



C

City of Costa Mesa, The Costa Mesa Fair Business License Reform, Small Business Protection Measure

Without taxing residents, shall the measure be adopted, updating Costa Mesa’s 41-year-old business license tax, ensuring large businesses pay their proportionate share and helping fund general city services including keeping public areas safe/clean; preventing crime/burglaries; addressing homelessness; maintaining Costa Mesa’s financial stability; revising the tax rate to 50¢ per \$1,000 gross receipts, with no increase for small businesses; generating approximately \$5,600,000 annually until ended by voters, requiring audits, spending disclosure, funds locally controlled?

What your vote means

YES	NO
A “yes” vote would approve reforming the business license tax, leaving the tax unchanged for small businesses and establishing an updated rate for businesses earning over \$500,000 annually, raising \$4.6 million annually to support crime prevention, police and fire services, homelessness prevention, roads, sidewalks and parks and other general city services, and to help the City maintain fiscal stability.	A “no” vote would leave the existing business license tax in place and maintain the existing \$200 cap adopted in 1985.

For and against

FOR	AGAINST
Tom Arnold Former Interim Costa Mesa Fire Chief Steven Cathey President, Costa Mesa Firefighters Association Art Perry Director, Costa Mesa Sanitary District Liz Dorn Parker Trustee, Coast Community College District Kirk Bauermeister Costa Mesa Resident	No argument against this measure was submitted.



Ballot Measures-C

Full Text of Measure C
City of Costa Mesa

CITY-SPONSORED INITIATIVE MEASURE TO BE SUBMITTED DIRECTLY TO THE VOTERS

The City Council for the City of Costa Mesa submits the following measure to the voters of the City for approval and enactment:

The People of Costa Mesa find:

- (a) The City of Costa Mesa’s business license tax was first adopted in 1985, and requires all businesses to obtain a business license to operate in the City.
- (b) The purpose of the business license tax is to raise revenue for the City to provide for the public safety services, transportation network such as roads and sidewalks, and other services provided to the businesses within the City.
- (c) The business license tax is based upon the gross receipts of each business.
- (d) The maximum business license tax imposed by the City since 1985 is \$200, regardless of how much revenue a business earns.
- (e) Over time, the business license tax cap of \$200 has shifted a larger and larger portion of the total business license tax onto smaller businesses, while companies earning millions pay no more than \$200.
- (f) Reform is needed to fairly set the business license tax to protect small businesses from increases, while requiring larger businesses to pay their fair share of taxes for the services they receive.

NOW, THEREFORE, THE PEOPLE OF THE CITY OF COSTA MESA DO ORDAIN AS FOLLOWS:

SECTION 1. Code Amendment.

This ordinance amends the Costa Mesa Municipal Code as follows, and supersedes any provisions that are inconsistent with this ordinance, and shall be known as “The Costa Mesa Fair Business License Reform, Small Business Protection Measure,” and shall be referred to herein as the “Measure.”

SECTION 2. Purpose.

The purpose of the Measure is to revise the Costa Mesa Municipal Code to retain the current business license tax for businesses earning \$500,000 or less, and update the business license tax to fifty cents per one thousand dollars of gross receipts for businesses with annual gross receipts exceeding \$500,000, subject to a maximum annual tax of fifteen thousand dollars for businesses earning \$30 Million dollars or more annually.

SECTION 3.

Section 9-25 of Chapter 1 of Article 9 of the Costa Mesa Municipal Code is amended to read:

Every business not otherwise provided for in this article shall pay a business tax based upon the annual gross receipts of the business according to the following schedule:

Total Gross Receipts		Rate
From	To	
\$0	\$1,000	\$0 [no change]
\$1,001	\$25,000	\$25 [no change]
\$25,001	\$40,000	\$35 [no change]
\$40,001	\$75,000	\$45 [no change]
\$75,001	\$200,000	\$60 [no change]
\$200,001	\$500,000	\$100 [no change]
\$500,001	\$1,000,000	Rate of \$0.50 per \$1,000
\$1,000,001	\$5,000,000	
\$5,000,001	\$30,000,000	
Greater than \$30,000,000		Maximum Rate \$15,000

SECTION 4.

The City Council may, by adoption of an ordinance, decrease the rate or total tax for a particular category or sub-category of business based on its determination that such lower rate or total is warranted by differing economic conditions affecting such businesses, provided, however, that nothing herein shall prohibit re-imposition up to the maximum rate or tax on such businesses by subsequent ordinance.



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Section
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SECTION 5. Inconsistencies.

Any provision of the Costa Mesa Municipal Code or appendices thereto inconsistent with the provisions of this Ordinance, to the extent of such inconsistencies and no further, is hereby repealed or modified to that extent necessary to affect the provisions of this Ordinance.

