

Alta Town Council



Staff Report: Business License Study

To: Town Council

From: Jen Clancy, Deputy Town Clerk

Date Written: September 2, 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 meeting and work session. The draft report has been circulated to the Council for review and 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 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-6: 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
 - Exhibit B – ordinance language suggested edits
- 2021-R-15 Repeal and Replace
 - Exhibit A - Fee Schedule (including option A fees)

Here is some additional information to consider:

- 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.
- 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 Sheridan 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 \$62.27.
- This study did not analyze or consider liquor license applications and fees.
- Option A in Appendix A: This option was proposed in order to reach 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).
- 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.
- 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

A. Staff proposal to meet the requirements of the FY 22 Budget.

In option A, Cat 1 and 8 * are set to 35% of the maximum amount (65% discount) that could be charged based on the draft 2021 study. All other categories are at the maximum that could be charged based on the draft 2021 study.

Business License Fee	Option A		2021 Max Fees (draft)	
	First Application	Second Application	First Application	Second Application
Cat. 1: Hotels >20 rooms*	\$ 841.96	\$ 389.94	\$ 2,405.61	\$ 1,114.10
Cat. 2: Hotels 10-20 rooms	\$ 62.27	\$ 62.27	\$ 62.27	\$ 62.27
Cat. 3: Lodging <10 rooms	\$ 62.27	\$ 62.27	\$ 62.27	\$ 62.27
Cat. 4: Prop. Management, Transportation, Business & Personal Services	\$ 62.27	\$ 62.27	\$ 62.27	\$ 62.27
Cat. 5: Retail & General Services	\$ 89.02	\$ 89.02	\$ 89.02	\$ 89.02
Cat. 6: Restaurant/Cafeteria/Bar	\$ 99.64	\$ 99.64	\$ 99.64	\$ 99.64
Cat. 7: Day Care Business	\$ 62.27	\$ 62.27	\$ 62.27	\$ 62.27
Cat. 8: Ski Lift Company*	\$ 3,249.83	\$ 989.69	\$ 9,285.22	\$ 2,827.68
Cat. 9: Temporary	\$ 62.27	\$ 62.27	\$ 62.27	\$ 62.27
Cat. 10: Non-Profit	\$ 62.27	\$ 62.27	\$ 62.27	\$ 62.27
Total Estimated Revenue	\$18,916			

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

All categories are charged the maximum fee that the draft 2021 study identifies.

Business License Fee	Option B	
	First Application	Second Application
Cat. 1: Hotels >20 rooms*	\$ 2,405.61	\$ 1,114.10
Cat. 2: Hotels 10-20 rooms	\$ 62.27	\$ 62.27
Cat. 3: Lodging <10 rooms	\$ 62.27	\$ 62.27
Cat. 4: Prop. Management, Transportation, Business & Personal Services	\$ 62.27	\$ 62.27
Cat. 5: Retail & General Services	\$ 89.02	\$ 89.02
Cat. 6: Restaurant/Cafeteria/Bar	\$ 99.64	\$ 99.64
Cat. 7: Day Care Business	\$ 62.27	\$ 62.27
Cat. 8: Ski Lift Company*	\$ 9,285.22	\$ 2,827.68
Cat. 9: Temporary	\$ 62.27	\$ 62.27
Cat. 10: Non-Profit	\$ 62.27	\$ 62.27
Total Estimated Revenue	\$40,122	

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

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

Business License Fee	Option C		Current Fees	2021 Max Fees (draft)	
	First Application	Second Application		First Application	Second Application
Cat. 1: Hotels >20 rooms*	\$ 224.75	\$ 224.75	\$ 224.75	\$ 2,405.61	\$ 1,114.10
Cat. 2: Hotels 10-20 rooms	\$ 62.27	\$ 62.27	\$ 224.75	\$ 62.27	\$ 62.27
Cat. 3: Lodging <10 rooms	\$ 62.27	\$ 62.27	\$ 154.00	\$ 62.27	\$ 62.27
Cat. 4: Prop. Management, Transportation, Business & Personal Services	\$ 62.27	\$ 62.27	\$ 128.00	\$ 62.27	\$ 62.27
Cat. 5: Retail & General Services	\$ 89.02	\$ 89.02	\$ 154.00	\$ 89.02	\$ 89.02
Cat. 6: Restaurant/Cafeteria/Bar	\$ 99.64	\$ 99.64	\$ 184.75	\$ 99.64	\$ 99.64
Cat. 7: Day Care Business	\$ 62.27	\$ 62.27	\$ 169.75	\$ 62.27	\$ 62.27
Cat. 8: Ski Lift Company*	\$ 295.00	\$ 295.00	\$ 295.00	\$ 9,285.22	\$ 2,827.68
Cat. 9: Temporary	\$ 62.27	\$ 62.27	\$ 35.00	\$ 62.27	\$ 62.27
Cat. 10: Non-Profit	Exempt	Exempt	Exempt	\$ 62.27	\$ 62.27
Total Estimated Revenue	\$9,910				

Estimated revenue in all options based on the number of 2020 business license applications in each category.