City of Benicia Business License Tax Study

Presented by HdL Companies

Business License Tax Program Overview
Tax Equity Timeline



Compliance First Initiative

Since 2016, HdL has helped bring approximately 1,542 businesses into compliance, generating about $863,500 in business license tax revenue (approximately $78,500 annually).

In 2023, the City advanced a compliance-first approach to improve participation and equity through a targeted amnesty program for businesses with multi-year unpaid obligations. This effort generated approximately $246,000 in revenue that year and an additional $290,000 over the following two years.

Together, these efforts represent an important step toward a more equitable and consistent business license tax program.

Tax Structure Modernization

The City is currently considering various tax models that would increase revenue and improve equity citywide.

New Rates Implementation

If approved by voters, the City would work with HdL to help businesses smoothly transition to the new rates.

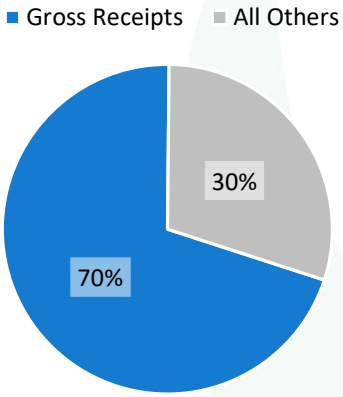
HdL Companies

Proposed Tax Models

HdL Companies

Model Comparison
Removing the Existing Gross Receipts Tax Cap

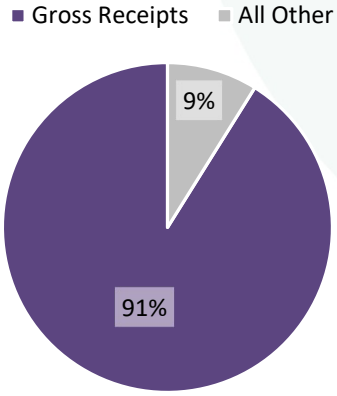
$649.20 Tax Cap
on Gross Receipts



Revenue: $627,864

Rate Types	Revenue Portion
[A] Professional Services	9.61%
[B] Retail/Service/Contractor/Wholesale	74.73%
[C] All Other Businesses	6.79%
[D] Multi-Family Residential Rental	7.62%
[MY] Mobile Food Vendor	0.24%
Tobacco Retailer	1.00%

Tax Cap Removed
on Gross Receipts
(+1.5 Million in Annual Revenue)



Revenue: $2,114,050

Rate Type	Revenue Portion
[A] Professional Services	3.27%
[B] Retail/Service/Contractor/Wholesale	82.77%
[C] All Other Businesses	11.33%
[D] Multi-Family Residential Rental	2.26%
[MY] Mobile Food Vendor	0.07%
Tobacco Retailer	0.30%

The figures shown above do not include exempt or nonprofit businesses.

HdL Companies

Model 1 – Option 1: Variable Gross Receipts Rate
Model Structure

Categories	Flat Rate*	Rates Per $1,000 of Gross Receipts
Contractor	$25 flat rate *applies to businesses with gross receipts between $10,000 to $25,000*	$0.75
General/Retail		$0.25
Industrial		$1.00
Petroleum		$1.25
Professional		$1.00
Property Rental		$1.00
Services		$0.75
Exempt	$0.00	$0.00

* Businesses with less than $10,000 in annual gross receipts would not owe a business license tax.

Model 1 – Option 1: Variable Gross Receipts Rate
Model's Revenue Impact

Business Type*	Number of Businesses	Estimated Taxable Gross Receipts *(in millions)*	Current Revenue	Estimated Revenue
Contractor	898	$380	$136,000	$291,000
General/Retail	499	$400	$105,000	$108,000
Industrial	190	$1,380	$98,000	$1,378,000
Petroleum	19	$60	$9,000	$70,000
Professional	375	$440	$69,000	$435,000
Property Rental	275	$90	$94,000	$92,000
Services	713	$629	$115,000	$475,000
Exempt	78	$0	$0	$0
Totals	3,047	$3,379	$626,000	$2,849,000
			Estimated Revenue Increase	*$2,223,000*

* Businesses generating less than $10,000 in gross receipts are included in the business category related to their business activity; however, they are not taxed.

Model 1 – Option 1: Variable Gross Receipts Rate
Impact of Different Exemption Thresholds

Business Type*	Current Revenue	$10K Exemption	$25K Exemption	$50K Exemption	$75K Exemption	$100K Exemption
Contractor	$136,000	$291,000	$289,000	$284,000	$264,000	$262,000
General/Retail	$105,000	$108,000	$107,000	$105,000	$104,000	$103,000
Industrial	$98,000	$1,378,000	$1,378,000	$1,377,000	$1,377,000	$1,376,000
Petroleum	$9,000	$70,000	$70,000	$70,000	$70,000	$70,000
Professional	$69,000	$435,000	$435,000	$434,000	$430,000	$425,000
Property Rental	$94,000	$92,000	$92,000	$91,000	$86,000	$86,000
Services	$115,000	$476,000	$474,000	$468,000	$462,000	$458,000
Exempt	$0	$0	$0	$0	$0	$0
Totals	$626,000	$2,849,000	$2,845,000	$2,829,000	$2,793,000	$2,780,000
	Estimated Revenue Increase	*$2,223,000*	*$2,219,000*	*$2,203,000*	*$2,167,000*	*$2,154,000*
Number of Businesses under Exemption		*265*	*513*	*957*	*1,665*	*1,868*

* Businesses with less than $10,000 in annual gross receipts are included in their business category but do not owe the tax.

