

REQUEST FOR CITY COUNCIL CONSIDERATION

Meeting Date: February 21, 2022

Agenda Item: 5F	Prepared by: Randy Wright, Finance Director
Agenda Section: Consent: Ordinance. Second Reading	Date: February 15, 2022
Subject: Amendments to ordinance to provide for the adoption of Act 176 as required by state law	Division: Finance

Background:

The SC Business License Standardization Act, also known as Act 176, established many new business licensing requirements for cities and towns that must be implemented in 2022. The standardization process is not optional but required by law.

Standardizing license years, due dates, and class schedules are just a few of the changes the act requires.

The law requires that the Municipal Association create a new class schedule which must be adopted by every municipality. Rebalancing of business license tax rates was necessary to prevent a revenue windfall or loss for the 2022 business license cycle relative to recorded 2020 revenue. The Revenue Division worked with the Municipal Association on rebalancing license tax rates. To remain revenue neutral, base license tax rates (minimum license fees for gross income \$0.00 - \$2,000.00) are unaffected and a minimal rate increase of \$0.05 rate per thousand or fraction thereof (for gross receipts over \$2,000.00) is necessary.

The ordinance is being revised to adopt the Municipal Association's 2022 version of the business license model ordinance.

Recommended Action:

Adopt the proposed ordinance on second reading

Reviewed by Department Head	Reviewed by City Manager	Reviewed by City Attorney
-----------------------------	--------------------------	---------------------------

Council Action:

Motion By _____ 2nd By _____ To _____

AN ORDINANCE

AN ORDINANCE TO REPLACE CHAPTER 7 BUSINESS LICENSES, TAXES AND REGULATIONS OF THE EXISTING CODE WITH THE ATTACHED CHAPTER 7 BUSINESS LICENSES, TAXES AND REGULATIONS IN ACCORDANCE WITH THE SC BUSINESS LICENSE STANDARDIZATION ACT.

WHEREAS, the City of North Myrtle Beach requires all businesses to be licensed annually; and

WHEREAS, the State of South Carolina has been working towards a standard Business License Ordinance for several years; and

WHEREAS, the State of South Carolina has passed the SC Business License Standardization Act in order to gain uniformity within the state in imposing, reporting and collecting the Business License Tax; and

WHEREAS, the City is required by law to adopt the model Business License Ordinance for the upcoming collection cycle.

NOW, THEREFORE, BE IT ORDAINED BY THE MAYOR AND COUNCIL FOR THE CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA:

That the existing Chapter 7 Business Licenses, Taxes and Regulations be replaced by the attached Chapter 7 Business Licenses, Taxes and Regulations.

DONE, RATIFIED AND PASSED THIS _____ DAY OF _____, 2022.

ATTEST:

Mayor Marilyn Hatley

City Clerk

APPROVED AS TO FORM:

City Attorney

FIRST READING: 2.7.2022

SECOND READING: 2.21.2022

REVIEWED:

City Manager

ORDINANCE: 22-08

Chapter 7 BUSINESS LICENSES, TAXES AND REGULATIONS

ARTICLE I. IN GENERAL

Sec. 7-1. License Required.

Every person engaged or intending to engage in any business, calling, occupation, profession, or activity engaged in with the object of gain, benefit, or advantage, in whole or in part within the limits of the City of North Myrtle Beach, South Carolina, is required to pay an annual license tax for the privilege of doing business and obtain a business license herein provided. The insuring of any risk located within the city through any procedure constitutes doing business for the purpose of this license chapter.

Sec. 7-2. Definitions.

The following words, terms, and phrases, when used in this ordinance, shall have the meaning ascribed herein. Defined terms are not capitalized when used in this ordinance unless the context otherwise requires:

"Business" means any business, calling, occupation, profession, or activity engaged in with the object of gain, benefit, or advantage, either directly or indirectly

"Charitable Organization" means an organization that is determined by the Internal Revenue Service to be exempt from Federal income taxes under 26 U.S.C. Section 501(c)(3), (4), (6), (7), (8), (10) or (19).

"Charitable Purpose" means a benevolent, philanthropic, patriotic, or eleemosynary purpose that does not result in personal gain to a sponsor, organizer, officer, director, trustee, or person with ultimate control of the organization.

"City" means City of North Myrtle Beach.

"Council" means the City Council of the City of North Myrtle Beach, South Carolina.

