appeals procedures are more detailed to ensure due process for the appellant and provide a roadmap for staff and the City Council.

- **Remove or update outdated references** - The existing code chapter was drafted in the 1970s with several amendments made in the 1980s. As such, the proposed Ordinance removes several outdated references and wording. The proposed Ordinance also adjusts exemption amounts for inflation.

Legal Review:

This report has been reviewed by the City Attorney’s office and staff worked with the City Attorney’s office in drafting the attached Ordinance.

FINANCIAL IMPACT:

There is no fiscal impact associated with the adoption of this ordinance.

ATTACHMENT:

Draft Ordinance