Model 1 – Option 2: Variable Gross Receipts Rate with a $100,000 Exemption

Model Structure

Categories	Gross Receipts Exemption	Rates Per $1,000 of Gross Receipts
Contractor	*The first $100,000 in annual gross receipts is exempt from the business license tax.*	$0.70
General/Retail		$0.25
Industrial		$0.60
Industrial - Heavy		$1.20
Professional		$0.75
Property Rental		$1.00
Services		$0.70
Exempt	$0.00	$0.00

Model 1 – Option 2: Variable Gross Receipts Rate with $100,000 Exemption

Model's Revenue Impact

Business Type*	Number of Businesses	Estimated Taxable Gross Receipts *(in millions)*	Current Revenue	Estimated Revenue
Contractor	898	$380	$136,000	$243,000
General/Retail	515	$450	$111,000	$110,000
Industrial	166	$1,010	$81,000	$408,000
Industrial - Heavy	24	$370	$18,000	$520,000
Professional	378	$450	$71,000	$192,000
Property Rental	275	$90	$94,000	$85,000
Services	713	$629	$115,000	$425,000
Exempt	78	$0	$0	$0
Totals	3,047	$3,380	$626,000	$1,983,000
			Estimated Revenue Increase	*$1,357,000*

* Businesses with $100,000 or less in annual gross receipts are included in their business category but would not owe the tax.

Model 2: Tiered Gross Receipts Rate

Model Structure

Lower Bound	Upper Bound	Class A Rate (General)	Class B Rate (Professional)	Class C Rate (Manufacturing/Wholesale)
$0	$10,000	$0	$0	$0
$10,000	$50,000	$55	$111	$55
$50,000	$100,000	$105	$131	$63
$100,000	$200,000	$242	$365	$96
$200,000	$300,000	$374	$563	$154
$300,000	$400,000	$462	$695	$206
$400,000	$500,000	$575	$864	$271
$500,000	$600,000	$667	$1,002	$326
$600,000	$700,000	$759	$1,485	$395
$700,000	$800,000	$840	$1,838	$470
$800,000	$900,000	$888	$1,982	$528
$900,000	$1,000,000	$936	$2,126	$585
$1,000,000	and above	$936 + $0.165 per $1,000	$2,126 + $0.165 per $1,000	$585 + $0.115 per $1,000

* A more detailed definition of these classes can be found in the Appendix.

Model 2: Tiered Gross Receipts Rate
Model's Revenue Impact

Business Class*	Number of Businesses	Current Revenue	Estimated Revenue
Class A	2,401	$458,000	$735,000
Class B	376	$70,000	$250,000
Class C	192	$98,000	$215,000
Exempt	78	$0	$0
Totals	3,047	$626,000	$1,200,000
		Estimated Revenue Increase	*$574,000*

* Businesses with less than $10,000 in annual gross receipts are included in their business class but do not owe the tax.

Model 2: Tiered Gross Receipts Rate
Tiered Rate Structure Illustration

Class A (Retail/General Services)
Business Annual Gross Receipts: $1,500,000

A business with gross receipts over $1,000,000 pays the base plus $0.165 per $1,000 over $1,000,000.

Step 1	Step 2	Step 3	Step 4
Base Tax: $936 (for first $1,000,000)	Gross Receipts Over $1,000,000 $1,500,000 - $1,000,000 = $500,000	Top Tier Tax $500,000 x (0.165/1000) = $82.50	Final Step: Total Business Tax $936 + $82.50 = $1,018.50

Model 3: Progressive Tiered Gross Receipts Rate

Model Structure

Lower Bound Gross Receipts	Upper Bound Gross Receipts	General Business	Retail, Restaurant, and Hotel
$0	$250,000	$0	$0
$250,000	$1,000,000	$350	$350
$1,000,000	$5,000,000	$0.50 per $1,000	$0.40 per $1,000
$5,000,000	$25,000,000	$1.00 per $1,000	$0.80 per $1,000
$25,000,000	and above	$2.00 per $1,000	$1.20 per $1,000

Model 3: Progressive Tiered Gross Receipts Rate

Model's Revenue Impact

Business Type	Number of Businesses	Current Revenue	Estimated Revenue
General	2,559	$524,000	$3,644,000
Retail/Restaurant/Hotel	410	$102,000	$699,000
Exempt	78	$0	$0
Totals	3,047	$626,000	$4,343,000
		Estimated Revenue Increase	*$3,717,000*

Three Highlighted Businesses
Model Comparisons

Business Scenario	Gross Receipts	Employees	Benicia (Current)	Benicia (No Cap)	Model 1 Option1	Model 1 Option 2	Model 2	Model 3	Concord	Fairfield	Martinez	Pleasant Hill
Small Local Restaurant	$300,000	4	$228	$228	$94	$50	$462	$350	$251	$462	$234	$839
Consulting and Management Firm	$1,800,000	12	$747	$1,432	$1,800	$1,275	$2,258	$900	$1,369	$2,258	$1,468	$3,758
Supermarket	$9,500,000	80	$1,262	$6,772	$2,394	$2,350	$2,339	$7,600	$5,076	$2,339	$1,934	$16,756

Model 4: Employee-Based Business License Tax
Model Structure

Category	Number of Businesses	Employee Count	FY24/25 Curent Model BLT Revenue	Employee Model Estimated Revenue*
Micro Businesses	264	264	$18,000	$20,000
Commercial Retail/Service	1,850	5,312	$332,000	$601,000
Professional/Office Service	653	509	$165,000	$403,000
Industrial	203	3,261	$113,000	$515,000
Exempt	78	0	$0	$0
Grand Total	**3,048**	**9,346**	**$628,000**	**$1,539,000**

* Rounded to the nearest $1,000

Assumptions:

1. Microbusinesses were defined as those in the Commercial Retail Service Category earning less than $25,000.
2. General/Retail and Service and Contractors (under $2M) were mapped to Commercial Retail Service.
3. Professional and Rental was mapped to Professional Service.
4. Industrial, Heavy Industrial, and Contractors (above $2M) were mapped to Industrial Category.
5. Employee counts are based on available business license records and should be considered preliminary estimates.