"Classification" means that division of businesses by NAICS codes subject to the same license rate as determined by a calculated index of ability to pay based on national averages, benefits, equalization of tax burden, relationships of services, or other basis deemed appropriate by the Council.

"Domicile" means a principal place from which the trade or business of a licensee is conducted, directed, or managed. For purposes of this ordinance, a licensee may be deemed to have more than one domicile.

"Gross Income" means the gross receipts or gross revenue of a business, received or accrued, for one calendar or fiscal year collected or to be collected from business done within the Municipality. If the licensee has a domicile within the Municipality, business done within the Municipality shall include all gross receipts or revenue received or accrued by such licensee. If the licensee does not have a domicile within the Municipality, business done within the Municipality shall include only gross receipts or revenue received or accrued within the Municipality. In all cases, if the licensee pays a business license tax to another county or municipality, then the licensee's gross income for the purpose of computing the tax within the Municipality must be reduced by the amount of revenues or receipts taxed in the other county or municipality and fully reported to the Municipality. Gross income for business license tax purposes shall not include taxes collected for a governmental entity, escrow funds, or funds that are the property of a third party. The value of bartered goods or trade-in merchandise shall be included in gross income. The gross receipts or gross revenues for business license purposes may be verified by inspection of returns and reports filed with the Internal Revenue Service, the South Carolina Department of Revenue, the South Carolina Department of Insurance, or other government agencies. In calculating gross income for certain businesses, the following rules shall apply:

- A. Gross income for agents shall be calculated on gross commissions received or retained, unless otherwise specified. If commissions are divided with other brokers or agents, then only the amount retained by the broker or agent is considered gross income.
- B. Except as specifically required by S.C. Code § 38-7-20, gross income for insurance companies shall be calculated on gross premiums written.
- C. Gross income for manufacturers of goods or materials with a location in the Municipality shall be calculated on the lesser of (i) gross revenues or receipts received or accrued from business done at the location, (ii) the amount of income allocated and apportioned to that location by the business for purposes of the business's state income tax return, or (iii) the amount of expenses attributable to the location as a cost center of the business. Licensees reporting gross income under this provision shall have the burden to establish the amount and method of calculation by satisfactory records and proof. Manufacturers include those taxpayers reporting a manufacturing principal business activity code on their federal income tax returns.

"License Official" means a person designated to administer this ordinance. Notwithstanding the designation of a primary license official, the Municipality may designate one or more alternate license officials to administer particular types of business licenses, including without limitation for business licenses issued to businesses subject to business license taxes under Article 20, Chapter 9, Title 58, and Chapters 7 and 45, Title 38, of the South Carolina Code.

"Licensee" means the business, the person applying for the license on behalf of the business, an agent or legal representative of the business, a person who receives any part of the net profit of the business, or a person who owns or exercises control of the business.

"Municipality" means the City of North Myrtle Beach, South Carolina.

"NAICS" means the North American Industry Classification System for the United States published under the auspices of the Federal Office of Management and Budget.

"Person" means any individual, firm, partnership, limited liability partnership, limited liability company, cooperative non-profit membership, corporation, joint venture, association, estate, trust, business trust, receiver, syndicate, holding company, or other group or combination acting as a unit, in the singular or plural, and the agent or employee having charge or control of a business in the absence of the principal.

Sec. 7-3. Purpose and Duration.

The business license required by this chapter is for the purpose of providing such regulation as may be required for the business subject thereto and for the purpose of raising revenue for the general fund through a privilege tax. The license year ending on April 30, 2022, shall commence on May 1, 2021, and shall run for a 12 month period. Thereafter, the license periods shall be established as follows. Except as set forth below for business licenses issued to contractors with respect to specific construction projects, each yearly license shall be issued for the twelve-month period of May 1 to April 30. A business license issued for a construction contract may, at the request of the licensee, be stated to expire at the completion of the construction project; *provided*, any such business license may require that the licensee file, by each April 30 during the continuation of the construction project, a statement of compliance, including but not limited to a revised estimate of the value of the contract. If any revised estimate of the final value of such project exceeds the amount for which the business license was issued, the licensee shall be required to pay a license fee at the then-prevailing rate on the excess amount. The provisions of this ordinance and the rates herein shall remain in effect from year to year as amended by the Council.

