
SALT LAKE CITY COUNCIL STAFF REPORT

DATE: May 23, 2006

SUBJECT: **Proposed Business License Fee Adjustments
Increase of \$1,323,379**

AFFECTED COUNCIL DISTRICTS: Citywide

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ADMINISTRATIVE DEPT. Management Services

AND CONTACT PERSONS: Gordon Hoskins, Finance Director; Mary Beth Thompson, Accountant

KEY ELEMENTS:

The House Bill 98 of the 1997 Legislature required that municipal license fees be reasonably related to the costs of the services provided (UCA 10-1-203). The legislation requires cities to analyze their business license fees and separate the fees into three categories:

1) Fees reflecting the cost of licensing, inspection, and related administrative costs:

- a. Including the "Base Fee" that is charged to every business. (Currently \$70 for a regular business and \$50 for a home-based business; proposed to move to \$95 for a regular business and \$90 for a home-based business.) The base fee is charged to all businesses in the City and includes the actual direct costs associated with providing a business license:
 - i. Total Business License Division costs
 - ii. Basic fire inspection
 - iii. Fire administrative costs
- b. Including the costs pertaining to the regulation of certain types of businesses (special regulatory).
- c. It should be noted that some of the businesses would only be charged the "Base Fee" in this category, and others may also be charged the "Special Regulatory Fee."

2) Fees relating to any disproportionate cost of services:

- a. Charged to certain businesses which, by the nature of their business, create increased demands on City services, particularly Police and Fire services.
- b. Businesses that create disproportionate costs range from automobile dealers and clothing stores to banks and grocery stores. Electronic goods sales also have disproportionate costs (the complete list is included in the ordinance under Schedule 2) while sexually oriented businesses and alcohol businesses are not charged disproportionate costs. The Administration is proposing not charging disproportionate fees to businesses that pay regulatory fees.
- c. A portion of the cost of disproportionate services could not be allocated methodically to any specific business classification. This cost was allocated to all businesses in the form of an employee fee that is based on the total number of employees working in the City.

3) Fees relating to enhanced level of services:

The City does not assess any fees relating to an enhanced level of service.

The legislation requires that a cost analysis be made at least every five years. The Administration recently updated the analysis and is proposing adjustments to business license fees. The City has discretion in how the fees are assessed. The Administration's proposal is referred to by the Administration as a "hybrid" because the Administration evaluated each category and is recommended a focus on special regulatory fees in some cases and in disproportionate costs of services fees in others. Because this issue is complex, the Administration will be prepared to make a presentation at the Council's briefing session.

MATTERS AT ISSUE:

Business license fees have not been updated since June 2000. City service costs have increased during the past five years because of city employee salary adjustments and other inflation related expenses. Some costs determined by the study are quite different from the last study because city procedures have changed or because the study methodology is more precise. The budget for business license fees for the current fiscal year (2005-06) was \$5,088,300. The Administration is projecting growth of \$142,000. Additional revenue from the proposed fee adjustments is forecasted to be \$1,323,400, which is an increase in revenue of 26% over fiscal year 2005-06. Of this amount, approximately 12% is attributable to inflation (CPI) since the last fee adjustment, according to the study assumptions.

A previous City Council in 1999 set two basic policies relating to business license fees: (1) regulatory fees were to be set to recover 75% of actual costs, and (2) each regulatory fee would not be increased by more than 100% in any one year. The proposed ordinance reflects some major policy shifts including:

- Disproportionate service fee has been added to those businesses that do not pay regulatory fees.
- Regulatory fees are set to recover one of three cost recovery rates (50%, 75%, or 100%) depending on the amount of disproportionate service costs.
- Regulatory fees were increased by the average consumer price index over the past five years (12%) if 50% of cost recovery would have more than doubled the regulatory fee.
- Non-profit 501c3-type organizations will be required to obtain a business license.

Proposed fees:

- a. Base fee: A base fee is an annual business license fee per place of business covering the costs of licensing, inspection, and related administrative costs. The base license fee is proposed to increase from \$70 to \$95 (36% increase), and the base fee for a home occupation license is proposed to increase from \$50 to \$90 (80% increase). The City currently has 11,178 non-home occupation licenses and 2,477 home occupation licenses. Each \$5 increase to the base fee for non-home occupation license results in \$55,890 of additional revenue. Each \$5 increase to the base fee for home occupation license results in \$12,385 of revenue.

- b. Regulator fees: Certain business license applications require additional processing activities such as criminal background checks, and interviews. Some businesses require ongoing regulatory services to insure legal compliance and public safety. The Administration is proposing adjustments to regulatory fees both up and down based on the study of actual direct costs. Some regulatory fees need to be eliminated because the City doesn't provide any additional regulatory services. See "regulatory fees" section on attached list of proposed business license fees (Exhibit 1).
- c. Disproportionate service fees: Some businesses, by the nature of the business, create increased demand on the City's Police and Fire Departments. The study determined that a disproportionate level of police and fire/medical municipal services are provided to certain businesses in comparison with the level of services provided to other businesses and to residents within the City. The Administration grouped and allocated costs for services that could be specifically identified into common business classifications. Where the costs can be specifically identified, licensing fees are proposed to recover a portion of these costs. See "disproportionate fees" on the attached list of proposed business license fees (Exhibit 1). See section "f" below for a discussion on the proposed percentage of cost recovery.
- d. Employee fee: A portion of the cost of disproportionate services could not be allocated methodically to any specific business classification. This cost was allocated to all businesses in the form of an employee fee that is based on the total number of employees working in the City. The fee per employee is proposed to increase from \$10 to \$14. There are currently 133,200 employees reported to the City for business license purposes. For each \$1 increase to the fee, the forecasted revenue is \$133,200 for a total increase of \$532,800.
- e. Decreases in some fees: The study indicates that for about 30 types of businesses current fees are in excess of actual costs. State law requires that licensing fees be reasonably related to the costs of the services provided. The Administration is proposing that some fees be reduced, which equates to about \$190,000 of revenue. Among the fees proposed to be reduced is the per-unit fee for licensing housing apartments; to be reduced from \$12 per unit to \$7 per unit for a decrease in revenue of \$98,000. Since there are 21,400 apartment units licensed, each \$1 change in the fee represents \$21,400. The Council may wish to ask the Administration for some of the justification to reduce the fee since the actual regulatory costs for apartments is \$15 per unit according to the study. (Note: There are disproportionate costs for police and fire services in addition to the \$15 regulatory costs.)

- f. Percent of cost recovery: In the past the City has not charged a separate licensing fee for disproportional costs except for a fee per employee. The Administration is now proposing to recover a portion of disproportional costs based on the following table. The first two columns relate to disproportional cost recovery. In some cases only a small fraction of the City's costs are proposed to be recovered.

In the past the City has generally set regulatory fees to recover 75% of costs. The Administration's new proposal contains three cost recovery percentages (50%, 75%, 100%) based on the amount of disproportionate costs. (See column three.) However, some regulatory fees are proposed to increase only 12% because the regulatory fee would more than double at a 50% level. The 12% increase was based on CPI since the last fee adjustment.

Proposed Recovery of Service Costs		
Disproportionate Cost Range	Proposed Disproportionate Cost Recovery	Proposed Percent of Regulator Cost Recovery
\$0-99	\$15	50%
\$100-199	\$20	50%
\$200-299	\$25	50%
\$300-399	\$35	50%
\$400-499	\$45	50%
\$500-599	\$55	75%
\$600-699	\$65	75%
\$700-799	\$75	75%
\$800-899	\$85	75%
\$900-999	\$95	75%
\$1000-1999	\$100	100%
\$2000-2999	\$120	100%
\$3000-3999	\$130	100%
\$4000-4999	\$140	100%
\$5000-9999	\$150	100%
\$10000-	\$200	100%

Council Members may wish to note that an additional \$75,000 could be gained if those fees that are proposed at the 12% increase level were instead set at the 75% cost recovery with no fee being set at more than doubled the current fee. Further, an additional \$80,000 of revenue could be achieved by setting rates to recover at least 75% of costs rather than recovering only 50%. The additional revenue from these changes could be used to reduce the base fee or fee per employee.

Comparisons with other cities:

The Administration made a comparison of the proposed fees with certain other Utah cities. You will note from the attached comparison schedule (Exhibit 2) that Salt Lake City's proposed base fee is greater than most all of the other cities while some regulatory or disproportionate fees are below what other cities charge and some fees are above what other cities charge. Most other cities haven't updated their cost studies for several years, which could be part of the reason for the lower fees.

Business Community Input:

The study and business license fee proposal was not finalized until a couple of weeks before the Mayor presented his budget. The Administration did not obtain input or feedback from the Business Advisory Board, Vest Pocket Coalition or others in the business community. The Council may wish to ask whether the Administration has had the opportunity to obtain feedback from the business community.