Business Scenarios
Tax Model Comparisons (1 of 2)

Business Scenario	Business Type	Gross Receipts	Employees	Benicia (Current)	Benicia (no cap)	Model 1 Option 1	Model 1 Option 2	Model 2	Model 3	Revised Business Type – Model 4*	Model 4
Art Gallery & Dealer	Retail	$15,000	1	$65	$65	$25	$0	$55	$0	**Commercial Retail & Service**	**$250**
Small Local Restaurant	Food Service	$300,000	4	$228	$228	$94	$50	$462	$350	**Commercial Retail & Service**	**$250**
Clothing Boutique	Retail Trade	$400,000	6	$316	$316	$119	$75	$575	$350	**Commercial Retail & Service**	**$500**
Commercial Landlord	Rental Nonresidential Property (75,000 sq. ft.)	$1,200,000	2	$671	$671	$1,200	$1,100	$969	$600	**Professional & Office Services**	**$500**
Consulting and Management Firm	Professional Services	$1,800,000	12	$747	$1,432	$1,800	$1,275	$2,258	$900	**Professional & Office Services**	**$1,000**
Sit-down Restaurant	Restaurant (Food Service)	$2,200,000	28	$865	$1,630	$569	$525	$1,134	$880	**Commercial Retail & Services**	**$1,000**
Total Revenue to Each City				$2,892	$4,342	$3,807	$3,025	$5,453	$3,080		**$3,500**

*Model 4 classifications are based on Councilmember-proposed business categories and employee-count tiers.

HdL Companies

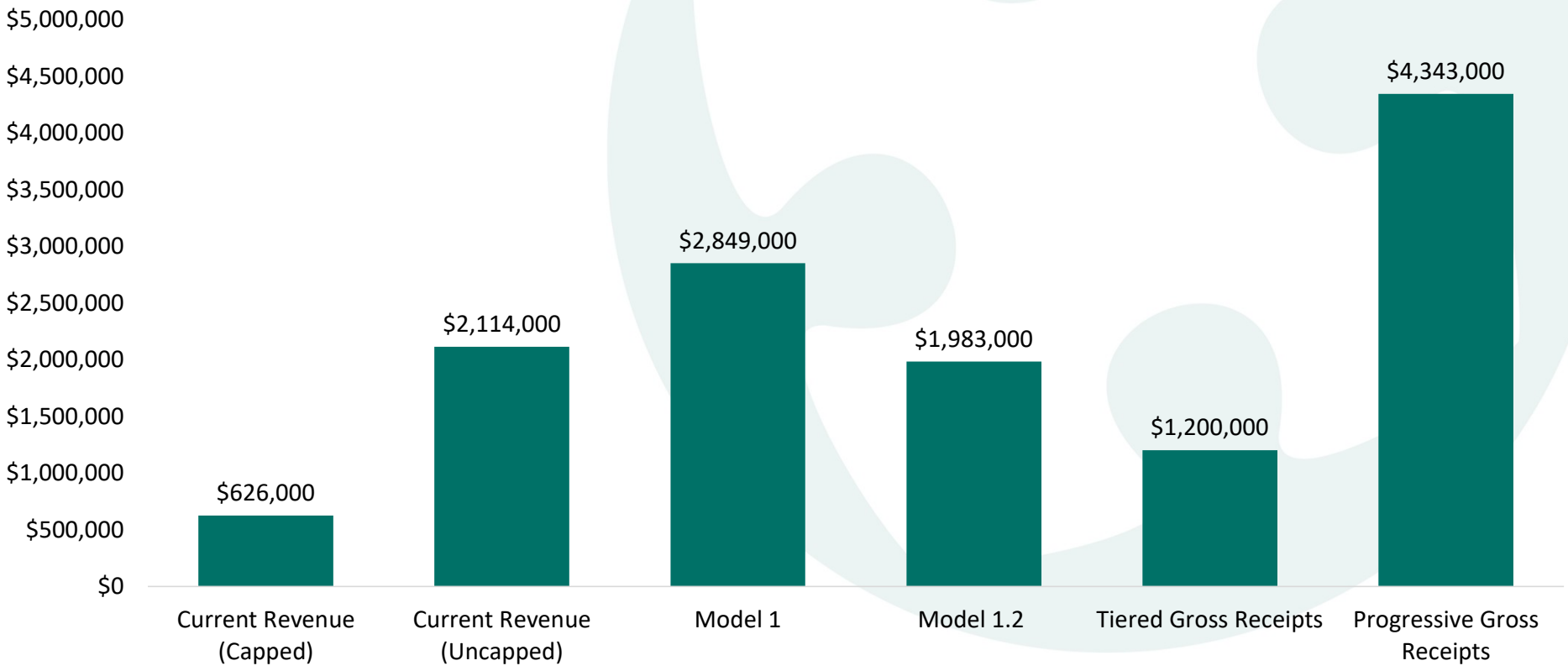
Business Scenarios
Tax Model Comparisons (2 of 2)