Sec. 7-4. Business License Tax, Refund.

- A. The required business license tax shall be paid for each business subject hereto according to the applicable rate classification on or before the due date of the 30th day of April in each year, except for those businesses in Rate Class 8 for which a different due date is specified. Late payments shall be subject to penalties as set forth in Section 12 hereof, except that admitted insurance companies may pay before June 1 without penalty.
- B. A separate license shall be required for each place of business and for each classification of business conducted at one (1) place. If gross income cannot be separated for classifications at one (1) location, the license tax shall be computed on the combined gross income for the classification requiring the highest rate. The business license tax must be computed based on the licensee's gross income for the calendar year preceding the due date, for the licensee's twelve-month fiscal year preceding the due date, or on a twelve-month projected income based on the monthly average for a business in operation for less than one (1) year. The business license tax for a new business must be computed on the estimated probable gross income for the balance of the license year. The initial fee for an annexed business shall be prorated for the number of months remaining in the license year. A business license related to construction contract projects may be issued on a per-project basis, at the option of the taxpayer. No refund shall be made for a business that is discontinued.
- C. A licensee that submits a payment greater than the amount owed may request a refund. To be considered, a refund request must be submitted in writing to the Municipality before the June 1 immediately following the April 30 on which the payment was due and must be supported by adequate documentation supporting the refund request. The Municipality shall approve or deny the refund request, and if approved shall issue the refund to the business, within thirty days after receipt of the request.

Sec. 7-5. Registration Required.

- A. The owner, agent or legal representative of every business subject to this chapter, whether listed in the classification index or not, shall register the business and make application for a business license on or before the due date of each year each year; *provided*, a new business shall be required to have a business license prior to operation within the Municipality, and an annexed business shall be required to have a business license within thirty (30) days of the annexation. A license for a bar (NAICS 722410) must be issued in the name of the individual who has been issued the corresponding state alcohol, beer, or wine permit or license and will have actual control and management of the business.
- B. Application shall be on a form provided by the license official or on the then-current standard business license application as established and provided by the Director of the South Carolina Revenue and Fiscal Affairs Office and shall be accompanied by all information about the applicant, the licensee, and the business deemed appropriate to carry out the purpose of this chapter by the license official including but not limited to a social security number and/or federal employer's identification number. Applicants may be required to submit copies of portions of state and federal income tax returns reflecting gross receipts and gross revenue figures.
- C. A new business license will be issued only after the applicant meets all necessary requirements regulating the business including outside agencies.
- D. The applicant shall certify under oath that the information given in the application is true, that the gross income is accurately reported, (or estimated for a new business), without any unauthorized deductions, and that all assessments, real property taxes, personal property taxes on business property and all other monies due and payable to the Municipality have been paid.
- E. The Municipality shall allow application, reporting, calculation, and payment of business license taxes through the business license tax portal hosted and managed by the South Carolina Revenue and Fiscal Affairs Office, subject to the availability and capability thereof. Any limitations in portal availability or

capability do not relieve the applicant or Licensee from existing business license or business license tax obligations.

Sec. 7-6. Deductions, Exemptions, and Charitable Organizations.

- A. No deductions from gross income shall be made except income from business earned outside of the Municipality on which a license tax is paid by the business to some other municipality or a county, and fully reported to the Municipality, taxes collected for a governmental entity, or income which cannot be included for computation of the tax pursuant to state or federal law. Properly apportioned income from business in interstate commerce shall be included in the calculation of gross income and is not exempted. The applicant shall have the burden to establish the right to exempt income by satisfactory records and proof.
- B. No person shall be exempt from the requirements of this chapter by reason of the lack of an established place of business within the Municipality, unless exempted by state or federal law. The license official shall determine the appropriate classification for each business in accordance with the latest issue of the North American Industry Classification System (NAICS). No person shall be exempt from this chapter by reason of the payment of any other tax, unless exempted by state law, and no person shall be relieved of liability for payment of any other tax or fee by reason of application of this chapter.
- C. Wholesalers are exempt from business license taxes unless they maintain warehouses or distribution establishments within the Municipality. A wholesale transaction involves a sale to an individual who will resell the goods and includes delivery of the goods to the reseller. It does not include a sale of goods to a user or consumer.
- D. A charitable organization shall be exempt from a business license tax on its gross income unless it is deemed a business subject to a business license tax on all or part of its gross income as provided in this section. A charitable organization, or any affiliate of a charitable organization, that reports income from for-profit activities or unrelated business income for federal income tax purposes to the Internal Revenue Service shall be deemed a business subject to a business license tax on the part of its gross income from such for-profit activities or unrelated business income.
- E. A charitable organization shall be deemed a business subject to a business license tax on its total gross income if (1) any net proceeds of operation, after necessary expenses of operation, inure to the benefit of any individual or any entity that is not itself a charitable organization as defined in this ordinance, or (2) any net proceeds of operation, after necessary expenses of operation, are used for a purpose other than a charitable purpose as defined in this ordinance. Excess benefits or compensation in any form beyond fair market value to a sponsor, organizer, officer, director, trustee, or person with ultimate control of the organization shall not be deemed a necessary expense of operation.

