

DIVISION 2. - GENERAL BUSINESS LICENSES

Sec. 22-66. - Purpose.

The purpose of a general business license is to regulate businesses in order to promote improved enforcement of city, state, federal, or otherwise applicable codes, rules, regulations or laws, at lower public cost, with a higher level of protection of the public. Licensing helps protect the public against threats to public peace, health, safety and welfare, by ensuring compliance with city ordinances, including those designed to ensure building safety and discourage public nuisances.

Sec. 22-67. - License required.

(a) Unless specifically exempt by this chapter, no person shall operate or conduct a business within the city, unless under and by the authority of a valid, unexpired and unrevoked general business license issued pursuant to this chapter.

(b) A person shall be deemed to operate or conduct an enterprise and violate this section if the person, without a required general business license in effect, supervises, inspects, directs, organizes, manages or controls or is in any way responsible for or in charge of the enterprise for which the license is required.

(c) Without limiting the generality of the foregoing, this section shall apply to persons who engage in vending, as defined in section 106.80.020 of the zoning code.

Sec. 22-68. - Reserved.

Sec. 22-69. - Exemptions.

A general business license shall not be required for and the provisions of this chapter shall not be otherwise applicable to, those businesses described by this section. Unless the context dictates otherwise, the uses, activities and facilities described by this section shall be ascribed those definitions for like uses, activities and facilities contained in the city's zoning code. The following businesses are exempt from the requirement to obtain a general business license:

(1) Financial institutions. Banks, savings and loans, credit unions, loan and similar financial institutions, as defined in California Business and Professions Code § 17351. However, this exemption does not apply to "check cashers," as that term is defined in California Civil Code § 1789.31, including but not limited to, engaging in the business operation of "deferred deposits" as defined therein.

(2) Residential facilities. The following types of residential facilities, as defined by the city's zoning code:

a. Apartments, rooming houses, duplexes, and other residential facilities in which living units are rented or leased solely on a term of more than 30 days ~~or longer~~;

b. Residential care homes for adults or children; and

c. Family day care homes.

(3) Meeting facilities. Meeting facilities, as defined by the city's zoning code, and activities directly conducted by the organization that use the meeting facility.

(4) Agriculture. The following agricultural activities are exempt: agricultural pursuits consisting of the growing of crops, raising of livestock, and dairying, including auxiliary and ancillary uses incidental to the operation of a farm or ranch, consisting of the purchase and storage of substances, materials, supplies, animal feeds and produce, and the marketing of farm products; provided, however, that a general business license shall be required in connection with any wholesaling, processing, storage or manufacturing use which involves assembly of the products of multiple farms or ranches by a cooperative or other business enterprise for marketing distribution

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SHORT-TERM RENTAL BUSINESS LICENSE

Chapter 22 Article IV (New Section)

Sec. 22-451 – Purpose and intent.

The intent of this article to regulate short-term rentals in an orderly fashion and protect the public's health and safety by establishing certain licensing standards pertaining to short-term rentals within the City of Citrus Heights.

Sec. 22-452 - Definitions.

The following terms, when used in this article, shall have the following meanings:

Guest means any person who exercises occupancy or is entitled to occupancy by reason of concession, permit, right of access, license or other agreement for a period of thirty consecutive calendar days or less, counting portions of calendar days as full days. Any such person so occupying space in a home shall be deemed to be a transient until the period of thirty days has expired unless there is an agreement in writing between the host and the guest providing for a longer period of occupancy. In determining whether a person is a transient, uninterrupted periods of time extending both prior and subsequent to the effective date of the ordinance codified in this chapter may be considered.

Home sharing means a living arrangement in which two or more unrelated people share a housing unit for a period of more than 30 days.

Host means the owner of the property on which the short-term rental exists or the agent authorized to operate the short-term rental.

Short-term rental means any residential dwelling located within the city that is rented in whole or in part on a short-term basis. A short-term basis is thirty (30) consecutive calendar days or less to the same person or entity and counting portions of calendar days as full days.

Short-term rental business license means the same as a general business license as described in Chapter 22 Article II.

Sec. 22-453 - Eligibility.

- (a) Short-term rentals shall be permitted in a legally constructed living unit approved for occupancy including single-family residences, townhomes, and condominiums. For the purposes of this Chapter, a condominium is defined as a single, individually-owned dwelling unit in a multi-unit building in which the owner holds sole title to the unit, but

owns land and common property (i.e. elevators, halls, roof, stairs, etc.) jointly with other unit owners, and shares the upkeep expenses on the common- property with them. This Chapter does not grant any permission that invalidates or supersedes provisions regarding short-term rentals within properties subject to the rules of a homeowners or condominium association.