Business Scenario	Business Type	Gross Receipts	Employees	Benicia (Current)	Benicia (no cap)	Model 1 Option 1	Model 1 Option 2	Model 2	Model 3	Revised Business Type – Model 4*	Model 4
Machine Shop	Industrial (Light)	$3,000,000	15	$765	$1,750	$3,000	$1,740	$815	$1,500	**Industrial, Manufact. & Logistics**	**$1,000**
Gas Station	Service Station (Petroleum)	$4,000,000	10	$730	$2,665	$4,994	$975	$1,431	$2,000	**Commercial Retail & Service**	**$500**
Heavy Construction Contractor	Contractor	$5,000,000	30	$882	$3,467	$3,756	$3,430	$1,596	$5,000	**Industrial, Manufact. & Logistics**	**$2,500**
Supermarket	Retail	$9,500,000	80	$1,262	$6,772	$2,394	$2,350	$2,339	$7,600	**Commercial Retail & Service**	**$2,000**
Concrete Manufacturing	Industrial (Heavy)	$25,000,000	75	$1,221	$14,307	$25,000	$29,880	$3,345	$50,000	**Industrial, Manufact. & Logistics**	**$5,000**
Home Improvement Warehouse	High Volume Retail	$75,000,000	175	$1,982	$50,067	$18,769	$18,725	$13,146	$90,000	**Industrial, Manufact. & Logistics**	**$10,000**
Total Revenue to Each City				$6,842	$79,028	$57,913	$57,100	$22,672	$156,100		**$21,000**

*Model 4 classifications are based on Councilmember-proposed business categories and employee-count tiers.

HdL Companies

Model Comparison
Models Revenue Impact



HdL Companies

Model Comparison

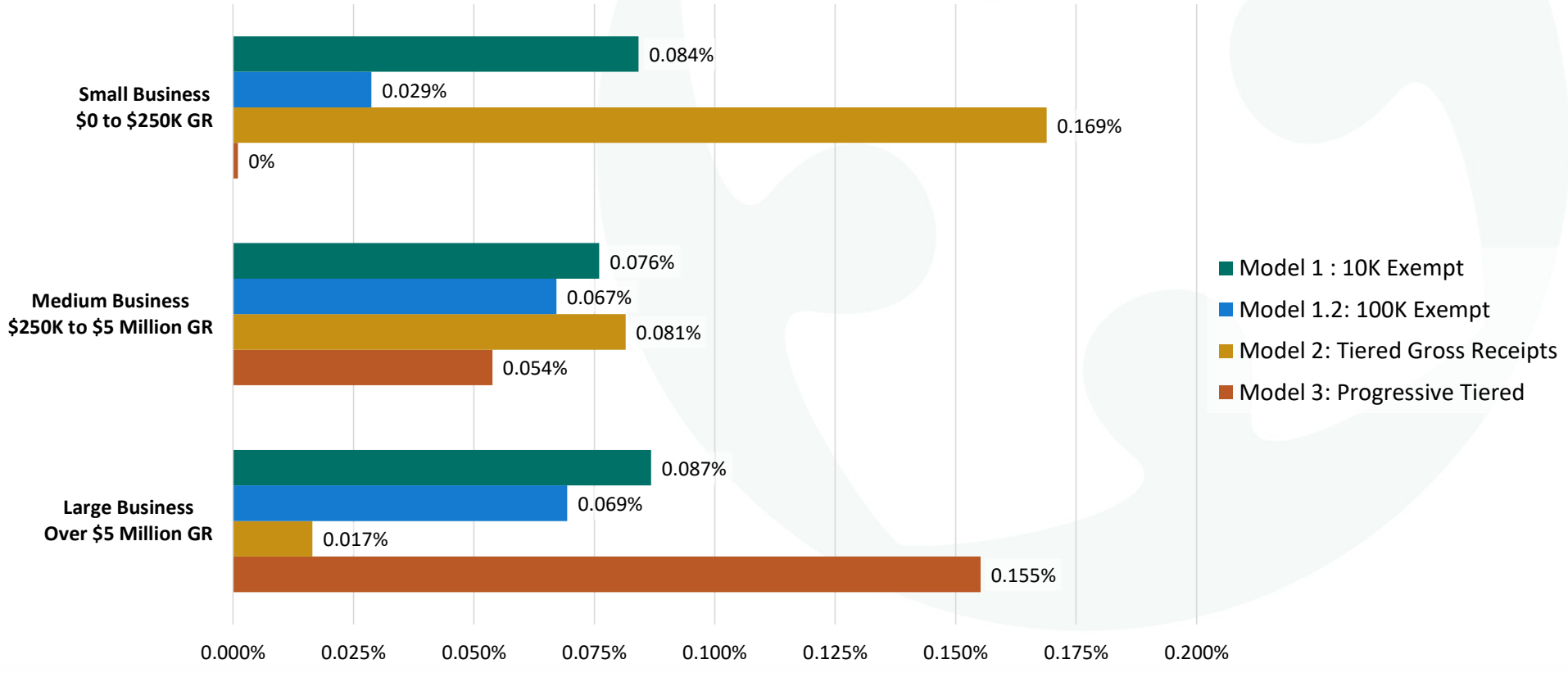
Administrative Simplification: Number of Total Categories and Rates



HdL Companies

Model Comparison

Effective Tax Rate By Model and Business Sizes



The numbers above do not include exempt or nonprofit businesses.