Hazardous materials permit fees:

The Administration is proposing a separate fee ordinance for services performed by the Fire Prevention Bureau. The cost study for these fees analyzed both direct costs and portions of costs from throughout the city that have been allocated to the Fire Prevention Bureau. The Administration did not follow the policy set by the previous Council of charging 75% of costs and not increasing any fee more than 100% in any one year. The Council may wish to determine whether it supports the approach established by the previous Council and apply the approach consistently to the hazardous materials fees. The proposed ordinance includes some services for which fees were not assessed in the past (i.e. open burning, flame effects, assembly, trade show, suppression/detection/alarm systems, and hot works operations. As a result of the business license cost study, any costs relating to the fire hazardous inspection services have been removed from the regular business licensing fee ordinance. A listing of the fees comparing the current charge with the proposed charge is included on Exhibit 3.

Revenue from fire permits is forecasted to increase from \$171,000 to \$447,224, which is a 162% increase in fire permit fee revenue. This is not the true increase for the general fund as a whole since part of the Fire Prevention Bureau costs were included in the previous study for setting business licensing regulatory fees. The proposed fees have been set to recover 100% of costs. Some of the fees will more than double. If fees were set so that fees didn't increase more than double than forecasted revenue would have to be decreased by \$195,000. For example, the fee for a fire incident report is proposed to increase from \$15 to \$95. The Council may wish to ask the Administration for more information about the charge for the fire incident report, and whether this report is similar in any way to a police incident report. Further the Council may wish to ask whether it would be considered public information under the City's GRAMA ordinance and would be subject to a fee such as those charged for other public records. In speaking with the Fire Department, staff understands that it is a one-hour process, performed by an office staff person.

Recommendation #104 of the Council's recent audit of the Fire Department related to these fees. The auditors recommended fees for additional services that the Fire Department is performing. The proposed ordinance adds an additional seven new fees. The Council may wish to ask whether fees should be established for any additional fire inspection services. The auditors also recommended evaluating the feasibility of Building & Licensing Services issuing all licenses and permits. The Council may wish to ask the Administration whether the fire inspection applications and payment of fees can be handled at the same time as the application for a business license at the City's Business License Office. This consolidation could be similar to the proposed building permit one-stop shop.

It should be noted that the Council staff has requested information from the Administration on whether the fees for Fire Department plan review should be charged , given that the Administration is proposing to fulfill that function at the permit one-stop shop rather than in the Fire Department. Staff has not received a written response, but a number of conversations have been held.

OPTIONS:

- The Council may wish to consider approving the business license fee ordinance as proposed.
- The Council may wish to increase or decrease some of the proposed fees or change the overall cost recovery percentage amount.
- The Council may wish to defer action on the business license fee schedule until the Administration obtains business community input and to give the Council and Administration time to fine tune the proposal. Perhaps a Council subcommittee could work with the Administration to refine the proposed fees.

Note: The non-taxi ground transportation inspection fees are not included in the proposed business license revenue or in police revenue. The Administration hasn't concluded its analysis of where these ground transportation background checks will be handled. An ordinance adopted last year provides that a fee of \$75 (\$100 beginning December 8, 2006) is to be paid by ground transportation drivers at the time the application is filed. The Council may wish to ask the Administration whether the City is providing background checks on non-taxi ground transportation drivers and whether the fee per the ordinance is being charged and collected.

CHRONOLOGY:

- February 1997 - The State Legislature passed a bill that required municipal license fees to be related to municipal costs. The Administration formed a team to review and analyze costs associated with licensing and regulating businesses.
- January 1998 - The Council adopted an amendment to the business license fee ordinance adjusting the fees. The Council requested that the Administration continue its study of the costs of services provided compared to regulatory fees charged.
- November 1998 - The Administration completed a second study of costs associated with business licenses, and the Council adopted an amendment to the business license fee ordinance adjusting the fees.
- June 1999 - The Administration updated business license fees in connection with the annual recommended budget. The Council adopted some fee adjustments.
- June 2000 - The Administration updated business license fees in connection with the recommended budget for fiscal year 2000-01. The Council again adjusted and updated some license fees.
- May 2006 - The Administration completed a new study of the costs associated with business licenses and forwarded a proposed ordinance amendment to the City Council in connection with the mayor's recommended budget.

Exhibit 1

PROPOSED BUSINESS LICENSE FEE ADJUSTMENTS									
	Number of Businesses	Number of Units	Actual Costs	Current Fees	Proposed Fees	Increase (Decrease)	Percent Change	Increase Decrease) Revenue	
BASE FEE:									
Non-Home Occupation License	11178		\$ 189	\$ 70	\$ 95	\$ 25	35%	\$ 274,395	per business
Home Occupation License	2477		180	50	90	40	80%	99,491	per business
EMPLOYEE FEE:									
Employees - Full Time		116953	502	10	14	4	40%	467,812	per employee
Employees - Part Time		16251	502	10	14	4	40%	65,004	per employee
REGULATORY FEE:									
ALCOHOL LICENSES									
Beer Class A, i.e., sold by grocery/convenience	158		1,746	190	217	27	14%	4,266	per license
Beer Class B, i.e., served in restaurants	195		1,617	150	315	165	110%	32,241	per license
Beer Class C, i.e., bars, lounges, and taverns	26		785	252	160	(92)	-36%	(2,391)	per license
Beer Class D Special Events	53		744	150	129	(21)	-14%	(1,097)	per license
Beer Class E - recreation facilities/arenas	10		881	170	233	63	37%	626	per license
Beer Class F Brew Pubs and Microbreweries	1		213	150	107	(43)	-29%	(43)	per license
Beer- Government	5		133	150	66	(84)	-56%	(418)	per license
Seasonal Beer License	1		704	150	100	(50)	-34%	(50)	per license
Liquor Consumption, i.e., mixed drinks/wine	256		801	150	12	(138)	-92%	(35,261)	per license
AUCTION									
Auction Business	8		303	150	66	(84)	-56%	(668)	per business
Auctioneer		20	222	80	111	31	38%	615	per license
TOWING AND WRECKING									
Automobile Towing and Wrecking	42			80	-	(80)		(3,360)	per business
HOUSING									
Apartments	1494	21424	136	12	7	(5)	-38%	(98,174)	per unit
Hotels/Motels	76	10904	59	3	5	2	55%	17,839	per room
Rooming and Boarding Houses	26	462	53	3	13	10	317%	4,400	per room
RV Parks and Campgrounds	6	222	20	2	-	(2)		(444)	per space
SECOND HAND									
CD Exchange Stores	12		954	300	309	9	3%	111	per business
Computer Exchange Stores	1		468	300	66	(234)	-78%	(234)	per business
Pawnbrokers	14		20,445	1,000	1,118	118	12%	1,646	per business
Antique Dealers	19		775	-	220	220		4,176	per business
Other Used Merchandise	32		468	-	66	66		2,127	per business
SEXUALLY ORIENTED									
Outcall Agencies	14		7,316	800	894	94	12%	1,317	per agency
Outcall Employees-								-	
Renewal Escorts		52	1,839	600	671	71	12%	3,668	per employee
New Escorts		1	1,906	600	671	71	12%	71	per employee
Non Escort Employees		44	222	140	156	16	12%	724	per employee
Seminude Dance Bar	4		331	290	324	34	12%	136	per business
Seminude Dance Agency	4		2,759	290	324	34	12%	136	per agency
SOB Employees-								-	
Dancers		121		160	179	19	12%	2,276	per employee
SOB Adult Business	0		288	290	324	34	12%	-	per business
SOB Nude Entertainment Business	0		288	300	335	35	12%	-	per business
SOB Nude Entertainment Agency	0		2,759	300	335	35	12%	-	per business
SOB Adult Photography Business	0		288	140	156	16	12%	-	per business
SOB Transfers	0		222	140	156	16	12%	-	per business
SOLICITORS									
Solicitors	0		133	80	66	(14)	-17%	-	per business
Sidewalk Vending/Snow Cart	36		284	70	142	72	103%	2,593	per business
Ice Cream Vendors	6		284	-	142	142		852	per business
Pedicabs	0		284	-	142	142		-	per business
TRANSPORTATION OF PERSONS									
Taxi Cab Companies:	5							-	
Taxi Cabs & Limousines		278	94		-	-		-	per vehicle
Certificate of Convenience		5	1,935	100	112	12	12%	-	per business
Other Ground Transportation	89		1,557	-	-	-		-	per business
Courtesy Vehicle Service		0		-	-	-		-	per vehicle
Medical-related Transportation	3							-	
vehicles		15	69	-	35	35		520	per vehicle
certificate of convenience	3		1,935	100	112	12	12%	35	per business
Horse Drawn Carriage Businesses	2		69	40	66	26	66%	53	per business
carriages		19		-	35	35		659	per carriage
certificate of convenience	2			100	112	12	12%	24	per business

