



Study lists cost havens for firms

SURVEY: Banning has some of the lowest business expenses in the state.

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Aside from being known as Stagecoach Town USA, Banning now has another distinction: the cheapest town in California in which to run a business.

A survey released today found the city had some of the lowest business costs in the state, including relatively cheap business license fees and virtually no utility taxes.

The Kosmont-Rose Institute's 2006 Cost of Doing Business Survey, which studied 398 cities nationwide this year, measures a variety of city business costs, such as sales and property taxes. Then, cities are separated into five levels, from the cheapest to most expensive.

This is the first year Banning was included in the annual survey. Reactions to the city's new ranking ranged from praise by local officials to surprise from some businesses.

City Manager Randy Anstine said Banning lowered several of its business taxes in 2003 to generate more development interest in the city. Since the municipal government owns all of the utilities there, he said electrical costs are much cheaper than elsewhere in the region.

Anstine said he expects development in the city to take off after completion of the drag racetrack and an industrial park next door to the track.

But one Banning businessman isn't so convinced of that assessment.

Gary Carlton, who in 2000 started patio furniture and equipment manufacturer retailer Patio Concepts, said he originally was lured to the city by low taxes and a promise by city officials of business growth and a new racetrack.

But he said business development in the city has been marginal over the past six years.

"Take a look at downtown Banning and tell me that it doesn't look like downtown Beirut. It looks like a bomb just went off," he said.

"If it's so cheap to do business, why are we not getting some businesses here in Banning? Why is it that everyone is going to Beaumont, Yucaipa and Cabazon?"

Anstine said those areas have experienced development recently because of their vast amounts of land near the highway.

"The natural progression of how development takes place is really falling right in line," he said. "Once Beaumont reaches its limit, development will be in Banning next."

Larry Kosmont, president and chief executive of the Los Angeles-based consulting firm Kosmont Cos., said Banning's ranking as one of the cheapest cities likely will attract businesses there.

"Banning is really just a bedroom community right now that's about to turn the corner and become more commercial," he said.

The study also found some cities in the Inland region were among the most expensive in the state. San Bernardino and Rialto, which have some of the steeper business and utility taxes in the region, ranked in the highest cost bracket with Irvine and Los Angeles.

Several Inland cities were ranked in the second-lowest cost bracket, including Corona, Murrieta, Temecula and Hemet. Riverside, Palm Springs and Colton were all listed in the second-highest cost bracket.

Kosmont started the survey 12 years ago to offer the firm's customers more information about conducting business in cities around Southern California. The report is prepared with the Rose Institute at Claremont McKenna College.

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