



PUBLIC HEARING

City of San Bernardino Request for Council Action

Date: May 15, 2024

To: Honorable Mayor and City Council Members

From: Charles A. Montoya, City Manager
Barbara Whitehorn, Director of Finance and Management Services

Department: Finance & Management Services

Subject: **Imposing Liens on Certain Parcels of Real Property for Unpaid Business Registration Taxes and Penalties (All Wards)**

Recommendation:

It is recommended that the Mayor and City Council of the City of San Bernardino, California:

1. Conduct a public hearing to receive public comment on the matter; and
2. Adopt Resolution No.2024-095 of the Mayor and City Council of the City of San Bernardino, California, imposing liens on certain parcels of real property for unpaid business registration taxes and penalties; and
Authorize the Director of Finance and Management Services to remove any properties from the Business Registration Lien List (Exhibit A to the Resolution) which are resolved prior to the hearing.

Executive Summary

This action allows the Business Registration Division to place liens on certain properties identified as unregistered properties that require a business license and have not obtained one. Identified property owners have not responded to multiple attempts by staff to contact them, including by certified letter. Liens will not be filed if property owners come into compliance before the liens are filed, and liens will be removed if and when properties come into compliance or the properties are shown to be exempt from the requirement.

Background

On November 21, 1990, the Mayor and City Council adopted Ordinance MC-756 adding section 5.04.076 to the Municipal Code relating to liens for delinquent business

license fees. San Bernardino Municipal Code Section 5.04.076 enables unpaid taxes and penalties for business registration to become an assessment on the associated property if not collected after proper notification to the owner. To comply with this section, staff regularly brings a list of identified unregistered properties to the Mayor and City Council to approve the placement of liens.

Discussion

Unregistered properties are identified through multiple sources, including a Homeowners Exemption listing received from the County of San Bernardino, newly opened water department accounts, closed rental property business registration accounts, code enforcement efforts, and citizen notification. These potentially unregistered accounts are contacted using the property's mailing address provided by the County of San Bernardino and the Water Department. The properties listed in Exhibit A include newly identified rental properties and delinquent accounts that have provided no response to the City's collection efforts.

Business Registration staff makes multiple attempts to contact property owners to gain compliance with the municipal code before a property is entered into the lien process. The initial letter informs the property owner that rental properties are considered a business, and a registration certificate is required. This letter also informs the owner that if the property is not a rental to please indicate the status of the property, in order to ensure that it is not included in the list of properties requiring registration. If a response is not received, a second letter is sent advising the owner to comply with the registration requirement or contact the Business Registration office to discuss the status of the property. If there is still no response after the second letter, a certified letter is sent providing the same information. If there is no response to the certified letter, a lien hearing notice is mailed with a Business Registration application to allow the owner to comply or close the account before proceeding into the lien process.

If letters are returned because the owner's address is unknown, the City will continue the same process using the new address collected by the United States Post Service. If no forwarding address is provided by the USPS, the matter is dismissed.

Exhibit A to the Resolution (attached) represents accounts that have not come into compliance as of May 15, 2024, when this report was submitted into the agenda process. Those accounts that were addressed between April 29, 2024, and May 15, 2024, will be removed from the list that is forwarded to the County; liens will not be placed on those properties.

2021-2025 Strategic Targets and Goals

The approval of the placement of liens on the subject properties for unpaid Business Registration taxes and penalties aligns with Key Target No. 1: Improved Operational & Financial Capacity by implementing, maintaining, and updating a fiscal accountability plan. The program helps to ensure greater compliance with the municipal code within the business community and will generate additional revenue through this enhanced compliance effort by Business Registration staff.

Fiscal Impact

There is no fiscal impact to the budget associated with this action. The anticipated amount of revenue to be collected through the lien process is \$304,356, an estimate of which was included in the FY 2023/2024 Business Registration revenue budget.

Conclusion

It is recommended that the Mayor and City Council of the City of San Bernardino, California:

1. Conduct a public hearing to receive public comment on the matter; and
2. Adopt Resolution No.2024-095 of the Mayor and City Council of the City of San Bernardino, California, imposing liens on certain parcels of real property for unpaid business registration taxes and penalties; and
3. Authorize the Director of Finance and Management Services to remove any properties from the Business Registration Lien List (Exhibit A to the Resolution) which are resolved prior to the hearing.

Attachments

Attachment 1 Resolution No.2024-095

Attachment 2 Resolution No.2024-095-Exhibit A

Attachment 3 Notice of Public Hearing

Ward:

All Wards

Synopsis of Previous Council Actions:

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| August 2, 2023 | Mayor and City Council adopted Resolution No. 2023-127, imposing liens on certain parcels of real property located within the City of San Bernardino for uncollected Business Registration fees. |
| March 15, 2023 | Mayor and City Council adopted Resolution No. 2023-050, imposing liens on certain parcels of real property located within the City of San Bernardino for uncollected Business Registration fees. |
| October 19, 2022 | Mayor and City Council adopted Resolution No. 2022-220, imposing liens on certain parcels of real property located within the City of San Bernardino for uncollected Business Registration fees. |