Sec. 7-7. False Application Unlawful.

It shall be unlawful for any person subject to the provisions of this chapter to make a false application for a business license or to give or file, or direct the giving or filing of, any false information with respect to the license or tax required by this chapter.

Sec. 7-8. Display and Transfer.

- A. All persons shall display the license issued to them on the original form provided by the license official in a conspicuous place in the business establishment at the address shown on the license. A transient or non-resident shall carry the license upon his/her person or in a vehicle used by the business readily available for inspection by any authorized agent of the Municipality.
- B. A change of address must be reported to the license official within ten (10) days after the removal of the business to a new location and the license will be valid at the new address upon written notification by the

license official and compliance with zoning and building codes. Failure to obtain the approval of the license official for a change of address shall invalidate the license and subject the licensee to prosecution for doing business without a license. A business license shall not be transferable, and a transfer of controlling interest shall be considered a termination of the old business and the establishment of a new business requiring a new business license, based on old business income.

Sec. 7-9. Administration of Chapter.

The license official shall administer the provisions of this chapter, collect business license taxes, issue licenses, make or initiate investigations and audits to ensure compliance, initiate denial or suspension and revocation procedures, report violations to the municipal attorney, assist on prosecution of violators, produce forms, undertake reasonable procedures relating to the administration of this chapter, and perform such other duties as may be duly assigned.

Sec. 7-10. Inspection and Audits.

- A. For the purpose of enforcing the provisions of this chapter, the license official or other authorized agent of the is Municipality is empowered to enter upon the premises of any person subject to this chapter to make inspections, examine and audit books and records. It shall be unlawful for any such person to fail or refuse to make available the necessary books and records. In the event an audit or inspection reveals that the licensee has filed false information, the costs of the audit shall be added to the correct business license tax and late penalties in addition to other penalties provided herein. Each day of failure to pay the proper amount of business license tax shall constitute a separate offense. A licensee who does not keep the books and records of the business upon the premises whereat the business of the licensee is conducted within the city, shall make the books and records of the business available to the city or its authorized agent for the purpose of examination and audit; and the licensee shall be responsible for physically delivering such books and records to the city or its authorized agent upon written notice to specify the time, date and place within the city, to which such books and records are to be delivered.
- B. The license official shall have the authority to make inspections and conduct audits of businesses to ensure compliance with this chapter. Financial information obtained by inspections and audits shall not be deemed public records, and the license official shall not release the amount of license taxes paid or the reported gross income of any person by name without written permission of the licensee, except as authorized by this ordinance, state or federal law, or proper judicial order. Statistics compiled by classifications are public records.

Sec. 7-11. Assessments, Payment under Protest, Appeal.

- A. Assessments, payments under protest, and appeals of assessment shall be allowed and conducted by the Municipality pursuant to the provisions of S.C. Code § 6-1-410, as amended. In preparing an assessment, the license official may examine such records of the business or any other available records as may be appropriate and conduct such investigations and statistical surveys as the license official may deem appropriate to assess a business license tax and penalties as provided herein.
- B. The license official shall establish a uniform local procedure consistent with S.C. Code § 6-1-410 for hearing an application for adjustment of assessment and issuing a notice of final assessment; provided that for particular types of business licenses, including without limitation for business licenses issued to businesses subject to business license taxes under Article 20, Chapter 9, Title 58, and Chapters 7 and 45, Title 38, of the South Carolina Code, the Municipality, by separate ordinance, may establish a different procedure and may delegate one or more rights, duties, and functions hereunder to the Municipal Association of South Carolina.

