

RESOLUTION NO. 2026-XX

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COSTA MESA, CALIFORNIA, ORDERING THE SUBMISSION TO THE QUALIFIED ELECTORS OF THE CITY OF COSTA MESA “THE COSTA MESA FAIR BUSINESS LICENSE REFORM, SMALL BUSINESS PROTECTION MEASURE” AT THE GENERAL ELECTION TO BE HELD ON TUESDAY, NOVEMBER 3, 2026, AS CALLED BY RESOLUTION NO. 2026-21

WHEREAS, the City of Costa Mesa’s business license tax was first adopted over 41 years ago, in 1985, and requires all businesses to obtain a business license to operate in the City; and

WHEREAS, 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 general services provided to the businesses within the City; and

WHEREAS, addressing homelessness, preventing crime and maintaining 911 emergency, fire and police response are top community priorities; and

WHEREAS, the business license tax is based upon the gross receipts of each business; and

WHEREAS, the maximum business license tax imposed by the City since 1985 is \$200, regardless of how much revenue a business earns; and

WHEREAS, 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 big box stores and luxury companies earning millions pay no more than \$200, thousands of dollars less than these stores pay in some other nearby cities; and

WHEREAS, 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; and

WHEREAS, this measure does not increase taxes on residents, and
WHEREAS, at its December 2, 2025 meeting, the City Council directed staff to explore the potential placement of a Business License Reform Measure of measures on the

November 3, 2026 Ballot; and

WHEREAS, the City's Finance and Pension Advisory Committee considered potential revisions and reform to the business license tax and made a recommendation to the City Council; and

WHEREAS, the City's year-over-year expenses for City operations are increasing at a faster pace than its year-over-year revenues; and

WHEREAS, the City Council has caused to be completed needs assessments of its city facilities, its city parks, its pavement management system and its information technology, resulting in identified needs totaling approximately \$11 million per year to implement, over and above existing operations costs; and

WHEREAS, the City Council has directed staff to streamline systems to improve services to the public and reduce costs, and to seek grants and other funding sources for the City's most critical needs; and

WHEREAS, the property taxes paid by residents and property owners have increased over time as properties have changed hands and been improved, to provide revenue to the City to fund essential city services; and

WHEREAS, user fees for services which primarily benefit the individual receiving the service are able to be increased periodically to help offset the cost of providing those services; and

WHEREAS, a General election on Tuesday, November 3, 2026 has been called by Resolution No. 2026-21, adopted on June 2, 2026, and

WHEREAS, the City Council also desires to submit to the voters at the election a question relating to **"The Costa Mesa Fair Business License Reform, Small Business Protection Measure."**

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF COSTA MESA, CALIFORNIA, DOES HEREBY RESOLVE, DETERMINE, AND ORDER AS FOLLOWS:

SECTION 1. That the City Council, pursuant to its right and authority, does order submitted to the voters at the General Municipal Election the following question:

Measure __: The Costa Mesa Fair Business License Reform, Small Business Protection Measure	Response	Vote
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?	Yes	
	No	

SECTION 2. That the proposed measure submitted to the voters is attached hereto as Exhibit A.

SECTION 3. That the vote requirement for the measures to pass is a majority (50% +1) of the votes cast.

SECTION 4. That in all particulars not recited in this resolution, the election shall be held and conducted as provided by law for holding municipal elections.

SECTION 5. That notice of the time and place of holding the election is given and the City Clerk is authorized, instructed and directed to give further or additional notice of the election, in time, form and manner as required by law.

SECTION 6. That the City Clerk shall certify to the passage and adoption of this resolution.

PASSED AND ADOPTED this 21st day of July 2026.

John Stephens, Mayor

ATTEST:

APPROVED AS TO FORM:

Brenda Green, City Clerk

Kimberly Hall Barlow, City Attorney

STATE OF CALIFORNIA)
COUNTY OF ORANGE) ss
CITY OF COSTA MESA)

I, BRENDA GREEN, City Clerk of the City of Costa Mesa, DO HEREBY CERTIFY that foregoing Resolution No. 2026-00 was duly passed and adopted by the City Council of the City of Costa Mesa at a regular meeting held on the 21st day of July, 2020, by the following roll call vote, to wit:

AYES: COUNCIL MEMBERS:

NOES: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

IN WITNESS WHEREOF, I have hereby set my hand and affixed the seal of the City of Costa Mesa this 22nd day of July 2026.

BRENDA GREEN, CITY CLERK

Attachments:

1. Exhibit A – Proposed Ordinance: **The Costa Mesa Fair Business License Reform, Small Business Protection Measure**