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# MEMORANDUM

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**DATE:** August 12, 2008  
**TO:** City Council Members  
**FROM:** Jennifer Bruno, Budget & Policy Analyst  
**RE:** Technical Corrections to Ordinance No. 39 of 2008, relating to Business License Base Fee

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## KEY ELEMENTS:

- A. In June of 2008, the Council adopted the annual budget for Fiscal Year 2009. As a part of this budget, revenue was budgeted for that was created by an increase in Business License Fees. Ordinance No. 39, adopted along with other budget-related ordinances, detailed these fee increases.
- B. The ordinance adopted a 10% increase in business license fees across the board. However, the base business license fee, for a home and “regular” (non-home) occupation business, was inadvertently left at the original amount, even though it had been discussed with the Council as a fee that was to be increased.
- C. The current ordinance for Council consideration would correct this issue:

<b>Base Business License Fee</b>		
	<i>Current</i>	<i>Proposed</i>
Home Occupation Business	\$50.00	\$75.00
“Regular” Occupation Business	\$75.00	\$100.00


- D. Revenues from this base fee increase were budgeted at \$380,000. If the Council does not adopt the attached ordinance, the FY 2009 budget would be out of balance.
- E. The Council may wish to have a policy discussion regarding increasing the Home Occupation Business fee. Previous Councils have expressed an interest in keeping this fee at \$50. The Administration has indicated to Council Staff that if the increase is not adopted for the home occupation business, it is not a significant enough revenue figure that the budget would be out of balance. The fee for a home occupation business has not been increased for a number of years.

# SALT LAKE CITY CORPORATION

## COUNCIL TRANSMITTAL



**TO:** David Everitt  **DATE:** July 7, 2008  
Chief of Staff

**FROM:** Steve Fawcett   
Interim Director  
Management Services Department

**SUBJECT:** Making technical corrections to Ordinance No. 39 by amending Salt Lake City Ordinance Section 5.04.070 relating to Business License Base Fee

**STAFF CONTACT:** Gordon Hoskins, Finance Director, 535-6394

**DOCUMENT TYPE:** Salt Lake City Ordinance 5.04.070

**RECOMMENDATION:** That the City Council adopt amendments to Ordinance No. 39 of 2008. This amendment will correct an error made in the ordinance, which set the base fees of Home occupation businesses, and Nonhome occupation businesses. Further the effective date will change from July 1, 2008 to September 1, 2008 to accommodate the billing cycle of Business Licensing.

The Council may want to consider holding the ordinance change public hearing in conjunction with the truth in taxation hearing scheduled on August 12, 2008.

**BUDGET IMPACT:** There will be no budget impact if this correction is adopted. If the correction is not adopted, the balanced budget tentatively adopted by the City Council on June 17, 2008 and set to be ratified with or without changes on August 12, 2008 will be out of balance by \$380,000.

**BACKGROUND/DISCUSSION:** The Ordinance change prepared and sent to City Council in conjunction with the Mayor's Recommended Budget had the incorrect base licensing fees listed. Instead of Section B.1 stating a change from \$50.00 to \$75.00 and Section B.2 stating a change from \$75.00 to \$100.00, the amounts were inadvertently left at the original amounts. This action negatively impacted the recommended revenue budget.

After further review it is determined that an effective date of July 1, 2008 will cause problems with the billing cycle, because licensing fees that are to be renewed in July are billed in May, and so forth. It is necessary to change the effective date to September 1, 2008 to allow for the billing cycle to catch up to the changes. By accruing revenue next year for July and August, which is allowable by accounting rule, this change will have no impact on the budget.

SALT LAKE CITY ORDINANCE  
No. \_\_\_\_\_ of 2008  
(Increase to Business License Base Fees)

AN ORDINANCE AMENDING SECTION 5.04.070 OF THE SALT LAKE  
CITY CODE, RELATING TO BUSINESS LICENSE BASE FEES.

WHEREAS, pursuant to Section 10-1-203(1), Utah Code Ann. (2008),  
municipalities are authorized to license businesses for the purpose of regulation and  
revenue;

WHEREAS, in 2006, the City's finance office conducted a time study of police  
and fire department service calls made by different types of businesses to determine the  
basic level of services provided;

WHEREAS, based on the aforementioned time study, the finance office  
recommends increases to the City's base business license fees to recover the costs of  
providing municipal services to city businesses.

Be it ordained by the City Council of Salt Lake City, Utah:

SECTION 1. That Section 5.04.070 of the Salt Lake City Code, relating to  
business license fees be amended 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 of this section, if applicable; and

3. The enhanced services fee imposed under subsection 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: Seventy-five dollars (\$75.00).

2. Nonhome occupation businesses: One hundred dollars (\$100.00).

C. Regulatory Fee: The regulatory fee levied and imposed, for direct cost associated with doing business within the city, covering licenses listed under schedule 1 of this title shall be as set forth thereunder.

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 fifteen dollars (\$15.00) 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 section.

3. Additional fees for disproportionate costs related to specific business are listed under schedule 2 of this title.

E. 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.

F. 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 as set forth in subsections B and C of this section.

G. 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 section, the same license fee as if such place of business were located within the corporate limits of Salt Lake City.

H. 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.

I. 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 2. That this ordinance shall take effect September 1, 2008.

Passed by the City Council of Salt Lake City, Utah this \_\_\_\_\_ day of \_\_\_\_\_, 2008.

\_\_\_\_\_  
CHAIRPERSON

ATTEST:

\_\_\_\_\_  
CHIEF DEPUTY CITY RECORDER

Transmitted to Mayor on \_\_\_\_\_.

Mayor's Action: \_\_\_\_\_ Approved. \_\_\_\_\_ Vetoed.