Sec. 7-12. Delinquent License Taxes, Partial Payment.

- A. For non-payment of all or any part of the correct business license tax, the license official shall impose and collect a late penalty of five (5%) percent of the unpaid fee for each month or portion thereof after the due date until paid. Penalties shall not be waived. If any business license tax remains unpaid for sixty (60) days after its due date, the license official report it to the City Manager or designee for appropriate legal action.
- B. Partial payment may be accepted by the license official to toll imposition of penalties on the portion paid; *provided*, however, no business license shall be issued or renewed until the full amount of the tax due, with penalties, has been paid.

Sec. 7-13. Notices.

The license official may, but shall not be required to, mail written notices that business license taxes are due. If notices are not mailed, there shall be published a notice of the due date in a newspaper of general circulation within the Municipality three (3) times prior to the due date in each year. Failure to receive notice shall not constitute a defense to prosecution for failure to pay the tax due or grounds for waiver of penalties.

Sec. 7-14. Denial of License.

The license official may deny a license to an applicant when the license official determines:

- A. The application is incomplete or contains a misrepresentation, false or misleading statement, or evasion or suppression of a material fact;
- B. The activity for which a license is sought is unlawful or constitutes a public nuisance *per se* or *per accidens*;
- C. The applicant, licensee, prior licensee, or the person in control of the business has been convicted within the previous ten years of an offense under a law or ordinance regulating business, a crime involving dishonest conduct or moral turpitude related to a business or a subject of a business, or an unlawful sale of merchandise or prohibited goods;
- D. The applicant, licensee, prior licensee, or the person in control of the business has engaged in an unlawful activity or nuisance related to the business or to a similar business in the Municipality or in another jurisdiction;
- E. The applicant, licensee, prior licensee, or the person in control of the business is delinquent in the payment to the Municipality of any tax or fee;
- F. A licensee has actual knowledge or notice, or based on the circumstances reasonably should have knowledge or notice, that any person or employee of the licensee has committed a crime of moral turpitude on the business premises, or has permitted any person or employee of the licensee to engage in the unlawful sale of merchandise or prohibited goods on the business premises and has not taken remedial measures necessary to correct such activity; or
- G. The license for the business or for a similar business of the licensee in the Municipality or another jurisdiction has been denied, suspended, or revoked in the previous license year.

A decision of the license official shall be subject to appeal as herein provided. Denial shall be written with reasons stated.

Sec. 7-15. Suspension or Revocation of License.

When the license official determines:

- A. A license has been mistakenly or improperly issued or issued contrary to law;

- B. A licensee has breached any condition upon which the license was issued or has failed to comply with the provisions of this chapter;
- C. A licensee has obtained a license through a fraud, misrepresentation, a false or misleading statement; or evasion or suppression of a material fact in the license application;
- D. A licensee has been convicted within the previous ten years of an offense under a law or ordinance regulating business, a crime involving dishonest conduct or moral turpitude related to a business or a subject of a business, or an unlawful sale of merchandise or prohibited goods;
- E. A licensee has engaged in an unlawful activity or nuisance related to the business;
- F. A licensee is delinquent in the payment to the Municipality of any tax or fee,

the license official may give written notice to the licensee or the person in control of the business within the Municipality by personal service or mail that the license is suspended pending a single hearing before Council or its designee for the purpose of determining whether the suspension should be upheld and the license should be revoked.

The written notice of suspension and proposed revocation shall state the time and place at which the hearing is to be held and shall contain a brief statement of the reasons for suspension and proposed revocation and a copy of the applicable provisions of this chapter.

Sec. 7-16. Appeals to Council or its Designee.

