

RESOLUTION NO. 26-9546

A RESOLUTION OF THE CITY OF SANTA CLARA, CALIFORNIA, ADJUSTING THE BUSINESS LICENSE TAX by 2.5% AS AUTHORIZED IN SANTA CLARA CITY CODE SECTION 3.40.160, EFFECTIVE JULY 1, 2026

WHEREAS, Measure H, approved by Santa Clara voters on November 8, 2022, established a framework for periodic adjustments to the Business License Tax (Business Tax) to reflect economic changes and ensure equitable contributions from businesses operating in the City of Santa Clara;

WHEREAS, Section 3.40.160 of the Santa Clara City Code, which was adopted pursuant to Measure H, provides for annual adjustments to the Business based on the Consumer Price Index (CPI) for All Urban Consumers for All Items for the San Francisco-Oakland-Hayward Area, as reported by the U.S. Bureau of Labor Statistics (BLS);

WHEREAS, the Business Tax revenue supports public safety, infrastructure maintenance, economic development programs, and community services and CPI adjustments allow the City to mitigate the impacts of inflation;

WHEREAS, the most recent CPI data for February 2026 indicates an annual inflation rate of 2.5%; therefore, it is appropriate to adjust the Business Tax rates by that percentage for Fiscal Year 2026-27, effective July 1, 2026 as shown in Attachment 1; and

WHEREAS, the City published a public notice of the proposed adjustment in the Santa Clara Weekly Newspaper.

NOW THEREFORE, BE IT RESOLVED BY THE CITY OF SANTA CLARA AS FOLLOWS:

1. That the findings as set forth above are hereby adopted by the City Council of the City of Santa Clara (City Council).
2. The City Council hereby approves the Business Tax adjustment of 2.5% CPI increase, effective July 1, 2026. This adjustment is made pursuant to Section 3.40.160 of the Santa Clara City Code, which authorizes annual inflation-based updates to the Business License Tax.

3. That a true and correct copy of the Resolution shall be kept on file in the Office of the City Clerk and in the Billing Division of the City Finance Department.

4. Effective date. This resolution shall become effective immediately.

I HEREBY CERTIFY THE FOREGOING TO BE A TRUE COPY OF A RESOLUTION PASSED AND ADOPTED BY THE CITY OF SANTA CLARA, CALIFORNIA, AT A REGULAR MEETING THEREOF HELD ON THE 21ST DAY OF APRIL, 2026, BY THE FOLLOWING VOTE:

AYES: COUNCILORS: Cox, Gonzalez, Hardy, Jain, and Park, and Mayor Gillmor

NOES: COUNCILORS: None

ABSENT: COUNCILORS: Chahal

ABSTAINED: COUNCILORS: None

ATTEST: 
NORA PIMENTEL
ASSISTANT CITY CLERK
CITY OF SANTA CLARA

Attachments incorporated by reference:

1. Business Tax Rate Adjustments for July 1, 2026

**CITY OF SANTA CLARA
FINANCE DEPARTMENT**

BUSINESS TAX ADJUSTMENTS

ANNUAL ADJUSTMENTS FOR INFLATION:

The Business Tax applies to all businesses operating in the City of Santa Clara and is assessed based on the number of employees or rental units, in accordance with Santa Clara City Code Chapter 3.40 (Business Tax). Per Section 3.40.160 of the City Code, adjustments to this tax are allowed annually based on increases to the Consumer Price Index (CPI-U) for the San Francisco-Oakland-Hayward Area, as reported by the U.S. Bureau of Labor Statistics (BLS).

RATES:

Beginning July 1, 2026, the Business Tax rates will increase by 2.5% based on changes to the CPI Index. The annual adjustments are based on the CPI Index set as of February each year.

The table below sets the rates as of July 1, 2026.

Category	Current Rate (Effective July 1, 2025)	New Rate (Effective July 1, 2026)
Per Employee	\$46.22	\$47.37
Rental Unit Tax	\$15.40	\$15.78
Business Tax Cap	\$359,450	\$368,436

Date Effective: July 1, 2026	Resolution No. 26-9546
Supersedes Business Tax & License Effective: July 1, 2025	Resolution No. 25-9433 approved April 29, 2025