\_\_\_\_\_  
MAYOR

\_\_\_\_\_  
CHIEF DEPUTY CITY RECORDER

(SEAL)

Bill No. \_\_\_\_\_ of 2008.

Published: \_\_\_\_\_.

HB\_ATTYY-#4790-v1-amending\_5\_04\_070\_business\_license\_base\_fees

APPROVED AS TO FORM  
Salt Lake City Attorney's Office  
Date 7/2/08  
By [Signature]

SALT LAKE CITY ORDINANCE  
No. \_\_\_\_\_ of 2008  
(Increase to Business License Base Fees)

AN ORDINANCE AMENDING SECTION 5.04.070 OF THE SALT LAKE  
CITY CODE, RELATING TO BUSINESS LICENSE BASE FEES.

WHEREAS, pursuant to Section 10-1-203(1), Utah Code Ann. (2008),  
municipalities are authorized to license businesses for the purpose of regulation and  
revenue;

WHEREAS, in 2006, the City's finance office conducted a time study of police  
and fire department service calls made by different types of businesses to determine the  
basic level of services provided;

WHEREAS, based on the aforementioned time study, the finance office  
recommends increases to the City's base business license fees to recover the costs of  
providing municipal services to city businesses.

Be it ordained by the City Council of Salt Lake City, Utah:

SECTION 1. That Section 5.04.070 of the Salt Lake City Code, relating to  
business license fees be amended 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 of this section, if applicable; and

3. The enhanced services fee imposed under subsection 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: ~~Fifty dollars (\$50.00).~~ Seventy-five dollars (\$75.00).

2. Nonhome occupation businesses: ~~Seventy-five dollars (\$75.00).~~ One hundred dollars (\$100.00).

C. Regulatory Fee: The regulatory fee levied and imposed, for direct cost associated with doing business within the city, covering licenses listed under schedule 1 of this title shall be as set forth thereunder.

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 fifteen dollars (\$15.00) 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 section.



3. Additional fees for disproportionate costs related to specific business are listed under schedule 2 of this title.

E. 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.

F. 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 as set forth in subsections B and C of this section.

G. 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 section, the same license fee as if such place of business were located within the corporate limits of Salt Lake City.

H. 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.

I. 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 2. That this ordinance shall take effect September 1, 2008.

Passed by the City Council of Salt Lake City, Utah this \_\_\_\_\_ day of \_\_\_\_\_, 2008.

\_\_\_\_\_  
CHAIRPERSON

ATTEST:

\_\_\_\_\_  
CHIEF DEPUTY CITY RECORDER

Transmitted to Mayor on \_\_\_\_\_.

Mayor's Action: \_\_\_\_\_ Approved. \_\_\_\_\_ Vetoed.

\_\_\_\_\_  
MAYOR

\_\_\_\_\_  
CHIEF DEPUTY CITY RECORDER

(SEAL)

Bill No. \_\_\_\_\_ of 2008.

Published: \_\_\_\_\_.

HB\_ATTY-#4790-v1-amending\_5\_04\_070\_business\_license\_base\_fees

SALT LAKE CITY ORDINANCE  
No. \_\_\_\_\_ of 2008  
(Change of Effective Date of Ordinance No. 39 of 2008)

AN ORDINANCE AMENDING THE EFFECTIVE DATE OF ORDINANCE  
NO. 39 OF 2008, WHICH AMENDED SECTION 5.04.070 OF THE SALT LAKE  
CITY CODE, RELATING TO BUSINESS LICENSE REGULATORY FEES AND  
DISPROPORTIONATE COSTS; REVISED SCHEDULE 1 OF TITLE 5 LISTING  
REGULATORY FEES; AND ADOPTED SCHEDULE 2 OF TITLE 5 LISTING FEES  
FOR DISPROPORTIONATE COSTS

WHEREAS, pursuant to Section 10-1-203(1), Utah Code Ann. (2007),  
municipalities are authorized to license businesses for the purpose of regulation and  
revenue;

WHEREAS, the City recently adopted Ordinance No. 39 of 2008, which amended  
Section 5.04.070 of the Salt Lake City Code, relating to business license regulatory fees  
and disproportionate costs; revised Schedule 1 of Title 5 listing regulatory fees; and  
adopted Schedule 2 of Title 5 listing fees for disproportionate costs;

WHEREAS, Ordinance No. 39 of 2008 had an effective date of July 1, 2008;

WHEREAS, to reduce administrative time and costs to the City and to account for  
business license renewal applications for July and August sent prior to the adoption of

Ordinance No. 39 of 2008, the City wishes to change the effective date of said ordinance to September 1, 2008.

Be it ordained by the City Council of Salt Lake City, Utah:

SECTION 1. That Ordinance No. 39 of 2008 is amended to change its effective date to September 1, 2008.

Passed by the City Council of Salt Lake City, Utah this \_\_\_\_\_ day of \_\_\_\_\_, 2008.

\_\_\_\_\_  
CHAIRPERSON

ATTEST:

\_\_\_\_\_  
CHIEF DEPUTY CITY RECORDER

Transmitted to Mayor on \_\_\_\_\_.

Mayor's Action: \_\_\_\_\_ Approved. \_\_\_\_\_ Vetoed.

\_\_\_\_\_  
MAYOR

\_\_\_\_\_  
CHIEF DEPUTY CITY RECORDER

(SEAL)

Bill No. \_\_\_\_\_ of 2008.

Published: \_\_\_\_\_.

HB\_ATTYY-#4785-v1-amending\_ordinance\_39\_of\_2008\_to\_change\_effective\_date

APPROVED AS TO FORM  
Salt Lake City Attorney's Office  
Date 6/2/08  
By [Signature]