- (b) Accessory dwelling units constructed after January 1, 2021, inclusionary housing units, or other income-restricted housing units are prohibited from being used as a short-term rental.

Sec. 22-454 - Licensing Requirements.

- (a) The host is required to obtain a City of Citrus Heights Short-Term Rental Business License before renting to any guest.
- (b) Short-term rental business licenses shall be applied for and processed in the same manner as a City of Citrus Heights General Business License as stipulated in Chapter 22 Article II (*General Business Licenses*).

Sec. 22- 455 - Short-Term Rental Regulations.

- (a) Short-term rentals shall not be used by more than two guests per bedroom plus two additional guests between the hours of 10:00 p.m. and 7:00 a.m. .
- (b) Short-term rentals shall not adversely affect the residential character of the neighborhood nor shall the use generate noise, vibration, glare, odors, or other effects that unreasonably interfere with any person's reasonable enjoyment of his or her residence. To this effect, the short-term rental activity shall comply with all provisions of the City of Citrus Heights Municipal Code.
- (c) No person shall advertise any short-term rental without an issued short-term rental business license.
- (d) The host shall fully comply with all the requirements of Chapter 86 (*Transient Occupancy Tax*) and any successor sections.

Sec. 22-456 – Fees and Penalties.

- (a) The short-term rental business license shall be the same fee as a general business license and are subject to the same additional processing fee for late applications or late renewals as the general business license.

Sec. 22-457 - Expiration and Renewal.

- (a) A short-term rental business license is valid upon issuance and shall expire one year from the date of issuance, or sooner if the person to whom the license is issued ceases operational authorized by the license or the license is revoked.
- (b) A short-term rental business license must be renewed yearly.
- (c) To renew the short-term rental business license, the host must acknowledge all payments for the required transient occupancy tax associated with the short-term rental has been remitted to the City of Citrus Heights as required by Sec. 86-107.

Sec. 22-458 - Transferability.

- (a) The short-term rental business license may not be transferred to another person or property and does not run with the land. The short-term rental business license shall automatically expire upon sale or transfer of the property.

Sec. 22-459 – Revocation.

- (a) The short-term rental business license may be revoked for failure to remit required transient oriented tax as outlined in Sec. 86.
- (b) The short-term rental business license revocation shall occur as outlined in Sec. 22-114 (*Method of Revocation*).

Sec. 22-460 – Enforcement.

- (a) Failure to comply with any provision of this Chapter may constitute a violation.

Transient Occupancy Tax

Chapter 86 Article IV (existing)

Sec. 86-101. - Short title.

This article shall be known as the uniform transient occupancy tax of the city.

Sec. 86-102. - Definitions.

The following words, terms and phrases, when used in this article, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:

Hotel means any structure, or any portion of any structure, which is occupied or intended or designed for occupancy for lodging or sleeping purposes. This definition includes but is not limited to any hotel, inn, tourist home or house, short-term rental unit, motel, studio hotel, bachelor hotel, lodging house, roominghouse, apartment house, dormitory, public or private club, mobile home or house trailer at a fixed location, or other similar structure or portion thereof.

Occupancy means the use or possession or the right to the use or possession of any room, or portion thereof, in any hotel for lodging or sleeping purposes.

Operator means the person who is proprietor of the hotel, whether in the capacity of owner, lessee, sublessee, mortgagee in possession, licensee or any other capacity. Where the operator performs his or her functions through a managing agent of any type or character other than an employee, the managing agent shall also be deemed an operator for the purpose of this article and shall have the same duties and liabilities as his or her principal. Compliance with this article by either the principal or the managing agent shall, however, be considered to be compliance by both.

Person means any individual, firm, partnership, joint venture, association, social club, fraternal organization, joint stock company, corporation, estate, trust, business trust, receiver, trustee, syndicate or any other group or combination acting as a unit.

Rent means the consideration charged, whether or not received, for the occupancy of space in a hotel valued in money, whether to be received in money, goods, labor or otherwise, including all receipts, cash, credits and property and services of any kind or nature, without any deduction therefrom whatsoever.

Tax administrator ~~Tax and license collector~~ means the city manager or the city manager's designee.