HdL Companies

Jurisdiction Comparison

Basic Overview

HdL Companies

Jurisdiction Comparison
Demographic and Economic Statistics by Location

Location	Population	Business Count	Business Tax Revenue*	Revenue Per Capita	Revenue Per Business	Ordinance Last Modified	Tax Basis	Cap Present? (Y/N)
Pleasant Hill	33,802	3,500	$3,111,995	$92.10	$889.10	1991	Gross Receipts	N
Napa	79,246	6,753	$4,660,711	$58.80	$690.20	2016	Gross Receipts	N
Concord	125,410	9,307	$4,224,521	$33.70	$453.90	2002	Gross Receipts + Employee Count	N
Vallejo	126,090	4,403	$4,197,906	$33.30	$953.40	1992	Gross Receipts	N
Martinez	36,395	2,500	$1,008,739	$27.70	$403.50	1978	Employee Count	N
Benicia	**26,429**	**3,048**	**$632,314**	**$23.90**	**$207.50**	**2004**	**Gross Receipts + Personnel Count**	**Y**
Pinole	18,481	1,800	$438,329	$23.70	$243.50	1975	Employee Count	N
Fairfield	120,768	5,900	$1,783,998	$14.80	$302.40	2024	Gross Receipts	N
American Canyon	21,347	1,700	$264,498	$12.40	$155.60	2012	Gross Receipts	N
Suisun City	28,743	3,887	$285,000	$9.90	$73.30	1991	Gross Receipts	N

* The revenue figures of the comparison jurisdiction provided on this slide are based on the California State Controller Database, except for Benicia, which is based on its business tax registry.

Jurisdiction Comparison
Detailed Analysis

HdL Companies

Detailed Comparison Analysis

Business Scenarios – Estimated Cost to Businesses (1 of 2)

Business Scenario	Business Type	Gross Receipts	Employees	Benicia	Concord	Fairfield	Martinez	Pleasant Hill
Art Gallery & Dealer	Retail	$15,000	1	$65	$25	$55	$25	$103
Small Local Restaurant	Food Service	$300,000	4	$228	$251	$462	$234	$839
Clothing Boutique	Retail Trade	$400,000	6	$316	$326	$575	$284	$1,269
Commercial Landlord	Rental Nonresidential Property (75,000 Sq. ft.)	$1,200,000	2	$671	$881	$969	$499	$4,500
Consulting and Management Firm	Professional Services	$1,800,000	12	$747	$1,369	$2,258	$1,468	$3,758
Sit-down Restaurant	Restaurant (Food Service)	$2,200,000	28	$865	$1,531	$1,134	$699	$4,130
			Total Revenue to Each City	$2,892	$4,383	$5,453	$3,209	$14,599

Detailed Comparison Analysis

Business Scenarios – Estimated Cost to Businesses (2 of 2)

Business Scenario	Business Type	Gross Receipts	Employees	Benicia	Concord	Fairfield	Martinez	Pleasant Hill
Machine Shop	Industrial (Light)	$3,000,000	15	$765	$384	$815	$690	$953
Gas Station	Service Station (Petroleum)	$4,000,000	10	$730	$2,626	$1,431	$2,410	$9,769
Heavy Construction Contractor	Contractor	$5,000,000	30	$882	$1,613	$1,596	$574	$10,639
Supermarket	Retail	$9,500,000	80	$1,262	$5,076	$2,339	$1,934	$16,756
Concrete Manufacturing	Industrial (Heavy)	$25,000,000	75	$1,221	$1,316	$3,345	$2,850	$2,633
Home Improvement Warehouse	High Sales Retail	$75,000,000	175	$1,982	$24,726	$13,146	$8,509	$45,576
			Total Revenue to Each City	$6,842	$35,741	$22,672	$16,967	$86,326

Marine Terminal Analysis

HdL Companies

Potential Marine Terminal Tax Revenue

Estimated Annual Revenue Based on $34 Million in Gross Receipts

What if the City adopted a percentage-based tax on marine terminal operations?

$1 Per $100 of Gross Receipts	$2 Per $100 of Gross Receipts	$3 Per $100 of Gross Receipts
Annual Gross Receipts: $34,000,000	Annual Gross Receipts: $34,000,000	Annual Gross Receipts: $34,000,000
X $1/$100 ($0.01)	X $2/$100 ($0.02)	X $3/$100 ($0.03)
Estimated Annual Revenue: $340,000	Estimated Annual Revenue: $680,000	Estimated Annual Revenue: $1,020,000
Impact of 1%	Impact of 2%	Impact of 3%

HdL Companies

Model 1 – Option 2: Variable Gross Receipts Rate
Model's Revenue Impact

Model 1 – Option 2		Marine Terminal(s)		Total Estimated Revenue
$100,000 Exemption $0.20 to $1.20	+	Total Gross Receipts: $34 Million Tax at 3%	=	Model 1 – Option 2 and Marine Terminal
$1,983,000		$100,000* (After Applying $100,000 Cap)		$2,083,000

*Marine terminal tax liability is subject to a $100,000 annual cap under this model. There is more than one business to which the cap would apply, and thus the actual revenue would be higher. But, to protect confidentiality, we have shown an aggregated cap in the model.