Exhibit 1

	Number of Businesses	Number of Units		Current Fees	Proposed Fees	Increase (Decrease)	Percent Change	Increase Decrease) Revenue	
MISCELLANEOUS								-	
Class A-Private Club, i.e., country clubs	1		315	\$ 330	\$ 158	\$ (172)	-52%	\$ (172)	per business
Class B-Private Club, i.e., fraternal club	3		315	330	158	(172)	-52%	(517)	per business
Class C-Private Club, i.e., dining club	8		315	330	158	(172)	-52%	(1,379)	per business
Class D-Private Club, i.e., drinking club	82		819	330	237	(93)	-28%	(7,667)	per business
Class E- Private Club, i.e., special events	0		133	-	66	66		-	per business
Tobacco License- includes Grocery, Bars, etc.	216		854	30	-	(30)	-100%	(6,480)	per business
Businesses with Amusement Devices/Billiards	147		123	30	-	(30)	-100%	(4,410)	per business
Amusement Devices/ Billiards		773	2	2	2			-	per device
Locksmiths	4		133	-	111	111		443	per business
Dance Hall	46		143	80	66	(14)	-17%	(623)	per business
Motion Picture/Theater	7		1,564	80	100	20	25%	140	per business
Live Entertainment/Concerts	107		174	70	66	(4)	-5%	(379)	per business
Fireworks - Outside	13			60	25	(35)	-59%	(459)	per business
Dating and Marriage	0			80	111	31	38%	-	per business
DISPROPORTIONATE FEE:								-	
501C3-type organizations: shelters, etc.	28		200	-	200	200		5,600	per business
Air Transportation Services Including Airlines	50		150	-	150	150		7,500	per business
All Other Retail/Wholesale Sales	1043		35	-	35	35		36,505	per business
All Other Services	3333		20	-	20	20		66,660	per business
Automobile Dealers	79		45	-	45	45		3,555	per business
Automobile Parts Sales	121		100	-	85	85		10,285	per business
Automobile Rental Agencies	27		20	-	20	20		540	per business
Automobile Repair	203		45	-	45	45		9,135	per business
Automobile Towing and Wrecking	47			80	15	(65)	-81%	(3,055)	per business
Banks	78		100	-	100	100		7,800	per business
Businesses with Amusement Devices/Billiards	147			30	20	(10)	-33%	(1,470)	per business
Child Care Facilities	29		100	-	100	100		2,900	per business
Clothing Sales	221		75	-	75	75		16,575	per business
Construction Businesses	318		20	-	20	20		6,360	per business
Convalescent Home/ Retirement	16		120	-	120	120		1,920	per business
Dance Hall (Renewal)	30		20	80	15	(65)	-81%	(1,950)	per business
Dry Cleaning and Laundry	72		100	-	100	100		7,200	per business
Electronic Goods Sales	67		150	-	120	120		8,040	per business
Engineering	150		20	-	20	20		3,000	per business
Furniture Sales	123		120	-	45	45		5,535	per business
Gasoline Stations	0		120	-	120	120		-	per business
Grocery and Convenience Stores	0		100	-	100	100		-	per business
Hardware Sales	82		100	-	100	100		8,200	per business
Health Care Facilities incl Hospitals	578		35	-	35	35		20,230	per business
Interior Design Businesses	117		20	-	20	20		2,340	per business
Janitorial Businesses	186		55	-	55	55		10,230	per business
Lawyers	409		15	-	15	15		6,135	per business
Limousine Companies	32			-	15	15		480	per business
Live Entertainment/Concerts (Renewal)	89			70	15	(55)	-79%	(4,895)	per business
Manufacturing Businesses	501		35	-	35	35		17,535	per business
Motion Picture/Theater (renewal)	47			80	75	(5)	-6%	(235)	per business
Other Ground Transportation ; includes Buses a	89			-	100	100		8,900	per business
Real Estate Businesses	380		15	-	15	15		5,700	per business
Restaurants, including Cafeterias.	0		75	-	75	75		-	per business
RV Parks and Campgrounds	6	222		2	20	18	900%	3,996	per space
Shipping Companies	91	582	35	-	35	35		3,185	per business
Sporting Goods Sales	268		35	-	35	35		9,380	per business
Storage Services	62		45	-	45	45		2,790	per business
Taxi Cab Businesses	5			-	15	15		75	per business
Tobacco License- includes Grocery, Bars, etc.	216			30	85	55	183%	11,880	per business
Various Business Services	1653			-	20	20		33,060	per business
Wholesale Gas and Oil (natural resources)	26		20	240	20	(220)	-92%	(5,720)	per business

Exhibit 2

**Salt Lake City Current Fees compared to Other Utah Localities
(November 2005)**

	Current SLC Fee	Proposed SLC Fee	West Valley City	Murray City	Sandy City	Ogden City	South Jordan City	Draper City	South Salt Lake City	Midvale City
BASE FEE:										
Non-Home Occupation License	\$ 70	\$ 95	\$ 85	\$ 100		\$ 83		\$ 75	\$ 85	\$ 75
Under \$50,000 Gross Revenue					50					
\$50,000 or more Gross Revenue					120					
Commercial Base Rate 1 to 5 employees							78			
Commercial Base Rate 5 to 10 employees							78			
Commercial Base Rate 11 to 50 employees							103			
Commercial Base Rate 51 to 250 employees							155			
Commercial Base Rate 251 to 500 employees							258			
Commercial Base Rate 500+ employees							309			
Home Occupation License	50	90	50	100		83	45	60	40	40
Under \$50,000 Gross Revenue					75					
\$50,000 or more Gross Revenue					90					
EMPLOYEE FEE:										
Employees	10	14	6	6	11			7	6	5
0-250 employees							3			
251 or more employees							1			
SPECIAL REGULATORY AND DISPROPORTIONATE FEES:										
ALCOHOL LICENSES										
Beer Class A, i.e., sold by grocery and convenience stores	190	217	500	200	108	1,152	258	350	300	80
Beer Class B, i.e., served in restaurants	150	315	500	500	492	492	309	600	500	400
Beer Class C, i.e., bars and taverns	150	160	500	500	180	520	412	350	750	400
Beer Class D Special Events	150	129	500	100	300	267		\$100-\$300	100	400
Beer Class E	170	233		100	207	98	515	\$100-\$300		400
Beer Class F Brew Pubs and Microbreweries	150	107	1,310	500		378		350		400
Seasonal Beer License	150	100		100		267				
Liquor Consumption, i.e., mixed drinks/wine	150	12	500			83			400	400
AUCTION										
Auction Business	150	66				105				50
Auctioneer	80	111							\$25/day	
TOWING AND WRECKING										
Automobile Towing and Wrecking	80	-		150		105				
HOUSING										
Apartments	12	7	60	6	17			\$75 plus \$3/unit	25	7
One dwelling unit						184				
Two dwelling units						133				
Three or more dwelling units						91				
Hotels/Motels	3	5	\$910/bus	\$250/bus	\$551/bus	\$105/ business				
Rooming and Boarding Houses	3					\$105/ house				
RV Parks and Campgrounds	2	-	52			65		\$1/lot	25	
SECOND HAND										
CD Exchange Stores	300	309	310			105				
Computer Exchange Stores	300	66	310			105				
Pawnbrokers	1,000	1,118	810	200	210	891	438		300	250
Antique Dealers	-	220	310	100		105				