Transient means any person who exercises occupancy or is entitled to occupancy by reason of concession, permit, right of access, license or other agreement for a period of 30 consecutive calendar days or less, counting portions of calendar days as full days. Any such person so occupying space in a hotel shall be deemed to be a transient until the period of 30 days has expired unless there is an agreement in writing between the operator and the occupant providing for a longer period of occupancy. In determining whether a person is a transient, uninterrupted periods of time extending both prior and subsequent to the effective date of the ordinance from which this article is derived may be considered.

Sec. 86-103. - Imposed.

- (a) For the privilege of occupancy in any hotel, each transient is subject to and shall pay a tax in the amount of 12 percent of the rent charged by the operator.
- (b) The tax constitutes a debt owed by the transient to the city which is extinguished only by payment to the operator or to the city. The transient shall pay the tax to the operator of the hotel at the time the rent is paid. If the rent is paid in installments, a proportionate share of the tax shall be paid with each installment. The unpaid tax shall be due upon the transient's ceasing to occupy space in the hotel. If for any reason the tax due is not paid to the operator of the hotel, the Tax administrator ~~Tax and license collector~~ may require that such tax shall be paid directly to the Tax administrator ~~Tax and license collector~~.

Sec. 86-104. - Exemptions.

- (a) No tax shall be imposed upon any person as to whom, or any occupancy as to which, it is beyond the power of the city to impose the tax provided in this article.
- (b) No exemption shall be granted except under claim therefor made at the time rent is collected and under penalty of perjury upon a form prescribed by the Tax administrator ~~Tax and license collector~~.

Sec. 86-105. - Operator's duties.

Each operator shall collect the tax imposed by this article to the same extent and at the same time as the rent is collected from every transient. The amount of tax shall be separately stated from the amount of the rent charged, and each transient shall receive a receipt for payment from the operator. No operator of a hotel shall advertise or state in any manner, whether directly or indirectly, that the tax or any part thereof will be assumed or absorbed by the operator or that it will not be added to the rent or that, if added, any part will be refunded, except in the manner provided in this article.

Sec. 86-106. - Registration.

Prior to commencing operation of a hotel or other facility that rents occupancy to transients, the operator of said hotel shall file for and obtain a General Business License. In addition to the license application form each operator shall file a Transient Occupancy Tax Registration form, provided by the Tax administrator, and maintain the information contained therein. The registration form will include such information as the number and rental rate of the rooms in the hotel, the name and contact information for the hotel management, and any other information deemed appropriate to the collection of the tax.

~~Each operator of any hotel renting occupancy to transients shall register the hotel with the Tax and license collector and obtain from the Tax and license collector a transient occupancy registration certificate which shall be at all times posted in a conspicuous place on the premises. The certificate shall, among other things, include the following:-~~

- ~~(1) The name of the operator.-~~
- ~~(2) The address of the hotel.-~~
- ~~(3) The date upon which the certificate was issued.-~~
- ~~(4) The following statement:-~~

~~"This transient occupancy registration certificate signifies that the person named on the face hereof has fulfilled the requirements of the uniform transient occupancy tax by registering with the Tax and license collector for the purpose of collecting from transients the transient occupancy tax and remitting the tax to the Tax and license collector. This certificate does not authorize any~~

~~person to conduct any unlawful business or to conduct any unlawful business in an unlawful manner, nor to operate a hotel without strictly complying with all local applicable laws, including but not limited to those requiring a permit from any board, commission, department or office of this city. This certificate does not constitute a permit."~~

Sec. 86-107. - Reporting and remitting.

- (a) Each operator shall, on or before the last day of the month following the close of each calendar quarter or at the close of any shorter reporting period which may be established by the Tax administrator ~~Tax and license collector~~, make a return to the Tax administrator ~~Tax and license collector~~, on forms provided by the Tax administrator ~~Tax and license collector~~, of the total rents charged and received and the amount of tax collected for transient occupancies. At the time the return is filed, the full amount of the tax collected shall be remitted to the Tax administrator ~~Tax and license collector~~. The Tax administrator ~~Tax and license collector~~ may establish shorter reporting periods for any certificate holder if the Tax administrator ~~Tax and license collector~~ deems it necessary in order to ensure collection of the tax, and the Tax administrator ~~Tax and license collector~~ may require further information in the return. Returns and payments are due immediately upon cessation of business for any reason.
- (b) Returns filed or taxes remitted by mail shall be deemed timely filed only if the envelope or similar container enclosing the returns and taxes is addressed to the Tax administrator, has sufficient postage, and bears a United States postmark or postage meter imprint to midnight on the last day for reporting or remitting without penalty. If such an envelope or container bears a postage meter imprint as well as a United States post office cancellation mark, the latter shall govern in determining whether the filing or remittance is timely.
- (c) All taxes collected by operators pursuant to this chapter shall be held in trust for the account of the city until payment thereof is made to the Tax Collector.