- A. Except with respect to appeals of assessments under Section 11 hereof, which are governed by S.C. Code § 6-1-410, any person aggrieved by a determination, denial, or suspension and proposed revocation of a business license by the license official may appeal the decision to the Council or its designee by written request stating the reasons for appeal, filed with the license official within ten (10) days after service by mail or personal service of the notice of determination, denial, or suspension and proposed revocation.
- B. A hearing on an appeal from a license denial or other determination of the license official and a hearing on a suspension and proposed revocation shall be held by the Council or its designee within ten (10) business days after receipt of a request for appeal or service of notice of suspension and proposed revocation. The hearing shall be held upon written notice at a regular or special meeting of the Council, or, if by designee of the Council, at a hearing to be scheduled by the designee. The hearing may be continued to another date by agreement of all parties. At the hearing, all parties shall have the right to be represented by counsel, to present testimony and evidence, and to cross-examine witnesses. The proceedings shall be recorded and may be transcribed at the expense of the party so requesting. The rules of evidence and procedure prescribed by Council shall govern the hearing. Following the hearing, the Council by majority vote of its members present, or the designee of Council if the hearing is held by the designee, shall render a written decision based on findings of fact and conclusions on application of the standards herein. The written decision shall be served, by personal service or by mail, upon all parties or their representatives and shall constitute the final decision of the Municipality.
- C. Timely appeal of a decision of Council or its designee does not effectuate a stay of that decision. The decision of the Council or its designee shall be binding and enforceable unless overturned by an applicable appellate court after a due and timely appeal.
- D. For business licenses issued to businesses subject to business license taxes under Article 20, Chapter 9, Title 58, and Chapters 7 and 45, Title 38, of the South Carolina Code, the Municipality may establish a different procedure by ordinance.

Sec. 7-17. Consent, franchise, or license required for use of streets.

- A. It shall be unlawful for any person to construct, install, maintain, or operate in, on, above, or under any street or public place under control of the Municipality any line, pipe, cable, pole, structure, or facility for

utilities, communications, cablevision or other purposes without a consent agreement or franchise agreement issued by the Council by ordinance that prescribes the term, fees, and conditions for use.

- B. The annual fee for use of streets or public places authorized by a consent agreement or franchise agreement shall be set by the ordinance approving the agreement and shall be consistent with limits set by state law. Existing franchise agreements shall continue in effect until expiration dates in the agreements. Franchise and consent fees shall not be in lieu of or be credited against business license taxes unless specifically provided by the franchise or consent agreement.

Sec. 7-17.1. Conducting business on public property; prohibited, exceptions.

It shall be unlawful for any merchant or other person to place on any city street, city sidewalk, public park, or any other public property within the city, any articles of merchandise, goods, wares, or other property of any kind whatsoever, provided that this section shall not prohibit any business activities as provided under section 5-14, or any city promotional activities as authorized by city council.

Sec. 7-18. Confidentiality.

Except in accordance with proper judicial order or as otherwise provided by law, no official or employee of the Municipality may divulge or make known in any manner the amount of income or any financial particulars set forth or disclosed in any report or return required under this chapter. Nothing in this section shall be construed to prohibit the publication of statistics so classified as to prevent the identification of particular reports or returns. Any license data may be shared with other public officials or employees in the performance of their duties, whether or not those duties relate to enforcement of this ordinance.

Sec. 7-19. Violations.

Any person violating any provision of this chapter shall be deemed guilty of an offense and shall be subject to a fine of up to \$500.00 or imprisonment for not more than thirty (30) days or both, upon conviction. Each day of violation shall be considered a separate offense. Punishment for violation shall not relieve the offender of liability for delinquent taxes, penalties and costs provided for in this ordinance.

Sec. 7-19.1. Reserved.

Sec. 7-20. Severability.

A determination that any portion of this chapter is invalid or unenforceable shall not affect the remaining portions. To the extent of any conflict between the provisions of this ordinance and the provisions of the South Carolina Business License Tax Standardization Act, as codified at S.C. Code §§ 6-1-400 *et seq.*, the standardization act shall control.

Sec. 7-21. Classification and Rates.

- A. The business license tax for each class of businesses subject to this ordinance shall be computed in accordance with the current business license rate schedule, designated as Appendix A to this ordinance, which may be amended from time to time by the Council.

- B. The current business license class schedule is attached hereto as Appendix B. Hereafter, no later than December 31 of each odd year, the Municipality shall adopt, by ordinance, the latest standardized business license class schedule as recommended by the Municipal Association of South Carolina and adopted by the Director of the South Carolina Revenue and Fiscal Affairs Office. Upon adoption by the Municipality, the revised business license class schedule shall then be appended to this ordinance as a replacement Appendix B.
- C. The classifications included in each rate class are listed with NAICS codes, by sector, sub-sector, group, or industry. The business license class schedule (Appendix B) is a tool for classification and not a limitation on businesses subject to a business license tax. The classification in the most recent version of the business license class schedule adopted by the Council that most specifically identifies the subject business shall be applied to the business. The license official shall have the authority to make the determination of the classification most specifically applicable to a subject business.
- D. A copy of the class schedule and rate schedule shall be filed in the office of the municipal clerk.