Exhibit 2

Other Used Merchandise	-	66	310	100		105				
	Current SLC Fee	Proposed SLC Fee	West Valley City	Murray City	Sandy City	Ogden City	South Jordan City	Draper City	South Salt Lake City	Midvale City
SEXUALLY ORIENTED										
Outcall Agencies	800	894		500	1,000	560	2,060	600	600	
Outcall Employees	600	671		250	300	83		300	300	50
Seminude / Nude Dance Agencies	290	324		500	1,000	560	2,060	300	300	
SOB Employees-Dancers	160	179		250	300	83		200	200	50
SOLICITORS										
Solicitors	80	66	115			105	65	100	80	50
Sidewalk Vending/Snow Cart (new)	70	142						100		
TRANSPORTATION OF PERSONS										
Taxi Cab	-	-				105				\$35/veh
Certificate of Convenience	100	112								
MISC										
Class A-Private Club, i.e., country clubs	330	158								
Class B-Private Club, i.e., fraternal club	330	158	1,310	500	520	253	284	1,000		125
Class C-Private Club, i.e., dining club	330	158	1,310	500	520	253	284	1,000		125
Tobacco. Includes Grocery, Bars, Private Clubs, Hotels & Motel	30	-	\$910/bus	\$200/bus		\$105/bus		15	30	
Businesses with Amusement Devices and/or Billiards	30	-		\$150/bus	\$497/bus	\$105/bus	\$1324/bus		\$30/dev	35
Amusement Devices/ Billiards	2	2								
Locksmiths	-	111								75
Dance Hall	80	66				105			30/ day	
Motion Picture/Theater	80	100			331	105		\$100/ screen	\$100/ screen	
1-500 Seats										115
501-949 Seats										230
950 or more Seats										345
Live Entertainment/Concerts	70	66				105				
OTHER										
Automobile Repair	-	45		300		105				60
Banks	-	100				216				
Construction Businesses	-	20	85		80	105				300
Convalescent Home/ Retirement	-	120		250	386	105				\$40/room
Engineering	-	20				105				
Fireworks	60	685		160		21		325	120	325
Gasoline Stations	-	120	\$1310/bus	\$200/bus	\$473/bus	\$105/ business		\$60 plus \$2.50/pump	\$25/pump	5
Grocery and Convenience Stores; includes gasoline with conver	-	100	1,310		473	885				480
Health Care Facilities incl Hospitals	-	35		450	386	105				\$40/room
Interior Design Businesses	-	35				105				
Lawyers	-	15				105				
Manufacturing Businesses	-	35	85			105				
Real Estate Businesses	-	15				105				
Restaurants, including Cafeterias.	-	75	85			225				480
Storage Services	-	45		150		105		\$1/unit		\$5/unit
Wholesale Gas and Oil Businesses (natural resource businesse	60	20				105				
All Other Retail/Wholesale Sales	-	35	85			245				
All Other Services	-	20	85			105				

Exhibit 3

Proposed Fire Prevention Fees				
Business Type	Annual Number of Inspections	Actual Cost per Business (Ceiling)	Current Fees per Bus. (Fire)	Proposed fees
General - minimal use and/or storage	256	\$391	\$125	\$390
Storage Sites - warehouses, fuel storage for generators	97	\$440	\$125	\$440
Tank Inspections	21	\$587	\$250	\$585
Gas Stations	102	\$367	\$175	\$365
Large Dispensing Sites - wholesale gas & oil.	26	\$587	\$175	\$585
Production	26	\$685	\$250	\$685
Fireworks Public Display Outdoor	30	\$685	\$350	\$685
Fireworks Public Display Indoor	13	\$489	\$150	\$485
Fireworks Public Display Delta Center	1	\$685	\$100	\$685
State Licence Health Care	82	\$489	\$50	\$485
Hospitals	4	\$685	\$400	\$685
Lock Box - small	16	\$130	\$30	\$130
Lock Box - large	16	\$230	\$130	\$230
UFIR - Utah Fire Incident Report	67	\$98	\$15	\$95
Re-Inspections	430	\$245	\$0	\$240
Blasting	2	\$587	\$500	\$585
High Rise	34	\$880	\$350	\$880
Open Burning	New	\$391		\$390
Flame effects before an Audience	New	\$293		\$290
Temporary structures, tents, canopies	New			\$400
Place of assembly (fee based on square feet)	New			\$300-\$1250
Exhibit and trade shows (fee based on square feet)	New			\$175-\$700
Suppression, alarm or detection system installation	New			10% of system cost
Hot works operations	New			\$300

SALT LAKE CITY ORDINANCE

No. _____ of 2006

(Amending Schedule 1 Business Licensing Regulatory Fees and Other Business Licensing Fees,
and Enacting Schedule 2 Business Licensing Disproportionate Fees)

AN ORDINANCE AMENDING SCHEDULE 1 OF TITLE 5, *SALT LAKE CITY CODE*,
RELATING TO ADDITIONAL REGULATORY FEES FOR CERTAIN CLASSES OF
BUSINESSES, SECTION 5.04.070, *SALT LAKE CITY CODE*, RELATING TO LICENSE
FEES LEVIED, SECTION 5.05.130, *SALT LAKE CITY CODE*, RELATING TO
APPLICATION FEES—FOR CERTIFICATE OR CERTIFICATE OF ADDITIONAL
AUTHORITY, AND SECTION 5.05.135, *SALT LAKE CITY CODE*, RELATING TO FEES
PERTAINING TO CERTIFICATES OF PUBLIC CONVENIENCE AND NECESSITY, AND
ENACTING SCHEDULE 2 OF TITLE 5, *SALT LAKE CITY CODE*, RELATING TO
DISPROPORTIONATE FEES FOR CERTAIN CLASSES OF BUSINESSES.

NOW, THEREFORE, be it ordained by the City Council of Salt Lake City, Utah:

SECTION 1. That Schedule 1 of Title 5, *Salt Lake City Code*, pertaining to additional
regulatory fees for certain classes of business be, and the same hereby is, amended to read as
follows:

SCHEDULE 1

The following classes of businesses, listed with their subclasses and city object codes, shall be
charged the following annual regulatory fees, ~~in addition to the base license fee and the per~~
~~employee fee, due to their receiving a disproportionate level of city services, as provided in~~
~~section 5.04.070 of this title, or its successor section.~~ The listed fee includes the charge for one
background check where required. For each additional background check per business there shall
be a fee of one hundred and thirty-three ~~thirty-eighty~~ dollars (~~\$133.00~~~~80.00~~).

Classes And Subclasses Of Businesses	City Object Code	Additional Disproportionate Regulatory Fee
1. Pawnshop and secondhand dealer		
PAWNBROKER	120523	
Disproportionate Fee per business		\$1,000.00 <u>1,118.00</u>
SECONDHAND COMPACT DISK EXCHANGE DEALER		
Disproportionate Fee per business		300.00 <u>309.00</u>
SECONDHAND COMPUTER EXCHANGE DEALER		
Disproportionate Fee per business		300.00 <u>66.00</u>
<u>ANTIQUE DEALER</u>		
Fee per business		<u>220.00</u>
<u>OTHER USED MERCHANDISE</u>		
Fee per business		<u>66.00</u>
2. Transportation vehicles		
<u>CERTIFICATE OF PUBLIC CONVENIENCE & NECESSITY</u>		
Fee per business (new application)		<u>112.00</u>
Fee per business (renewal)		<u>112.00</u>
<u>HORSE DRAWN CARRIAGE</u>	120726	
Disproportionate Fee per vehicle/business		40.00 <u>66.00</u>
Fee per carriage authorized under certificate		<u>35.00</u>
<u>TRANSPORTATION OF DISABLED PERSONS</u>		

	<u>Fee per vehicle authorized under certificate</u>	<u>35.00</u>
3.	Apartments	
	APARTMENT UNITS	120444
	Disproportionate F fee per rental unit	12.00 <u>7.00</u>
4.	Class A beer alcohol related business	120301
	Disproportionate F fee per <u>business</u> license	190.00 <u>217.00</u>
5.	Class B beer alcohol related business	120322
	Disproportionate F fee per <u>business</u> license	150.00 <u>315.00</u>
6.	Class C beer alcohol related business	120323
	Disproportionate F fee per <u>business</u> license	252.00 <u>160.00</u>
7.	Class D <u>beer</u> special events	
	Disproportionate F fee per event	150.00 <u>129.00</u>
8.	Class E beer alcohol related business	120304
	Disproportionate F fee per <u>business</u> license	170.00 <u>233.00</u>
9.	<u>Class F b</u> Brew <u>pub</u> ery/microbrewery alcohol related business	120318
	Disproportionate F fee per <u>business</u> license	150.00 <u>107.00</u>
10.	<u>Seasonal beer</u>	
	<u>Fee per license</u>	<u>100.00</u>
11.	<u>Class A private club</u>	
	<u>Fee per business</u>	<u>158.00</u>
1012.	Class B p Private clubs class B alcohol related business	120309
	Disproportionate F fee per business	330.00 <u>158.00</u>

11 13.	Class C p Private clubs-class C alcohol related business	1203 10
	Disproportionate F fee per business	330.00 158.00
13.	Temporary alcohol related business	1203 05
	Disproportionate fee per business	150.00
14.	Class D private club	237.00
15.	Class E private club	66.00
12 16.	Liquor consumption	1203 27
	Disproportionate F fee per business license	150.00 12.00
14 17.	Government owned alcohol related business	1203 44
	Disproportionate F fee per business	150.00 66.00
15 18.	Auctioneer	1205 03
	Disproportionate F fee per auctioneer	80.00 111.00
16 19.	Auction	
	AUCTION HOUSE-TRANSIENT	1205 05
	Disproportionate F fee per business, per day	150.00 66.00
	(See Temporary merchant)	
17.	Vehicle towing and wrecking	
	AUTO TOWING	1205 06
	AUTO WRECKING	1205 07
	Disproportionate fee per business	40.00
18 20.	Room rental (other than apartments)	
	BOARDING HOUSE	1204 04