~~Each operator shall, on or before the last day of the month following the close of each calendar quarter or at the close of any shorter reporting period which may be established by the Tax and license collector, make a return to the Tax and license collector, on forms provided by the Tax and license collector, of the total rents charged and received and the amount of tax collected for transient occupancies. At the time the return is filed, the full amount of the tax collected shall be remitted to the Tax and license collector. The Tax and license collector may establish shorter reporting periods for any certificate holder if the Tax and license collector deems it necessary in order to ensure collection of the tax, and the Tax and license collector may require further information in the return. Returns and payments are due immediately upon cessation of business for any reason. All taxes collected by operators pursuant to this article shall be held in trust for the account of the city until payment thereof is made to the Tax and license collector.~~

Sec. 86-108. - Uncollectible accounts.

Any operator is relieved from liability for the remission to the city of the tax imposed under this article insofar as the measure of the tax is represented by accounts which have been found to be worthless and charged off for income tax purposes. If the operator has previously remitted the tax, the operator may, pursuant to procedures prescribed by the Tax administrator ~~Tax and license collector~~, take as a deduction the amount of tax previously remitted for the worthless and charged-off account. If any such accounts are thereafter in whole or in part collected by the operator, the amount so collected shall be included in the first return filed after such collection and the tax on such amount paid with the return.

Sec. 86-109. - Penalties and interest.

- (a) *Original delinquency.* Any operator who fails to remit any tax imposed by this article within the time required shall pay a penalty of ten percent of the amount of the tax in addition to the amount of the tax.
- (b) *Continued delinquency.* Any operator who fails to remit any delinquent remittance on or before a period of 30 days following the date on which the remittance first became delinquent shall pay a second delinquency penalty of ten percent of the amount of the tax in addition to the amount of the tax and the ten-percent penalty first imposed.
- (c) *Fraud.* If the Tax administrator ~~Tax and license collector~~ determines that the nonpayment of any remittance due under this article is due to fraud, a penalty of 25 percent of the amount of the tax shall be added thereto in addition to the penalties stated in subsections (a) and (b) of this section.
- (d) *Interest.* In addition to the penalties imposed, any operator who fails to remit any tax imposed by this article shall pay interest at the rate of one-half of one percent per month or fraction thereof on the amount of the tax, exclusive of penalties, from the date on which the remittance first became delinquent until paid.
- (e) *Penalties merged with tax.* Every penalty imposed and such interest as accrues under this section shall become a part of the tax required to be paid under this article.

Sec. 86-110. - Determination of tax; failure to collect and report.

If any operator shall fail or refuse to collect the tax and to make, within the time provided in this article, any report and remittance of the tax or any portion thereof required by this article, the Tax administrator ~~Tax and license collector~~ shall proceed in such manner as the Tax administrator ~~Tax and license collector~~ may deem best to obtain facts and information on which to base his or her estimate of the tax due. As soon as the Tax administrator ~~Tax and license collector~~ shall procure such facts and information as he or she is able to obtain upon which to base the assessment of any tax imposed by this article and payable by this article and payable by any operator who has failed or refused to collect the tax and to make such report and remittance, the Tax administrator ~~Tax and license collector~~ shall proceed to determine and assess against such operator the tax, interest and penalties provided for by this article. If such determination is made, the Tax administrator ~~Tax and license collector~~ shall give notice of the amount so assessed by serving it personally or by depositing it in the United States mail, postage prepaid, addressed to the operator so assessed at the operator's last known place of address. Such operator may, within ten days after the serving or mailing of such notice, make application in writing to the Tax administrator ~~Tax and license collector~~ for a hearing on the amount assessed. If application by the operator for a hearing is not made within the time prescribed, the tax, interest and penalties, if any, determined by the Tax administrator ~~Tax and license collector~~ shall become final and conclusive and immediately due and payable. If such application is made, the Tax administrator ~~Tax and license collector~~ shall give not less than five days' written notice in the manner prescribed in this section to the operator to show cause at a time and place fixed in the notice why the amount specified therein should not be fixed for such tax, interest and penalties. At such hearing, the operator may appear and offer evidence why such specified tax, interest and penalties should not be so fixed. After such hearing, the Tax administrator ~~Tax and license collector~~ shall determine the proper tax to be remitted and shall thereafter give written notice to the person in the manner prescribed in this section of such determination and the amount of such tax, interest and penalties. The amount determined to be due shall be payable after 15 days unless an appeal is taken as provided in section 86-111.