Business Scenarios
Tax Model Comparisons (1 of 2)

Business Scenario	Business Type	Gross Receipts	Employees	Benicia (Current)	Benicia (no cap)	Model 1 Option 1	Model 1 Option 2	Model 2	Model 3	Concord	Fairfield	Martinez	Pleasant Hill
Art Gallery & Dealer	Retail	$15,000	1	$65	$65	$25	$0	$55	$0	$25	$55	$25	$103
Small Local Restaurant	Food Service	$300,000	4	$228	$228	$94	$50	$462	$350	$251	$462	$234	$839
Clothing Boutique	Retail Trade	$400,000	6	$316	$316	$119	$75	$575	$350	$326	$575	$284	$1,269
Commercial Landlord	Rental Nonresidential Property (75,000 sq. ft.)	$1,200,000	2	$671	$671	$1,200	$1,100	$969	$600	$881	$969	$499	$4,500
Consulting and Management Firm	Professional Services	$1,800,000	12	$747	$1,432	$1,800	$1,275	$2,258	$900	$1,369	$2,258	$1,468	$3,758
Sit-down Restaurant	Restaurant (Food Service)	$2,200,000	28	$865	$1,630	$569	$525	$1,134	$880	$1,531	$1,134	$699	$4,130
Total Revenue to Each City				$2,892	$4,342	$3,807	$3,025	$5,453	$3,080	$4,383	$5,453	$3,209	$14,599

HdL Companies

Business Scenarios
Tax Model Comparisons (2 of 2)

Business Scenario	Business Type	Gross Receipts	Employees	Benicia (Current)	Benicia (no cap)	Model 1 Option 1	Model 1 Option 2	Model 2	Model 3	Concord	Fairfield	Martinez	Pleasant Hill
Machine Shop	Industrial (Light)	$3,000,000	15	$765	$1,750	$3,000	$1,740	$815	$1,500	$384	$815	$690	$953
Gas Station	Service Station (Petroleum)	$4,000,000	10	$730	$2,665	$4,994	$975	$1,431	$2,000	$2,626	$1,431	$2,410	$9,769
Heavy Construction Contractor	Contractor	$5,000,000	30	$882	$3,467	$3,756	$3,430	$1,596	$5,000	$1,613	$1,596	$574	$10,639
Supermarket	Retail	$9,500,000	80	$1,262	$6,772	$2,394	$2,350	$2,339	$7,600	$5,076	$2,339	$1,934	$16,756
Concrete Manufacturing	Industrial (Heavy)	$25,000,000	75	$1,221	$14,307	$25,000	$29,880	$3,345	$50,000	$1,316	$3,345	$2,850	$2,633
Home Improvement Warehouse	High Volume Retail	$75,000,000	175	$1,982	$50,067	$18,769	$18,725	$13,146	$90,000	$24,726	$13,146	$8,509	$45,576
Total Revenue to Each City				$6,842	$79,028	$57,913	$57,100	$22,672	$156,100	$35,741	$22,672	$16,967	$86,326