	Disproportionate fee per rental unit	3.00
	HOTEL	120426
	Disproportionate Fee per rental unit	3.00 <u>5.00</u>
	MOTEL	120427
	Disproportionate Fee per rental unit	3.00 <u>5.00</u>
	<u>BOARDING AND ROOMING HOUSE</u>	120428
	Disproportionate Fee per rental unit	3.00 <u>13.00</u>
1921.	Entertainment	
	CONCERT	120808
	Disproportionate Fee per exhibition room	70.00 <u>66.00</u>
	THEATER-LIVE	120819
	Disproportionate Fee per exhibition room	80.00 <u>66.00</u>
	THEATER MOTION PICTURE	120820
	Disproportionate Fee per screen	80.00 <u>100.00</u>
	LIVE ENTERTAINMENT	120519
	Disproportionate Fee per exhibition room	70.00 <u>66.00</u>
	DANCE HALL	120512
	Disproportionate Fee per room	80.00 <u>66.00</u>
2022.	Dating/marriage	120538
	Disproportionate Fee per business	80.00 <u>111.00</u>
2123.	Fireworks	
	FIREWORKS-INSIDE	120543

	FIREWORKS-OUTSIDE	120545	
	Disproportionate Fee per location	60.00	<u>25.00</u>
22.	Gas/oil		
	SERVICE STATION	120429	
	Disproportionate fee per vehicle fuel dispensing point	60.00	
	WHOLESALE OIL	120437	
	Disproportionate fee (total per year)	240.00	
	WHOLESALE GAS	120438	
	Disproportionate fee (total per year)	1,200.00	
23.	Tobacco related	120433	
	Disproportionate fee per business	30.00	
24.	Sexually oriented		
	ADULT BUSINESS	120555	
	Disproportionate Fee per business	290.00	<u>324.00</u>
	SEMINUDE DANCING BAR	120557	
	Disproportionate Fee per business	290.00	<u>324.00</u>
	SEXUALLY ORIENTED BUSINESS OUTCALL AGENCY	120560	
	Disproportionate Fee per businessagency	800.00	<u>894.00</u>
	NUDE ENTERTAINMENT BUSINESS	120563	
	Disproportionate Fee per business	600.00	<u>335.00</u>
	NUDE AGENCY	120566	
	Disproportionate Fee per business	600.00	<u>335.00</u>

SEMINUDE DANCE AGENCY	120567
Disproportionate Fee per business	290.00 <u>324.00</u>
2525. Sexually oriented	
ADULT EMPLOYEE (NON-ESCORT)	120556
Disproportionate Fee per employee	140.00 <u>156.00</u>
SEMINUDE NONPERFORMER	120559
Disproportionate fee per employee	140.00
SEXUALLY ORIENTED BUSINESS OUTCALL	120562
NONPERFORMER (NON-ESCORT)	
Disproportionate Fee per employee	140.00 <u>156.00</u>
NUDE NONPERFORMER	120565
Disproportionate fee per employee	140.00
DANCE NONPERFORMER	120559
Same as Seminude Nonperformer	140.00

2626. Sexually oriented

The fee contained in this section shall be prorated as follows: If 180 days or fewer remain before the employer's license expires, the fee shall be 50 percent of the full fee. If 181 days or more remain before the employer's license expires, the full fee shall be charged.

SEMINUDE PERFORMER EMPLOYEE	120568
Same as Seminude Dance Performer	
NUDE PERFORMER EMPLOYEE	120564
Disproportionate Fee per nude/seminude performer	160.00 <u>179.00</u>

	SEMINUDE DANCE PERFORMER	120568
	Disproportionate F fee per nude/seminude performer	160.00 <u>179.00</u>
2727.	Sexually oriented business	
	The fee contained in this section shall be prorated as follows: If 180 days or fewer remain before the employer's license expires, the fee shall be 50 percent of the full fee. If 181 days or more remain before the employer's license expires, the full fee shall be charged.	
	SEXUALLY ORIENTED BUSINESS OUTCALL	120561
	PERFORMER (ESCORT)	
	Disproportionate F fee per outcall performer	600.00 <u>671.00</u>
2828.	Sexually oriented	
	SEXUALLY ORIENTED BUSINESS TRANSFER	120599
	Disproportionate F fee per performer transfer	70.00 <u>156.00</u>
2929.	Sexually oriented business	
	PHOTOGRAPHY, ADULT	120724
	Disproportionate regulatory F fee per photographer	140.00 <u>156.00</u>
30.	Nonalcohol private club	
	CARD CLUB	120509
	Disproportionate fee per business	80.00
	PRIVATE CLUB CLASS A	120308
	Disproportionate fee per business	80.00
3130.	Solicitor	120529
	Disproportionate F fee per individual	80.00 <u>66.00</u>

~~32. Temporary merchant~~

~~TEMPORARY MERCHANT 120532~~

~~Disproportionate fee per day 150.00~~

~~TEMPORARY MERCHANT SPONSOR 120541~~

~~Disproportionate fee per day 120.00~~

~~33. Temporary merchant participant~~

~~TEMPORARY MERCHANT PARTICIPANT 120542~~

~~Disproportionate fee per participant 20.00~~

3431. Amusement devices/billiards

AMUSEMENT DEVICES 120801

Fee per device 2.00

BILLIARDS 120803

Disproportionate Fee per device 2.00

32. Miscellaneous

ICE CREAM VENDORS

Fee per business 142.00

LOCKSMITHS

Fee per business 111.00

PEDICABS

Fee per business 119.00

SIDEWALK VENDING/SNOW CART

Fee per business 142.00

SECTION 2. That Section 5.04.070, *Salt Lake City Code*, pertaining to license fees levied be, and the same hereby is, amended to read as follows:

5.04.070 License Fees Levied:

A. **Fees For Businesses Located In The City:** There is levied upon the business of every person engaged in business in the City at a place of business within the City, an annual business license fee per place of business. The amount of the fee shall be the base license fee imposed under subsection B of this Section, plus:

1. The regulatory fee imposed under subsection C of this Section, if applicable; and
 2. The disproportionate impact fee imposed under subsection ~~D~~E of this Section, if applicable;
- and
23. The enhanced services fee imposed under subsection ~~D~~E of this Section, if applicable.

B. **Base License Fee:** The base license fee levied and imposed, covering licensing, inspection, and related administrative costs shall be as follows:

1. Home occupation businesses: ninety~~five~~ dollars (\$90.00~~\$50.00~~).
2. Nonhome occupation businesses: ninety-five~~seventy~~ dollars (\$95.00~~\$70.00~~).

C. **Regulatory Fee:** The regulatory fee levied and imposed, for indirect cost associated with doing business within the City, covering licenses listed under Schedule I of this title shall be as set forth thereunder.

~~E~~D. **Disproportionate Costs:**

1. It is determined by the City Council that a disproportionate level of Municipal services are provided to certain businesses within the City in comparison with that level of services provided to other businesses and to residences within the City, based on additional services provided to

such businesses and on disproportionate use of police, fire, transportation, and street maintenance services and the additional costs associated with increased usage of public facilities by employees.

2. The fee determined to be related to the disproportionate costs of such Municipal services is: a) ~~fourteen~~ fourteen dollars (\$~~14.00~~14.00) per employee for each and every full-time and part-time employee exceeding one, engaged in the operation of said business, based upon the "number of employees" defined in Section 5.02.005 of this Title or its successor, plus b) a designated disproportionate fee for the applicable businesses as set forth in Schedule 21 of this Title and made a part hereof by this reference.

~~DE~~. **Enhanced Services:** It is determined by the City Council that Municipal services are provided to businesses within the Central Business District and the Sugar House Business District, as defined in the Zoning Ordinance, at a level which exceeds other geographic areas of the City. No enhanced service fee shall be charged said businesses at the present time.

~~EE~~. **Multiple Rental Dwellings:** An owner of multiple rental dwellings within the City shall be required to obtain one base license and to pay one base license fee for the operation and maintenance of all such rental dwellings plus a regulatory fee for disproportionate costs of regulation as set forth in subsections B and ~~DE~~ of this Section.

~~FG~~. **Fee For Businesses Located Outside The City:** There is levied upon every person engaged in business in the City, not having a place of business in the City, and not exempt as provided by Section 5.04.040 of this Article, or its successor, the same license fee as if such place of business were located within the corporate limits of Salt Lake City.

