



Legislation Text

File #: 14-0591, **Version:** 3

Ordinance No. 14-90 reordaining Section 507 (License Fees Enumerated) of Part 5 (License Fees) of Article 1 (General Business License Requirements) of Chapter 2 (Business Licensing, Liquor Regulation and Taxation) of the Code of the City of Colorado Springs 2001, as amended, pertaining to business license fees

From:

Sarah Johnson, City Clerk

Summary:

As part of an ongoing effort to make the City of Colorado Springs a more business friendly community, and as one of the City Clerk's 2014 Breakthrough Strategies, the City Clerk conducted a thorough review of general business license ("general business license") types, requirements, and fees to ensure they are relevant and necessary to regulate activities related to health, safety or other protective purposes. (Government Finance Officers Association (GFOA) Recommended Practice: Setting of Government Charges and Fees). General business licenses do not include liquor licenses or medical marijuana licenses. The review also examined fee levels and structures to ensure they are cost-based, rational, and standardized to the extent practical. As a result, the fee proposal reflects the actual cost of issuing licenses - eliminating unnecessarily high fees for businesses to operate in our great city. Also, in the near future, the City plans to implement an online application/renewal business licensing system which will result in a reevaluation of license fees. A summary of the proposed changes to the Business License Fee Ordinance, effective as of January 1, 2015, is as follows:

1. Reordain section 2.1.507 to enumerate fees for all licenses subject to the General Licensing Code except for medical marijuana businesses;
2. Reduce all application fees from \$15 to \$0;
3. Reduce all background check fees from \$20 to \$7 and clarify when the fee shall be collected;
4. Reduce most general business license and renewal fees to \$90; and
5. Reduce the tree service exam packet fee to \$0.

Previous Council Action:

No previous Council action.

Background:

As part of an ongoing effort to make the City of Colorado Springs a more business friendly community, and as one of the City Clerk's 2014 Breakthrough Strategies, the City Clerk conducted a thorough review of general business license ("general business license") types, requirements, and fees to ensure they are relevant and necessary to regulate activities related to health, safety or other protective purposes. (Government Finance Officers Association (GFOA) Recommended Practice:

Setting of Government Charges and Fees). General business licenses do not include liquor licenses or medical marijuana licenses.

The City Clerk's review also examined fee levels and structures to ensure they are cost-based, rational, and standardized to the extent practical. As a result, the fee proposal reflects the actual cost of issuing licenses - thereby eliminating unnecessarily high fees for businesses to operate in our great city. Also, in the near future, the City plans to implement an online application/renewal business licensing system which will result in a reevaluation of license fees.

To determine the City's full cost to issue the general business licenses, the City first identified the direct costs of the City Clerk's Office employees who administer these licenses (60% of the licenses issued by the City Clerk's Office are the general business licenses) and then identified the indirect costs associated with issuing the licenses through the City's annual Full Cost Allocation Plan.

To determine the "maximum cost per license", the City divided the full cost by the number of licenses recommended to be retained. The full cost to issue general business licenses is \$99.46. The recommended maximum general business license fee is \$90 or 90% of the total cost. The GFOA Recommended Practice: Setting of Government Charges and Fees states "If the full cost of a good or service is not recovered, then a rational should be provided. The rational for only 90% cost recovery is that the City Clerk's Office expects to realize efficiencies from other recommended changes/provisions in the other nineteen (19) proposed ordinances.

Financial Implications:

There are currently 1,911 licenses in the 7 license types recommended for repeal, which would result in a \$54,280 loss in revenue if the license requirement is repealed.

There are currently 2,251 other general business licenses recommended for a reduction in the license fee, which would result in a \$63,570 loss in revenue if the license fee is reduced.

The proposal also recommends a decrease to background check fees, duplicate license fees, and removal of a firearm endorsement fee, tree service exam packet fee, and so on, which results in an estimated \$38,858 loss in revenue if the changes are implemented.

Board/Commission Recommendation:

N/A

Stakeholder Process:

The City Clerk worked closely with City Attorney's Office and the City Finance Department during the review process. The Deputy City Clerk contacted representatives from the current licensees to discuss the proposals and took into consideration any comments and requests received from those licensees into the proposed ordinance.

Alternatives:

Not approve the ordinance.

Proposed Motion:

Motion to approve an ordinance reordaining Section 507 (License Fees Enumerated) of Part 5 (License Fees) of Article 1 (General Business License Requirements) of Chapter 2 (Business Licensing, Liquor Regulation and Taxation) of the Code of the City of Colorado Springs 2001, as

amended, pertaining to business license fees on first reading.

N/A