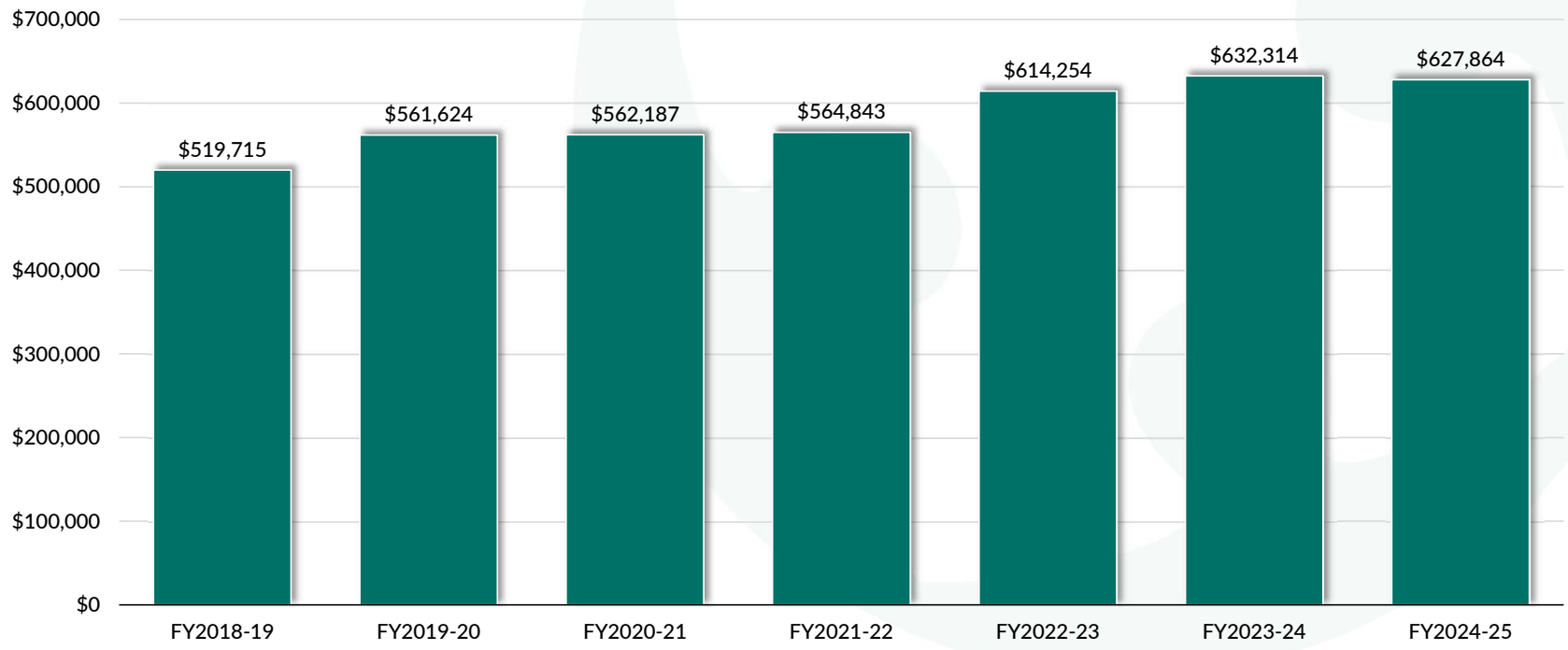
HdL Companies

Business License Tax
Registry Review

HdL Companies

Business License Registry Review

*7-Year Revenue Trend Based on the License Period**

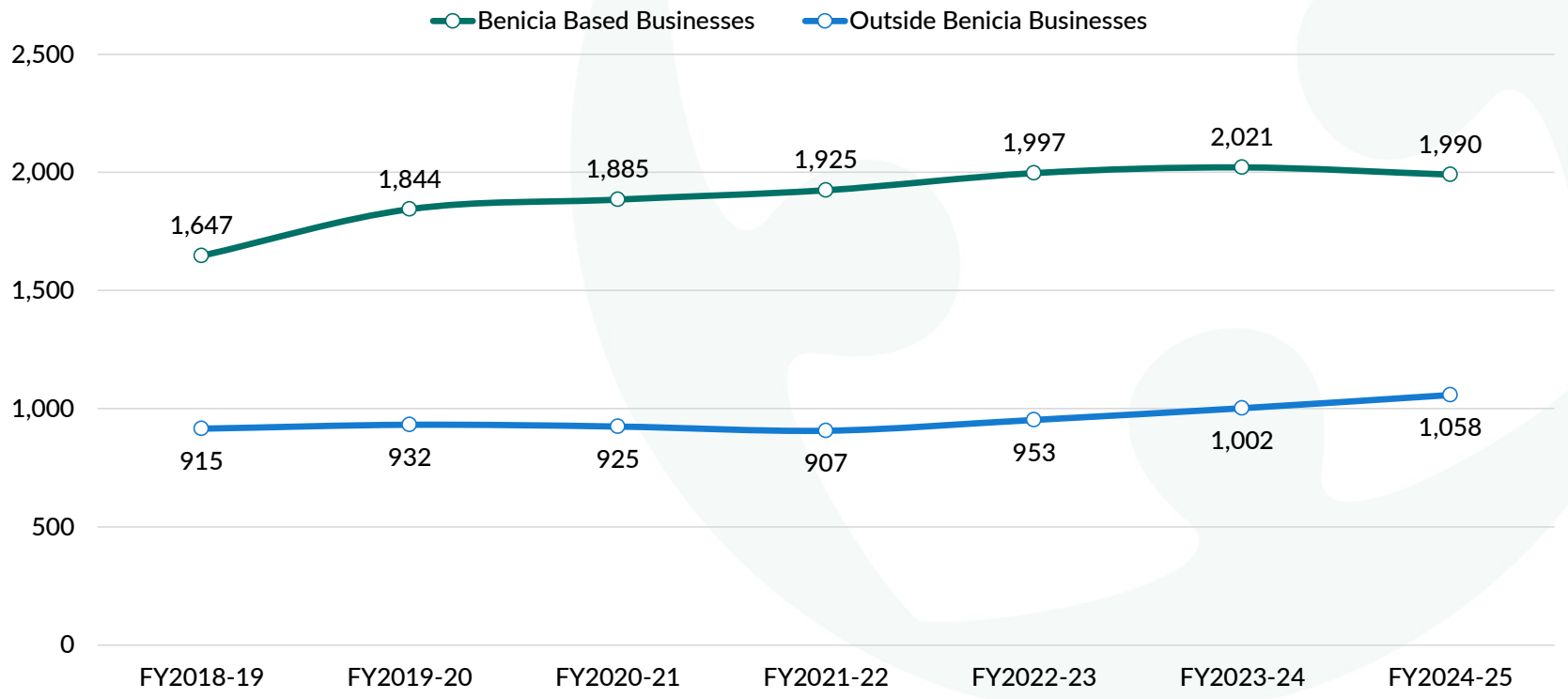


* The revenue figures in the slide are not intended to match the City's budgeted or audited financial results. Instead, the trend is based on assessed tax amounts due (collected and uncollected). The purpose is to evaluate the current tax structure's revenue-generating ability and remove filing behavior distortions caused by payment timing, penalties, and interest.

HdL Companies

Business License Registry Review

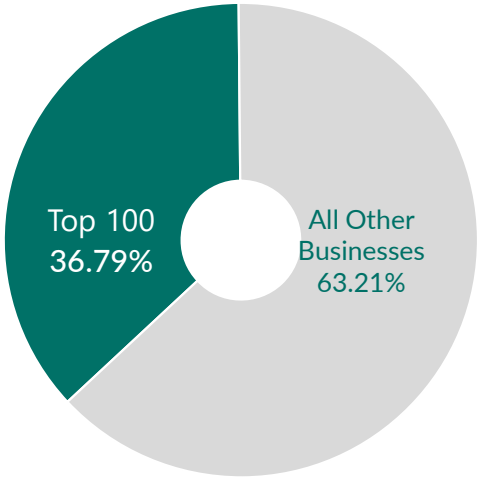
Business License Counts Based on the License Period



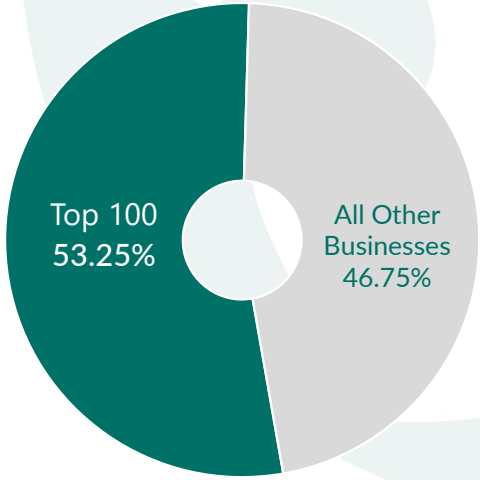
Business License Registry Review
Top 100 Businesses Compared to the City

The top 100 businesses account for 37% of the reported gross receipts, 53% of reported employees and 24% of total tax assessed.