GH. **Nonrefundable Application Fee:** In the event any initial or renewal business license application is denied by the City or is withdrawn by the applicant, the City shall be entitled to retain the sum of thirty five dollars (\$35.00) as a nonrefundable business license application fee from any license fees paid or payable to the City, unless another nonrefundable business license application fee is otherwise provided for under the ordinances of the City.

HI. **Renewal Notices:** Any notice or renewal reminder provided by the City in connection with this Section may be sent by ordinary mail, addressed to the address of the business as shown on the records of the City's licensing office, or, if no such address is shown, to such address as the licensing office is able to ascertain by reasonable effort. Failure of a business to receive any such notice or reminder shall not release such business from any fee or any penalty, nor shall such failure operate to extend any time limit set by the provisions of this Chapter.

SECTION 3. That Section 5.05.130, *Salt Lake City Code*, pertaining to application fees—for certificate of or certificate of additional authority be, and the same hereby is, amended to read as follows:

5.05.130 Application Fees-For Certificate Or Certificate Of Additional Authority:

An application for a certificate of public convenience and necessity or an application for a certificate of additional authority hereunder shall be accompanied by a payment of a fee of one hundred and twelve dollars (\$112~~00~~.00), the same to be applied toward payment of the costs of hearings and proceedings on same. If the costs to the City of such hearings and proceedings exceed one hundred dollars (\$100.00), the applicant shall reimburse the City for such excess. If the cost is less than one hundred dollars (\$100.00), the City shall refund the difference to the

~~applicant after the final conclusion of such hearings and proceedings.~~ Said fee shall be in addition to the fees required to be paid under Section 5.05.135 of this Article, or its successor.

SECTION 4. That Section 5.05.135, *Salt Lake City Code*, pertaining to fees related certificates of public convenience and necessity be, and the same hereby is, amended to read as follows:

5.05.135 Fees:

No certificate shall be issued or continued in operation unless the holder thereof has paid the annual City base license fee, the ~~annual~~ City regulatory fees for the business, as set forth in Schedule 1 of this Title, and any fees for the business and for each vehicle authorized under a certificate of public convenience and necessity as set forth in Section 5.04.070 of this Division, or its successor section and any other fees or charges established by proper authority and applicable to the holder or to those vehicles under the holder's operation and control.

SECTION 5. That Schedule 2 of Title 5, *Salt Lake City Code*, pertaining to disproportionate fees for certain classes of business be, and the same hereby is, enacted to read as follows:

SCHEDULE 2

The following businesses shall be charged the following disproportionate fees, in addition to the base license fee and the per employee fee, due their receiving a disproportionate level of city services, as provided in Section 5.04.070 of this Title or its successor section.

<u>Disproportionate</u>	
<u>Businesses</u>	<u>Fee</u>
<u>AIRLINES AND AIR TRANSPORTATION SERVICES</u>	

Fee per business 150.00

ALL OTHER SERVICES – AS CATEGORIZED BY THESE NORTH AMERICAN

INDUSTRIAL CLASSIFICATION SYSTEM (“NAICS”) CODES 20.00 per business

3231 Printing & Related Support Activities
4541 Electronic Shopping & Mail-Order Houses
4542 Vending Machine Operators
4543 Direct Selling Establishments
4921 Couriers
5111 Newspaper/Periodical/Book/Database Publishers
5131 Radio & Television Broadcasting
5133 Telecommunications
5142 Data Processing Services
5241 Insurance Carriers
5322 Consumer Goods Rental
5412 Accounting/Tax Prep/Bookkeeping/Payroll Services
5414 Specialized Design Services
5415 Computer Systems Design Services
5416 Management, Sci & Tech Consulting Services
5419 Other Professional/Scientific/Technical Service
5611 Office Administrative Services
5612 Facilities Support Services
6117 Educational Support Services
7112 Spectator Sports
7113 Promoters Of Entertainment Events
7114 Agents/Managers For Artists & Other Public Figure
7115 Independent Artists, Writers & Performers
7139 Other Amusement & Recreation Industries
8129 Other Personal Services
31142 Fruit & Veg Canning, Pickling & Drying
32311 Printing
33271 Machine Shops
42145 Metal Service Centers & Offices
45122 Prerecorded CD/Tape/Record Reproducing
45421 Vending Machine Operators
45439 Other Direct Selling Establishments
48421 Used Household & Office Goods Moving
48849 Other Road Transportation Support Activities
51111 Newspaper Publishers
51112 Periodical Publishers
51113 Book Publishers
51224 Sound Recording Studios
51322 Cable & Other Program Distribution
51334 Satellite Telecommunications
51412 Libraries & Archives
51421 Data Processing Services
52222 Sales Financing

52231	<u>Mortgage & Non-mortgage Brokers</u>
52239	<u>Other Credit Intermediation Activities</u>
52311	<u>Investment Banking & Securities Dealing</u>
52314	<u>Commodity Contracts Brokerage</u>
52393	<u>Investment Advice</u>
52421	<u>Insurance Agencies & Brokerages</u>
52591	<u>Open-End Investment Funds</u>
52592	<u>Trusts, Estates & Agency Accounts</u>
53112	<u>Lessors Of Nonresidential Bldg (Exc Mini-warehouse)</u>
53119	<u>Lessors Of Other Real Estate Property</u>
53212	<u>Truck, Utility Trailer & RV Rental & Leasing</u>
53223	<u>Video Tape & Disk Rental</u>
53249	<u>Other Commercial/Industrial Equip Rental/Lease</u>
54121	<u>Accounting/Tax Prep/Bookkeeping/Payroll Services</u>
54131	<u>Architectural Services</u>
54132	<u>Landscape Architectural Services</u>
54135	<u>Building Inspection Services</u>
54137	<u>Surveying/Mapping (Exc Geophysical) Services</u>
54143	<u>Graphic Design Services</u>
54149	<u>Other Specialized Design Services</u>
54151	<u>Computer Systems Design & Related Services</u>
54161	<u>Management Consulting Services</u>
54162	<u>Environmental Consulting Services</u>
54169	<u>Other Scientific & Technical Consulting Services</u>
54171	<u>R&D In Physical, Engineering & Life Sciences</u>
54172	<u>R&D In Social Sciences & Humanities</u>
54181	<u>Advertising Agencies</u>
54182	<u>Public Relations Agencies</u>
54184	<u>Media Representatives</u>
54186	<u>Direct Mail Advertising</u>
54191	<u>Marketing Research & Public Opinion Polling</u>
54192	<u>Photographic Services</u>
54193	<u>Translation & Interpretation Services</u>
54194	<u>Veterinary Services</u>
56111	<u>Office Administrative Services</u>
56131	<u>Employment Placement Agencies</u>
56132	<u>Temporary Help Services</u>
56133	<u>Employee Leasing Services</u>
56142	<u>Telephone Call Centers</u>
56144	<u>Collection Agencies</u>
56145	<u>Credit Bureaus</u>
56151	<u>Travel Agencies</u>
56152	<u>Tour Operators</u>
56159	<u>Other Travel Arrangement & Reservation Services</u>
56162	<u>Security Systems Services</u>
56171	<u>Exterminating & Pest Control Services</u>
56173	<u>Landscaping Services</u>
56174	<u>Carpet & Upholstery Cleaning Services</u>
56179	<u>Other Services To Buildings & Dwellings</u>

56192 Convention & Trade Show Organizers
56199 All Other Support Services
61161 Fine Arts Schools
61162 Sports & Recreation Instruction
62141 Family Planning Centers
62411 Child & Youth Services
62419 Other Individual & Family Services
71113 Musical Groups & Artists
71131 Promoters Of Entertainment Events W/Facility
71132 Promoters Of Entertainment Events W/O Facility
71141 Agents/Managers For Artists & Other Public Figures
71151 Independent Artists, Writers & Performers
71394 Fitness & Recreational Sports Centers
71395 Bowling Centers
71399 All Other Amusement & Recreation Industries
72232 Caterers
72233 Mobile Food Services
81142 Reupholster & Furniture Repair
81211 Hair, Nail & Skin Care Services
81219 Other Personal Care Services
81221 Funeral Homes
81222 Cemeteries & Crematories
81231 Coin-Operated Laundries & Drycleaners
81291 Pet Care (Except Veterinary) Services
81292 Photofinishing
81293 Parking Lots & Garages
81299 All Other Personal Services
81391 Business Associations
92216 Fire Protection
92412 Administration Of Conservation Programs
92615 Reg/License/Inspect - Misc Commercial Sectors
115115 Farm Labor Contractors & Crew Leaders
233110 Land Subdividers And Developers (Except Cemeteries)
323113 Commercial Screen Printing
323116 Manifold Business Form Printing
326212 Tire Retreading
511199 All Other Publishers
512191 Teleproduction & Other Postproduction Services
513322 Cellular & Other Wireless Telecommunications
513390 Communication Services
514191 On-Line Information Services
522291 Consumer Lending
523210 Securities Exchanges
523999 Miscellaneous Financial Investment Activities
524292 Insurance & Pension Funds, Third Party Admin
524298 All Other Insurance Related Activities
531311 Residential Property Managers
531312 Nonresidential Property Managers
532292 Recreational Goods Rental