APPENDIX A:

BUSINESS LICENSE RATE SCHEDULE

RATE CLASS	INCOME: \$0 - \$2,000	INCOME OVER \$2,000
	BASE RATE	RATE PER \$1,000 OR FRACTION THEREOF
1	\$50.00	\$1.75
2	\$55.00	\$1.85
3	\$60.00	\$1.95
4	\$65.00	\$2.05
5	\$70.00	\$2.15
6	\$75.00	\$2.25
7	\$80.00	\$2.35
8 and 9	See Individual Business in Class 8 and Class 9	

NON-RESIDENT RATES

Unless otherwise specifically provided, all taxes and rates shall be doubled for non-residents and itinerants having no fixed principal place of business within the Municipality.

DECLINING RATES

Declining rates apply in all Classes for gross income in excess of one million dollars (\$1,000,000), unless otherwise specifically provided for in this ordinance.

Gross Income in \$ Millions	Percent of Class Rate for each additional \$1,000
0—1	100%
1—2	95%
2—3	90%
3—4	85%
4—5	80%
Over 5	75%

CLASS 8 RATES

Each NAICS number designates a separate subclassification. The businesses in this section are treated as separate and individual subclasses due to provisions of state law, regulatory requirements, service burdens, tax equalization considerations, are deemed to be sufficient to require individually determined rates. In accordance with state law, the Municipality also may provide for reasonable subclassifications for rates, described by an NAICS sector, subsector, or industry, that are based on particularized considerations as needed for economic stimulus or for the enhanced or disproportionate demands on municipal services or infrastructure.

Non-resident rates do not apply except where indicated.

8.1 NAICS 230000 – Contractors, Construction, All Types [Non-resident rates apply].

Resident rates, for contractors having a permanent place of business within the Municipality:

Minimum on first \$2,000.....\$70.00 PLUS
 Each additional \$1,000\$2.00

Non-resident rates apply to contractors that do not have a permanent place of business within the Municipality. A trailer at the construction site or structure in which the contractor temporarily resides is not a permanent place of business under this ordinance.

No contractor shall be issued a business license until all state and municipal qualification examination and trade license requirements have been met. Each contractor shall post a sign in plain view on each job identifying the contractor with the job.

Sub-contractors shall be licensed on the same basis as general or prime contractors for the same job. No deductions shall be made by a general or prime contractor for value of work performed by a sub-contractor.

No contractor shall be issued a business license until all performance and indemnity bonds required by the Building Code have been filed and approved. Zoning permits must be obtained when required by the Zoning Ordinance.

Each prime contractor shall file with the License Official a list of sub-contractors furnishing labor or materials for each project.

For licenses issued on a per-job basis, the total tax for the full amount of the contract shall be paid prior to commencement of work and shall entitle the contractor to complete the job without regard to the normal license

expiration date. An amended report shall be filed for each new job and the appropriate additional license fee per \$1,000 of the contract amount shall be paid prior to commencement of new work. Only one base tax shall be paid in a license year. Licensees holding a per-job license shall file, by each April 30 during the continuation of the construction project, a statement of compliance, including but not limited to a revised estimate of the value of the contract. If any revised estimate of the final value of such project exceeds the amount for which the business license was issued, the licensee shall be required to pay a license fee at the then-prevailing rate on the excess amount.

8.2 NAICS 482 – Railroad Companies (See S.C. Code § 12-23-210).

8.3 NAICS 517311, 517312 – Telephone Companies.

With respect to “retail telecommunications services” as defined in S. C. Code § 58-9-2200, the Municipality participates in a collections program administered by the Municipal Association of South Carolina. The Municipality has approved participation in the collections program by separate ordinance (the “Telecommunications Collections Ordinance”). The rates, terms, conditions, dates, penalties, appeals process, and other details of the business license applicable to retail telecommunications services are set forth in the Telecommunications Collections Ordinance.

