

Alta Town Council



Staff Report:

Business License Study

To: Town Council

From: Jen Clancy, Deputy Town Clerk

Date Written: September 2, 2021 (updated September 21, 2021)

Zions Public Finance conducted a business license study for the Town of Alta. The draft study was presented to the Town Council at the July 2021 meeting and discussed again at the August and September meetings and work sessions. The draft report has been circulated to the Council for review and an updated version is attached as an exhibit to the draft ordinance. If the Town chooses to adopt the study and set a new fee schedule where disproportionate fees are charged as part of the fee then an ordinance and a resolution need to be adopted.

Documents related to the Business License Study:

- Staff memo on Business License Study
 - Appendix A – fee schedule options
- 2021-O-8: Ord. Adopting Business License Fee Study, Auth Disproportionate Fees & Enhanced Fees to the Fee Schedule and Amending Title 3 Chapter 1 of the Alta Town Code
 - Exhibit A – Zion’s draft report (updated September 2021)
 - Exhibit B – ordinance language suggested edits
- 2021-R-16 Repeal and Replace
 - Exhibit A - Fee Schedule Options (drafted with Option A’s fees as proposed)

Here is some additional information to consider:

- The draft Business License Study was updated after the September 8, 2021 Town Council meeting to address comments made by Councilmember Curry regarding the omission of indirect fees calculated from the Administration department. The revised draft has a September 2021 date on it.
 - This update resulted in ~ \$3 being added to the base administration fee that is carried through the report. Appendix C was also added to the report and documents the update.
 - The only other changes to the report were minor text edits to help explain Zion’s process in preparing the report.

- Option A in Appendix A: Mayor and staff are proposing this option for the fee schedule. The option is being presented in an effort to raise the \$18,000 revenue in the approved FY22 budget.
 - In-kind services from businesses in Categories 1 and 8 that are provided to our community (such as snow removal and search and rescue operations) were considered. These two business categories also provide sales tax revenue to Town. We note that the sales tax revenue budgeted in the 2022 budget is \$1.251 million. If you take the average revenue generated by the \$16,000 difference between our proposed business license fees and the maximum fees we could charge, and divide by the sales tax rate of 8.75% you get \$183,000. Any sales tax generated above that figure — expected to be about \$1.06 million — represents that the Town really is not subsidizing the businesses (rather, the customers of the business are paying for the Town’s operations).
 - The temporary license fee recommendation is \$50. We receive roughly 8-15 temporary applications each year. These are mainly from vendors selling stuff at on-snow events or summer running races.
 - The non-profit fee exemption was carried forward in this proposal. There is a revenue estimate provided should the council decide not to extend this exemption.
- Options B and C in Appendix A are being presented to offer additional alternatives that broaden the range of fee options for the council if needed for discussion and consideration.
- The purpose of this study is to inform the Town about the costs to the Town for administering business licenses as well as other financial impacts to the Town’s budget such as enhanced and disproportionate fees. The study identifies the maximum fees that can be charged to each respective category. The Town may choose to extend a discount to a category of businesses for in-kind services.
- This study did not analyze or consider liquor license applications and fees.
- In-kind contributions are not included in business license study reports. The report’s purpose is to establish the actual cost to the Town so a benefit received from in-kind contributions would be outside of the scope of such a report.
- Additional information on comparable fees that was requested by Councilmember Davis was added to the draft report.
- Home occupation businesses: The State regulates these businesses and says we can’t charge a business license fee. If however, a home occupation business requests a license we are entitled to charge the base admin fee of \$65.31.
- For reference here is the recent revenue generated from business licenses:

FY 2018/19 Actual	\$ 13,539.00
FY 2019/20 Actual	\$ 19,596.03
FY 2020/21 Actual	\$ 17,280.25
3 year avg - years above	\$ 16,805.09
FY 2021/22 Budgeted	\$ 18,000.00

Appendix A

Of Note:

1. Approved Budget (6/14/2021) - 10-32-100 Business Licenses and Permits Revenue \$18,000.00
2. Estimated revenue in all options based on the number of 2020 business license applications in each category.
3. There is no requirement for a license for a resident of the municipality to operate a home-based business, unless the combined offsite impact of the home-based business and the primary residential use materially exceeds the offsite impact of the primary residential use alone. If an owner of a home-based business requests a license, the administrative fee is the fee listed for category 4.

Option A. Proposal meeting the requirements of the FY 22 Budget.