541191 Title Abstract & Settlement Offices
 541211 Offices Of Certified Public Accountants
 541213 Tax Preparation Services
 541214 Payroll Services
 541219 Other Accounting Services
 541380 Assaying Services
 541511 Custom Computer Programming Services
 541513 Computer Facilities Management Services
 541519 Other Computer Related Services
 541612 Human Res & Exec Search Consulting Services
 541613 Marketing Consulting Services
 541614 Process, Phys Dist & Log Consulting Services
 541618 Other Management Consulting Services
 541921 Photography Studios, Portrait
 541922 Commercial Photography
 541940 Veterinary Services
 551112 Offices Of Other Holding Companies
 551114 Corp, Subsidiary & Regional Managing Offices
 561439 Other Business Service Centers (Incl Copy Shops)
 561492 Court Reporting & Stenotype Services
 561499 All Other Business Support Services
 561510 Travel Agencies
 561611 Investigation Services
 561612 Security Guards & Patrol Services
 561621 Security Systems Services, (Except Locksmiths)
 561730 Landscape & Horticultural Services
 562111 Solid Waste Collection
 611512 Flight Training
 611691 Exam Preparation & Tutoring
 621511 Medical Laboratories
 711211 Sports Teams And Clubs
 811192 Carwashes
 812111 Barber Shops
 812112 Beauty Salons
 812113 Nail Salons
 812199 Other Personal Care Services
 812921 Photofinishing Laboratories (Except One-Hour)

AMUSEMENT DEVICES AND/OR BILLIARDS

Fee per business	20.00
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AUTOMOBILE DEALERS

Fee per business	45.00
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AUTOMOBILE PARTS SALES

Fee per business 85.00

AUTOMOBILE RENTAL AGENCY

Fee per business 20.00

AUTOMOBILE REPAIR

Fee per business 45.00

AUTOMOBILE TOWING AND WRECKING

Fee per business placed on police rotation 15.00

Fee per business not placed on police rotation 15.00

BANKS

Fee per business 100.00

CHILD CARE FACILITIES

Fee per business 100.00

CLOTHING SALES – AS CATEGORIZED BY THESE NORTH AMERICAN INDUSTRIAL

CLASSIFICATION SYSTEM (“NAICS”) CODES 75.00 per business

4223 Apparel, Piece Goods & Notions Whsle
44813 Children's & Infants' Clothing Stores
44815 Clothing Accessories Stores
4481 Clothing Stores
4521 Department Stores
45211 Department Stores
452110 Department Stores
44814 Family Clothing Stores
81143 Footwear & Leather Goods Repair
44811 Men's Clothing Stores
44819 Other Clothing Stores
4482 Shoe Stores
44821 Shoe Stores
448150 Women's Accessory Stores
44812 Women's Clothing Stores
315212 Women's/Girls'/Infants' Cut/Sew Apparel Contr

CONSTRUCTION

Fee per business 20.00

CONVALESCENT OR RETIREMENT HOME

Fee per business 120.00

DANCE HALL

Fee per business (renewal only) 15.00

DRY CLEANING AND LAUNDRY

Fee per business 100.00

ELECTRONIC GOODS SALES

Fee per business 120.00

ENGINEERING

Fee per business 20.00

FURNITURE SALES

Fee per business 45.00

GASOLINE STATIONS

Fee per business 120.00

GROCERY AND CONVENIENCE STORES – AS CATEGORIZED BY THESE NORTH

AMERICAN INDUSTRIAL CLASSIFICATION SYSTEM (“NAICS”) CODES

100.00 per business

- 445299 **All Other Specialty Food Stores**
- 44512 **Convenience Stores**
- 4224 **Grocery & Related Product Whsle**
- 44511 **Grocery (Except Convenience) Stores**
- 4451 **Grocery Stores**

GROUND TRANSPORTATION – AS CATEGORIZED BY THESE NORTH AMERICAN
INDUSTRIAL CLASSIFICATION SYSTEM (“NAICS”) CODES 100.00 per business

- 485999 All Other Transit & Ground Passenger Trans
- 485113 Bus & Other Motor Vehicle Transit System
- 4859 Other Transit & Ground Passenger Transportation
- 48599 Other Transit & Ground Passenger Transportation

HARDWARE SALES – AS CATEGORIZED BY THESE NORTH AMERICAN INDUSTRIAL
CLASSIFICATION SYSTEM (“NAICS”) CODES 100.00 per business

- 44413 Hardware Stores
- 42171 Hardware Whsle
- 4217 Hardware, & Plumb & Heating Equip & Sup Whsle
- 44411 Home Centers
- 4213 Lumber & Other Construction Materials Whsle
- 42131 Lumber, Plywood, Millwork & Wood Panel Whsle
- 42139 Other Construction Material Whsle

HEALTHCARE FACILITIES AND HOSPITALS – AS CATEGORIZED BY THESE NORTH
AMERICAN INDUSTRIAL CLASSIFICATION SYSTEM (“NAICS”) CODES

35.00 per business

- 62139 All Other Health Practitioners' Offices
- 621999 All Other Misc Ambulatory Health Care Services
- 62199 All Other Ambulatory Health Care Services
- 6221 General Medical & Surgical Hospitals
- 62211 General Medical & Surgical Hospitals
- 62131 Offices Of Chiropractors
- 6212 Offices Of Dentists
- 62121 Offices Of Dentists
- 62132 Offices Of Optometrists
- 6213 Offices Of Other Health Practitioners
- 62133 Offices Of Other Mental Health Practitioners
- 6211 Offices Of Physicians
- 62111 Offices Of Physicians
- 621111 Offices Of Physicians (Exc Mental Health)

621112 Offices Of Physicians, Mental Health
621391 Offices Of Podiatrists
62134 Offices Of Pt/Ot/Speech Therapy & Audiology

INTERIOR DESIGN

Fee per business 20.00

JANITORIAL BUSINESS

Fee per business 55.00

LAWYER

Fee per business 15.00

LIMOUSINE COMPANIES

Fee per business 15.00

LIVE ENTERTAINMENT/CONCERTS

Fee per business (renewal only) 15.00

MANUFACTURING BUSINESS

Fee per business 35.00

PRE-ARRANGED GROUND TRANSPORTATION PROVIDERS

Fee per business 100.00

REAL ESTATE BUSINESS

Fee per business 15.00

RESTAURANTS AND CAFETERIAS

Fee per business 75.00

RETAIL/WHOLESALE SALES – AS CATEGORIZED BY THESE NORTH AMERICAN

INDUSTRIAL CLASSIFICATION SYSTEM (“NAICS”) CODES 35.00 per business

45299 All Other General Merchandise Stores
453998 All Other Misc Store Retailers (Exc Tobacco)
445299 All Other Specialty Food Stores
45392 Art Dealers
445291 Baked Goods Stores
42281 Beer & Ale Whsle
441222 Boat Dealers
451211 Book Stores
45121 Book Stores & News Dealers
4512 Book, Periodical & Music Stores
42292 Book, Periodical & Newspaper Whsle
44313 Camera & Photographic Supplies Stores
4226 Chemical & Allied Products Whsle
42152 Coal & Other Mineral & Ore Whsle
8113 Commercial Equipment (Exc Auto & Elec) R&M
81131 Commercial Equipment (Exc Auto & Elec) R&M
811212 Computer & Office Machine R&M
42143 Computer & Peripheral Equip & Software Whsle
3341 Computer & Peripheral Equipment Mfg
33411 Computer & Peripheral Equipment Mfg
445292 Confectionery & Nut Stores
44612 Cosmetics, Beauty Supplies & Perfume Stores
4222 Drugs & Druggists' Sundries Whsle
42221 Drugs & Druggists' Sundries Whsle
4541 Electronic Shopping & Mail-Order Houses
45411 Electronic Shopping & Mail-Order Houses
4225 Farm Product Raw Material Whsle
44221 Floor Covering Stores
4531 Florists
45311 Florists
81143 Footwear & Leather Goods Repair
44523 Fruit & Vegetable Markets
448190 Furriers & Fur Apparel Stores
42241 General Line Grocery Whsle
45322 Gift, Novelty & Souvenir Stores
1114 Greenhouse, Nursery & Floriculture Production
4224 Grocery & Related Product Whsle
4461 Health & Personal Care Stores
454311 Heating Oil Dealers
45112 Hobby, Toy & Game Stores
42122 Home Furnishing Whsle
42183 Industrial Machinery & Equipment Whsle
42184 Industrial Supplies Whsle
42184 Jewelry Stores
42194 Jewelry/Watch/Precious Stone & Metal Whsle
4442 Lawn & Garden Equip & Supplies Stores
44832 Luggage & Leather Goods Stores
4218 Machinery, Equipment & Supplies Whsle
45393 Manufactured (Mobile) Home Dealers