8.4 NAICS 5241 – Insurance Companies.

Independent agents, brokers, their employees are subject to a business license tax based on their natural class. With respect to insurers subject to license fees and taxes under Chapter 7 of Title 38 and to brokers under Chapter 45 of Title 38, the Municipality participates in a collections program administered by the Municipal Association of South Carolina. The Municipality has approved participation in the collections program by separate ordinance (the “Insurers and Brokers Collections Ordinance”). The rates, terms, conditions, dates, penalties, appeals process, and other details of the business license applicable to insurers and brokers are set forth in the Insurers and Brokers Collections Ordinance.

8.51 NAICS 713120 – Amusement Machines, coin operated (except gambling).

Music machines, juke boxes, kiddie rides, video games, pin tables with levers, and other amusement machines with or without free play feature licensed by SC Department of Revenue pursuant to S.C. Code §12-21-2720(A)(1) and (A)(2) [Type I and Type II].

For operation of all machines (not on gross income), pursuant to S.C. Code §12-21-2746:

Per Machine\$12.50

Distributors that sell or lease machines and are not licensed by the state as an operator pursuant to §12-21-2728 are not subject to Subclass 8.51.

8.52 NAICS 713290 – Amusement Machines, coin operated, non-payout.

Amusement machines of the non-payout type or in-line pin game licensed by SC Department of Revenue pursuant to S.C. Code §12-21-2720(A)(3) [Type III].

For operation of all machines (not on gross income), pursuant to S.C. Code §12-21-2720(B):

Per Machine\$180.00

Distributors that sell or lease machines and are not licensed by the state as an operator pursuant to §12-21-2728 are not subject to Subclass 8.52.

8.6 NAICS 713990 – Billiard or Pool Rooms, all types.

(A) Pursuant to SC Code § 12-21-2746, license tax of \$5.00 per table measuring less than 3½ feet wide and 7 feet long, and \$12.50 per table longer than that; PLUS, (B) with respect to gross income from the entire business in addition to the tax authorized by state law for each table:

Per Machine.....\$12.50

9.91 NAICS 722511 – Full Service Restaurant.

Resident rates, for full service restaurants, bars, lounges, cabarets - Serving Alcohol (Alcoholic beverages consumed on premises):

Minimum on first \$2,000.....\$360.00 PLUS

Each additional 1,000.....\$3.30

9.94 NAICS 721199 – All Other Traveler Accommodations, Short-term Rentals.

Resident rates for all other traveler accommodations including the renting of a room or rooms on a daily, weekly, or monthly basis including short-term residential rental properties:

Minimum on first \$2,000.....\$60.00 PLUS

Each additional 1,000..... \$1.90

9.96 Street Vendors, City Sponsored Festivals and Events.

Non-contractual, temporary booths, tables or stands pre-approved and organized by the City’s recreation department:

Flat rate per festival or event.....\$10.00

Appendix B:

Business License Class Schedule by NAICS Code

This appendix will be updated every odd year based on the latest available IRS statistics.

NAICS Sector/Subsector	Industry Sector	Class
0.00000		0.00
110000	Agriculture, forestry, hunting and fishing	2.00
210000	Mining	4.00
220000	Utilities	1.00
230000	Construction (gross or job based)	8.10
310000	Manufacturing	2.00
320000	Manufacturing	2.00
330000	Manufacturing	2.00
420000	Wholesale trade	1.00
440000	Retail trade	1.00
450000	Retail trade	1.00
480000	Transportation and warehousing	2.00
482000	Rail transportation (railroads, fixed fee by state law)	8.20
483000	Transportation and warehousing	2.00
510000	Information	4.00
520000	Finance and insurance	7.00
530000	Real estate and rental and leasing	7.00
540000	Professional, scientific, and technical services	5.00
550000	Management of companies	7.00
560000	Administrative and support and waste management and remediation services	4.00
610000	Educational services	4.00
620000	Health care and social assistance	4.00
710000	Arts, entertainment, and recreation	3.00
713120.1	Non-payout amusement / coin operated machines (S.C. Code §12-21-2746)	8.51
713120.2	Non-payout amusement / coin operated machines §12-21-2720(A)(3) [Type III].	8.52
713121	Arts, entertainment, and recreation	3.00
721000	Accommodation	3.00
721199	All Other Traveler Accommodations (STRs)	9.94
722000	Food services	1.00
722511	Full Service Restaurant	9.91
722513	Food services	1.00
810000	Other services	5.00

Sec. 7-22. Reserved.

Sec. 7-23. Reserved.