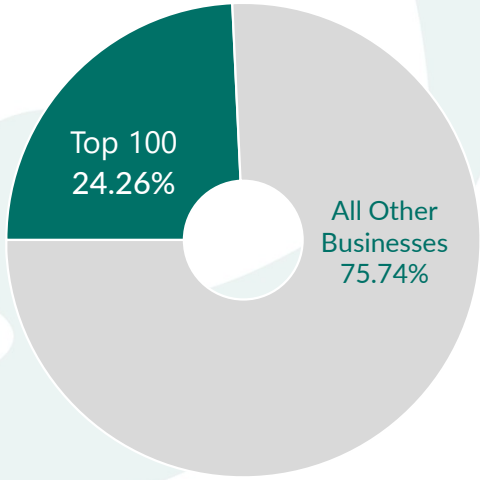
Top 100 - Percent of
Total Reported Gross Receipts



Top 100 - Percent of
Total Reported Employees



Top 100 - Percent of
Total Taxes Charged



Appendix

HdL Companies

Category Definitions

In Model 1 and Model 1 option 2, we used several basic business categories along with an exempt category. These are seven basic structures that are common across municipalities. The definitions below are general and not meant to be the complete definitions that would appear in a municipal code.

Contractors: These are persons or firms that are carrying on the business of a contractor, subcontractor, or builder, particularly the construction or repair of any buildings. Examples include but are not limited to construction, plumbing, HVAC, etc.

General Business/Retail: These are retailers, restaurateurs, and other general businesses. All these businesses are likely to contribute to your tax base in other ways (i.e., sales tax) and often have lower profit margins.

Industrial businesses: Businesses engaged primarily in manufacturing, processing, warehousing, wholesaling, or distribution activities that support the production and movement of goods, typically operating in dedicated industrial facilities with limited or no direct retail interaction with the public.

Heavy Industry: Businesses engaged in large-scale manufacturing, processing, or material transformation that require significant fixed infrastructure, specialized equipment, and high energy or resource inputs. These operations typically involve bulk materials (e.g., metals, chemicals, aggregates) and generate substantial economic output relative to footprint.

Petroleum Businesses: Businesses engaged in the production, refining, transportation, wholesale distribution, or retail sale of petroleum and petroleum-based products, including fuels, lubricants, and related energy commodities. These activities typically involve capital-intensive infrastructure, regulated handling and storage of hazardous materials, and revenue streams driven by high transaction volumes and commodity price volatility.

Professional and Advanced: These businesses offer services that require rigorous training through higher education or vocational institutions that certify the complete acquisition of skills and the ability to provide such professional services. This also includes businesses that can be considered "Advanced Services," such as those in the research and development and scientific fields. Examples include, but are not limited to, a doctor's office, a law office, a consulting firm, etc.

Property Rental: Although listed separately, this category includes any business that leases, rents, or provides use of real property to another individual or entity for compensation. Examples include, but are not limited to, commercial leasing, residential rental, parcel leasing, hoteliers, etc. The city could also include language and rates for taxing short-term rentals in this category.

Services: This sector offers services that require minimal to no higher education or training. It is also the default category for any business that is not explicitly defined in one of the other five categories. Examples include, but are not limited to, hair stylists, gardeners, nail salons, etc.

Class Definitions

In Model 2, we use three basic business classes along with an exempt category. These are three basic structures that are common across municipalities. The definitions below are general and not meant to be the complete definitions that would appear in a municipal code.

Class A: This is the primary general business category and applies to retail establishments, personal and repair service providers, contractors and subcontractors, and businesses engaged in the rental or leasing of real property (four or more units). It also includes certain regulated or temporary activities such as auctioneers, advertising distributors, flea markets, and similar operations.

Class B: These are individuals and firms engaged in professional or semi-professional services that primarily provide specialized expertise, advisory services, or licensed professional work. This includes fields such as accounting, legal services, architecture and engineering, medical and dental practices, consulting, real estate brokerage, financial services, and similar occupations requiring technical knowledge, professional credentials, or state licensure.

Class C: Businesses engaged in manufacturing, processing, or wholesaling goods, as well as entities operating administrative, headquarters, or support functions within the City. This includes facilities that produce or distribute products at the wholesale level and businesses providing internal corporate services or utility-related operations that support activities occurring outside the City.

Marine Terminal Definition

Marine Terminal: shall mean a business primarily engaged in operating waterfront terminal facilities, including cargo terminals, for the receipt, transfer, handling, loading, unloading, storage, or temporary storage of waterborne cargo, containerized cargo, bulk commodities, or petroleum products between vessels and landside transportation or distribution systems, including related stevedoring, marine cargo handling, intermodal transfer, bulk liquid transfer, tank storage, and terminal pipeline activities. “Marine Terminal” may include facilities engaged in petroleum bulk storage or petroleum product distribution where such activities are conducted as part of terminal operations. “Marine Terminal” does not include businesses primarily engaged in manufacturing, fabrication, or industrial processing, which shall be classified in their respective categories.