42247 Meat & Meat Product Whsle
 44521 Meat Markets
 42145 Medical/Dental/Hospital Equip & Supp Whsle
 4215 Metal & Mineral (Except Petroleum) Whsle
 4219 Miscellaneous Durable Goods Whsle
 4229 Miscellaneous Nondurable Goods Whsle
 45114 Musical Instrument & Supplies Stores
 44422 Nursery & Garden Centers
 42142 Office Equipment Whsle
 45321 Office Supplies & Stationery Stores
 42146 Ophthalmic Goods Whsle
 44613 Optical Goods Stores
 42149 Other Professional Equipment & Supplies Whsle
 811118 Other Automotive Mechanical & Electrical R&M
 44419 Other Building Material Dealers
 42269 Other Chemical & Allied Products Whsle
 42259 Other Farm Product Raw Material Whsle
 4529 Other General Merchandise Stores
 44619 Other Health & Personal Care Stores
 42199 Other Miscellaneous Durable Goods Whsle
 42299 Other Miscellaneous Nondurable Goods Whsle
 4539 Other Miscellaneous Store Retailers
 81149 Other Personal & Household Goods R&M
 44529 Other Specialty Food Stores
 44412 Paint & Wallpaper Stores
 42295 Paint, Varnish & Supplies Whsle
 4221 Paper & Paper Product Whsle
 45391 Pet & Pet Supplies Stores
 42141 Photographic Equipment & Supplies Whsle
 42231 Piece Goods, Notions & Other Dry Goods Whsle
 334612 Prerecorded Tape, CD & Record Stores
 443112 Radio, Television & Other Electronics Stores
 42193 Recyclable Material Whsle
 42133 Roofing, Siding & Insulation Material Whsle
 42185 Service Establishment Equip & Supplies Whsle
 45113 Sewing, Needlework & Piece Goods Stores
 722213 Snack & Nonalcoholic Beverage Bars
 42212 Stationery & Office Supplies Whsle
 22133 Steam & Air-Conditioning Supply
 42113 Tire & Tube Whsle
 44132 Tire Dealers
 42192 Toy & Hobby Goods & Supplies Whsle

RV PARKS AND CAMPGROUNDS

Fee per business 20.00

SHIPPING COMPANIES – AS CATEGORIZED BY THESE NORTH AMERICAN

INDUSTRIAL CLASSIFICATION SYSTEM (“NAICS”) CODES 35.00 per business

4885 **Freight Transportation Arrangement**
48851 **Freight Transportation Arrangement**
4841 **General Freight Trucking**
48411 **General Freight Trucking, Local**
48412 **General Freight Trucking, Long-Distance**
484122 **General Freight Trucking, Long-Distance, Ltl**
484121 **General Freight Trucking, Long-Distance, TI**

SPORTING GOODS SALES – AS CATEGORIZED BY THESE NORTH AMERICAN

INDUSTRIAL CLASSIFICATION SYSTEM (“NAICS”) CODES 35.00 per business

42191 **Sporting & Recreational Goods & Supply Whsle**
45111 **Sporting Goods Stores**
4511 **Sporting Goods/Hobby/Musical Instrument Stores**

STORAGE SERVICES – AS CATEGORIZED BY THESE NORTH AMERICAN

INDUSTRIAL CLASSIFICATION SYSTEM (“NAICS”) CODES 45.00 per business

49311 **General Warehousing & Storage**
4931 **Warehousing & Storage**

TAXICAB COMPANIES

Fee per business 15.00

THEATER/MOTION PICTURE

Fee per business (renewal only) 75.00

TOBACCO SALES

Fee per business 85.00

VARIOUS BUSINESS SERVICES – AS CATEGORIZED BY THESE NORTH AMERICAN

INDUSTRIAL CLASSIFICATION SYSTEM (“NAICS”) CODES 20.00 per business

541611 Admin & Gen Management Consulting Services
561499 All Other Business Support Services
5614 Business Support Services
56141 Document Preparation Services
492210 Miscellaneous Business Service / Messenger Service
561439 Other Business Service Centers (Incl Copy Shops)
56149 Other Business Support Services
541618 Other Management Consulting Services
61143 Professional/Management Development Training

WHOLESALE GAS AND OIL

Fee per business 20.00

501(C)(3)-TYPE ORGANIZATION

Fee per business 200.00

SECTION 6. This ordinance shall take effect immediately upon the date of its first publication.

Passed by the City Council of Salt Lake City, Utah this _____ day of _____, 2006.

CHAIRPERSON

ATTEST:

CHIEF DEPUTY CITY RECORDER

Transmitted to Mayor on _____.

Mayor's Action: _____Approved. _____Vetoed.

MAYOR

ATTEST:

CHIEF DEPUTY CITY RECORDER

(SEAL)

Bill No. _____ of 2006.

Published: _____.

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ISSUE: BUSINESS LICENSE FEES

POLICY

In 2005, the Administration conducted a review of business license fees as required by state legislation. The study identified the actual costs associated with issuing business licenses.

BACKGROUND

Utah Code 10-1-203 5(a) requires that revenue received from municipal business license fees be based on the costs of the services provided. The law requires a cost analysis every five years. Salt Lake City conducted an analysis to determine costs based on FY 2004 actual costs.

Utah Code requires cities to analyze all business license costs based on the following categories:

- 1) Direct and/or indirect costs - These costs are broken out by (1) costs charged to every business (base fee) and (2) costs pertaining to the regulation of certain types of businesses (special regulatory).
- 2) Disproportionate impact of services - Refers to certain types of businesses which, by the nature of their business, create increased demands on City services, specifically those provided by the Police and Fire Departments.
- 3) Enhanced services costs- Costs associated with providing a higher level of City services above the basic level of services to sections of the municipality.

ANALYSIS

City costs associated with business activities were determined by analyzing direct, indirect and disproportionate activities. The last study, conducted in 1998, was used as a framework for the current study using FY 2004 costs. The analysis resulted in a comprehensive database of fully-loaded costs and includes several process changes that have occurred since 1998. The analysis was fine tuned to create a better framework for the future, as well as a more accurate fee structure for the years to come.

Base Fee Costs

The base license fee is charged to all businesses in the City and consists of the actual direct costs associated with getting a business license. Costs include total Business License Division costs, fire inspection and fire administrative costs.

Special Regulatory Costs

Certain business license applications require additional processing activities such as police service application processing, criminal background checks, interviews, identification photographs, and fingerprints. In addition, these businesses require ongoing dedicated regulatory services performed to insure legal compliance and public safety. The time requirement for these activities was calculated and additional fees are assessed to affected businesses.

Disproportionate Impact Costs

The analysis determined that a disproportionate level of municipal services are provided to certain businesses within the City in comparison with that level of services provided to other businesses and to residences within the City. Costs for such services that could be specifically identified were grouped into common business classifications. These disproportionate costs were allocated to each business class and additional fees were assessed to these classes.

A portion of the cost of disproportionate services could not be allocated methodically to any specific business classification. This cost was, therefore, allocated to all businesses in the form of an employee fee that is based on the total number of employees working in the City.

ALTERNATIVES

Business as Usual

Salt Lake City could continue to charge the same fees as it currently does through business licensing.

This approach does not address the ever-increasing costs of issuing licenses and providing services to City businesses.

Charge a Percentage of Regulatory Costs Only

Salt Lake City could charge a business license fee based on a percentage of special regulatory fees only (i.e. 50%, 75%). This would increase revenue to help offset the costs for these services but does not address the huge disproportionate impact created by certain classes of businesses.

Create a Fee Associated with the Disproportionate Impact

Salt Lake City could adopt a fee schedule based on a range of costs (starting at \$15 and going up to \$200) along with direct/indirect costs, and a Consumer Price Index associated with the current fee charged.

RECOMMENDATION

The Administration recommends a hybrid of the proposals stated in the alternatives. Depending upon the disproportionate impact created, a direct/indirect cost level of 50%, 75%, or 100% of regulatory costs will be applied along with disproportionate costs that have no special regulatory cost associated with that type of business. A per employee fee of \$14 is applied to all businesses. If business types have fees that would increase more than 200%, the CPI will be applied to their current fee.