Business License Fee	Option A		2021 Max Fees (draft)	
	First Application	Second Application	First Application	Second Application
Cat. 1: Hotels >20 rooms*	\$ 843.03	\$ 391.00	\$ 2,408.65	\$ 1,117.14
Cat. 2: Hotels 10-20 rooms	\$ 65.31	\$ 65.31	\$ 65.31	\$ 65.31
Cat. 3: Lodging <10 rooms	\$ 65.31	\$ 65.31	\$ 65.31	\$ 65.31
Cat. 4: Prop. Management, Transportation, Business & Personal Services	\$ 65.31	\$ 65.31	\$ 65.31	\$ 65.31
Cat. 5: Retail & General Services	\$ 92.06	\$ 92.06	\$ 92.06	\$ 92.06
Cat. 6: Restaurant/Cafeteria/Bar	\$ 102.68	\$ 102.68	\$ 102.68	\$ 102.68
Cat. 7: Day Care Business	\$ 65.31	\$ 65.31	\$ 65.31	\$ 65.31
Cat. 8: Ski Lift Company*	\$ 3,250.89	\$ 990.75	\$ 9,288.25	\$ 2,830.72
Cat. 9: Temporary **	\$ 50.00	\$ 50.00	\$ 65.31	\$ 65.31
Cat. 10: Non-Profit ***	exempt	exempt	\$ 65.31	\$ 65.31
Total Estimated Revenue	\$19,080.48			

In option A, unless noted below, categories are at 100% of the maximum that can be charged based on the draft 2021 study.

** Cat 1 and 8 are 35% of the maximum amount (65% discount) that can be charged based on the draft 2021 study.*

*** Cat 9 is 76% of the maximum amount that can be charged based on the draft 2021 study.*

**** As is currently the practice, non-profits have been provided an exemption to the fee but must still submit for a license if engaged in business activities. If the council decides it does not want to provide an exemption for Cat 10 Non-profit, and to charge the max base admin fee of \$65.31 then the estimated revenue is \$19,276.41.*

Option B. The maximum fees that can be charged based on the draft 2021 Business License Study.

Business License Fee	Option B	
	First Application	Second Application
Cat. 1: Hotels >20 rooms*	\$ 2,408.65	\$ 1,117.14
Cat. 2: Hotels 10-20 rooms	\$ 65.31	\$ 65.31
Cat. 3: Lodging <10 rooms	\$ 65.31	\$ 65.31
Cat. 4: Prop. Management, Transportation, Business & Personal Services	\$ 65.31	\$ 65.31
Cat. 5: Retail & General Services	\$ 92.06	\$ 92.06
Cat. 6: Restaurant/Cafeteria/Bar	\$ 102.68	\$ 102.68
Cat. 7: Day Care Business	\$ 65.31	\$ 65.31
Cat. 8: Ski Lift Company*	\$ 9,288.25	\$ 2,830.72
Cat. 9: Temporary	\$ 65.31	\$ 65.31
Cat. 10: Non-Profit	\$ 65.31	\$ 65.31
Total Estimated Revenue	\$40,501.76	

Option C. No one pays more than they are currently paying.

Business License Fee	Option C		2021 Max Fees (draft)		
	First Application	Second Application	Current Fees	First Application	Second Application
Cat. 1: Hotels >20 rooms*	\$ 224.75	\$ 224.75	\$ 224.75	\$ 2,408.65	\$ 1,117.14
Cat. 2: Hotels 10-20 rooms	\$ 65.31	\$ 65.31	\$ 224.75	\$ 65.31	\$ 65.31
Cat. 3: Lodging <10 rooms	\$ 65.31	\$ 65.31	\$ 154.00	\$ 65.31	\$ 65.31
Cat. 4: Prop. Management, Transportation, Business & Personal Services	\$ 65.31	\$ 65.31	\$ 128.00	\$ 65.31	\$ 65.31
Cat. 5: Retail & General Services	\$ 92.06	\$ 92.06	\$ 154.00	\$ 92.06	\$ 92.06
Cat. 6: Restaurant/Cafeteria/Bar	\$ 102.68	\$ 102.68	\$ 184.75	\$ 102.68	\$ 102.68
Cat. 7: Day Care Business	\$ 65.31	\$ 65.31	\$ 169.75	\$ 65.31	\$ 65.31
Cat. 8: Ski Lift Company*	\$ 295.00	\$ 295.00	\$ 295.00	\$ 9,288.25	\$ 2,830.72
Cat. 9: Temporary*	\$ 35.00	\$ 35.00	\$ 35.00	\$ 65.31	\$ 65.31
Cat. 10: Non-Profit*	Exempt	Exempt	Exempt	\$ 65.31	\$ 65.31
Total Estimated Revenue	\$10,250.20				

In option C, Cat 1, 8, 9, 10 maintain their current fee and the rest of the categories are charged the maximum amount they can be charged based on the draft 2021 study.*