Sec. 86-111. - Appeal.

Any operator aggrieved by any decision of the Tax administrator ~~Tax and license collector~~ with respect to the amount of the tax imposed by this article, interest and penalties, if any, may appeal to the city council by filing a notice of appeal with the city clerk within 15 days of the serving or mailing of the determination of tax due. The city council shall fix a time and place of hearing such appeal, and the city clerk shall give notice in writing to such operator at the operator's last known place of address. The findings of the city council shall be final and conclusive and shall be served upon the appellant in the manner prescribed in section 86-110 for service of notice of a hearing. Any amount found to be due shall be immediately due and payable upon the service of notice.

Sec. 86-112. - Records.

- (a) It shall be the duty of every operator liable for the collection and payment to the city of any tax imposed by this article to keep and preserve, for a period of three years after the date any such tax is due and payable, all records as may be necessary to determine the amount of such tax as he or she may have been liable for the collection of and payment to the city. Except as provided in this section, the Tax administrator ~~Tax and license collector~~ shall have the right to inspect such records at all reasonable times.
- (b) The Tax administrator ~~Tax and license collector~~ shall, whenever practicable, contact the operator prior to inspection and inform the operator of the reasons for the inspection.
- (c) Where required by state or federal law, a subpoena shall be obtained prior to an inspection conducted pursuant to this article, unless written consent to conduct such inspection is granted by the operator.
- (d) If the operator or a third party interferes with the inspection, the Tax administrator ~~Tax and license collector~~ shall have recourse to every remedy provided by law to perform the inspection authorized by this article.

Sec. 86-113. - Refunds.

- (a) Whenever the amount of any tax, interest or penalty has been overpaid or paid more than once or has been erroneously or illegally collected or received by the city under this article, it may be refunded as provided in subsections (b) and (c) of this section provided a claim in writing therefor, stating under penalty of perjury the specific grounds upon which the claim is founded, is filed with the Tax administrator ~~Tax and license collector~~ within three years of the date of payment. The claim shall be on forms furnished by the Tax administrator ~~Tax and license collector~~.
- (b) An operator may claim a refund or take as credit against taxes collected and remitted the amount overpaid, paid more than once or erroneously or illegally collected or received when it is established in a manner prescribed by the Tax administrator ~~Tax and license collector~~ that the person from whom the tax has been collected was not a transient; provided, however, that neither a refund nor a credit shall be allowed unless the amount of the tax so collected has either been refunded to the transient or credited to rent subsequently payable by the transient to the operator.
- (c) A transient may obtain a refund of taxes overpaid or paid more than once or erroneously or illegally collected or received by the city by filing a claim in the manner provided in subsection (a) of this section, but only when the tax was paid by the transient directly to the Tax administrator ~~Tax and license collector~~, or when the transient, having paid the tax to the operator, establishes to the satisfaction of the Tax administrator ~~Tax and license collector~~ that the transient has been unable to obtain a refund from the operator who collected the tax.

- (d) No refund shall be paid under this section unless the claimant establishes his or her right thereto by written records showing entitlement thereto.

Sec. 86-114. - Actions to collect.

Any tax required to be paid by any transient under this article shall be deemed a debt owed by the transient to the city. Any such tax collected by an operator which has not been paid to the city shall be deemed a debt owed by the operator to the city. Any person owing money to the city under this article shall be liable to an action brought in the name of the city for the recovery of such amount.

Sec. 86-115. - Penalty for violations.

- (a) Any person violating any of the sections of this article shall be guilty of a misdemeanor and shall be punishable therefor as provided in section 1-21.
- (b) Any operator or other person who fails or refuses to register as required in this article or to furnish any return required to be made or who fails or refuses to furnish a supplemental return or other data required by the Tax administrator ~~Tax and license collector~~, or who renders a false or fraudulent return or claim, is guilty of a misdemeanor, and is punishable as provided in subsection (a) of this section. Any person required to make, render, sign or verify any report or claim who makes any false or fraudulent report or claim with intent to defeat or evade the determination of any amount due required by this article to be made is guilty of a misdemeanor and is punishable as provided in subsection (a) of this section.

Secs. 86-116—86-140. - Reserved.