SECTION 6. Severability.

If any section, subsection, sentence, clause, or phrase of this Ordinance is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance. The People of the City of Costa Mesa hereby declare that they would have adopted this Ordinance, and each and every section, subsection, sentence, clause, or phrase not declared invalid or unconstitutional, without regard to whether any portion of the Ordinance would be subsequently declared invalid or unconstitutional.

SECTION 7. Effective Date.

This Ordinance shall take effect according to law ten days after certification of the election at which it is adopted.

SECTION 8. Publication.

Upon approval by the voters, the City Clerk is directed to certify the passage of this Ordinance and cause it to be published in the manner required by law.

**Impartial Analysis
City of Costa Mesa
Measure C**

Measure C, known as “The Costa Mesa Fair Business License Reform, Small Business Protection Measure” (referred to herein as the “Measure”) would amend Section 9-25 of Chapter I of Article 9 of the Costa Mesa Municipal Code, which was originally adopted in 1985 and has remained unchanged in the 41 years since then. This tax is charged to businesses using city services, but not to residents. Small businesses, those making \$500,000 or less, would not pay any more tax than they do currently. The Measure would update the business license tax for businesses making more than \$500,000 annual gross receipts, up to a maximum amount of \$15,000 per year for businesses earning \$30 million per year or more. The existing maximum tax is \$200 per year no matter how much a business earns, resulting in small businesses paying a much higher proportion of their gross receipts than large businesses in the City do. Business license tax receipts in the City are currently approximately \$1 million.

The updated business license tax structure will remain the same for over 72% of existing businesses. For those earning more than \$500,000 annually, the rate will be fifty cents per one thousand dollars of gross receipts, as already defined in the municipal code. The Measure was placed on the ballot by the City Council.

The Measure provides that the City Council may reduce the tax rate for specific types of businesses if it determines that economic conditions affecting a particular type or size business justify reducing their tax. The City Council could subsequently revise the tax rate for such businesses, but not above the maximum provided in the schedule.

The Measure is anticipated to raise an additional \$4.6 million dollars annually, to be placed into the general fund to support 911 emergency, fire, and police response, crime prevention, homelessness prevention, street and pothole repair, park maintenance, attracting and retaining small local businesses, and other general city services. All funds received will be locally controlled and subject to annual public spending disclosures and audit, and will help the city maintain financial stability.

A “no” vote would leave the existing business license tax in place and maintain the existing \$200 cap adopted in 1985.

THE ABOVE STATEMENT IS AN IMPARTIAL ANALYSIS OF MEASURE C. IF YOU WOULD LIKE A COPY OF MEASURE C OR THE PROPOSED ORDINANCE, PLEASE CONTACT THE COSTA MESA CITY CLERK’S OFFICE AT (714) 754-5225 AND A COPY WILL BE MAILED TO YOU AT NO COST, OR IT IS AVAILABLE ONLINE AT WWW.COSTAMESACA.GOV.

Dated: July 30, 2026

s/ Kimberly Hall Barlow, City Attorney



Argument in Favor of Measure C

Costa Mesa has not increased the cost of a business license since 1985. Presently, the highest amount a business pays for a business license is \$200 per year. That goes for the city's large retailers, automobile dealerships, large industrial companies and international law firms.

It is not reasonable to keep the business license costs the same when all of the city's expenses have increased substantially over time. No other city in our area had the same business license costs for 41 years.

Over that time, consumer costs have increased by over 200%. The City of Costa Mesa's expenses have increased at a similar pace. The costs of our city workers, including police officers and firefighters, have increased, as has the costs to maintain and improve our streets, parks and facilities. Many of our buildings are decades old, including fire stations. This creates potential risks to our first responders.

The proposed increase in the business license fee will not apply to businesses with less than \$500,000 in sales. Other businesses will see a modest increase. For instance, a business with \$1 million in sales will pay \$500 per year for its business license or 00.05% of its sales. This is a reasonable price for the city services the business receives.

If Measure C passes, the city will receive an additional \$4.6 million each year. This will help the city pay for increasing costs of city services (e.g., police and fire), and make needed improvements to our city buildings, parks, streets and Information Technology.

We urge you to vote yes on Measure C so that the City of Costa Mesa can continue to provide first class service and improve our infrastructure.

s/ Tom Arnold
Former Interim Costa Mesa Fire Chief

s/ Steven Cathey
President, Costa Mesa Firefighters Association

s/ Art Perry
Director, Costa Mesa Sanitary District

s/ Liz Dorn Parker
Trustee, Coast Community College District

s/ Kirk Bauermeister
Costa Mesa Resident

No argument against this measure was submitted.