



City Council Report

Date: May 21, 2018
To: City Council
Through: Michael Kennington, Chief Financial Officer
From: Ed Quedens, MPA, C.P.M., CPPO, Business Services Director
Subject: Business Services Fees & Charges
(Citywide)

Purpose and Recommendation

The purpose of this report is to consider recommended removal and clarification of several fees and charges in the Business Services Department. The Business Services Department and request Council approval to remove and amend the fees as outlined in this report.

Background

The Business Services Department has multiple responsibilities including revenue processing operations, tax audit and delinquent collections, and business licensing. The department levies fees and charges for certain licenses to conduct business in the City and amends fees based upon changes in Federal, State, and local regulations and other requirements as necessary.

Discussion

Due to an amendment made in May 2015 to City Code Chapter 12, Section 5-12-8 regarding Massage Establishment Operations, the Massage Establishment Manager's License is no longer required. Consequently, the department is removing the fees for applications, licenses, licenses renewal, and late fees pertaining to the Massage Establishment Manager's License.

As of January 1, 2015, the Arizona Department of Revenue (AZDOR) took over the issuance of Transaction Privilege Tax (TPT) licenses. Due to confidentiality guidelines dictated by the U.S. Internal Revenue Service and ADOR, the department is no longer able to disseminate TPT licensing information to the public. Therefore, Transient Privilege License fees, Special Convention Center License fees, and New Business Listing fees are proposed to be removed as they can no longer be levied by the department.

Finally, the department requests clarification of several annual fees to insert a per year requirement in the Unit column of the fee schedule noted as "ONE YEAR." This will help further define annual fees for businesses in the City.

Alternatives

1. Take no action on fees and charges.

Fiscal Impact

There will be no Fiscal Year 2018/19 fiscal impact for the removal or clarification of the fees or charges in this report.

Coordinated With

The recommended fees and charges were coordinated with the City Attorney's Office and the Office of Management and Budget.

Fee Recommendation Schedule

Exhibit A

Department: Business Services Department

| Description of Services | FY17/18 Current Fee | FY 18/19 Proposed Fee | Unit | Total FY 18/19 Fiscal Impact | Notes |
|---|------------------------|--------------------------|----------|---------------------------------|---------------------|
| <u>PRIVILEGE SALES TAX LICENSE</u> | | | | | |
| Annual Renewal | \$20 | \$20 | ONE YEAR | \$0 | Clarifying fee unit |
| Transient Privilege License | \$30 | | | \$0 | Removing fee |
| Special Convention Center license only | \$5 | | | \$0 | Removing fee |
| <u>LIQUOR LICENSE</u> | | | | | |
| Subsequent Years + | | | | | |
| Series 1-4, 8, 11-13 | \$500 | \$500 | ONE YEAR | \$0 | Clarifying fee unit |
| Series 6-7, 9-10 and 14 | \$550 | \$550 | ONE YEAR | \$0 | Clarifying fee unit |
| <u>MASSAGE ESTABLISHMENT MANAGER'S LICENSE</u> | | | | | |
| Per Title 5, Chapter 12, a new license is required for all managers of Massage Establishments. | | | | | |
| Application Fee + | \$50 | | | \$0 | Removing fee |
| License Fee | \$25 | | | \$0 | Removing fee |
| Annual Renewal Fee + | \$25 | | | \$0 | Removing fee |
| Renewal Late Fee | \$15 | | | \$0 | Removing fee |
| <u>PARK AND SWAP</u> | | | | | |
| Annual Renewal Fee + | \$150 | \$150 | ONE YEAR | \$0 | Clarifying fee unit |
| <u>PAWNBROKERS/SECONDHAND DEALERS</u> | | | | | |
| Annual Renewal Fee + | \$100 | \$100 | ONE YEAR | \$0 | Clarifying fee unit |
| <u>TEENAGE DANCE HALL</u> | | | | | |
| Annual Renewal Fee + | \$300 | \$300 | ONE YEAR | \$0 | Clarifying fee unit |
| <u>SEXUAL ORIENTED BUSINESS- EMPLOYEE</u> | | | | | |
| Annual Renewal Fee + | \$50 | \$50 | ONE YEAR | \$0 | Clarifying fee unit |

| | | | | | |
|--|-------|-------|-----------------|------------|----------------------------------|
| <u>FINGERPRINT AND INVESTIGATION FEE</u> | \$25 | \$25 | | \$0 | Removing required business types |
| Required for Fortune Tellers, Pawnbrokers, Peddlers, Sexual Oriented Businesses and Sexual-Oriented Business-Employees | | | | | |
| <u>NEW BUSINESS LISTING</u> | \$25 | | | \$0 | Removing fee |
| Requested for a commercial purpose | | | | | |
| <u>OFF-TRACK BETTING</u> | | | | | |
| Annual Fee + | \$500 | \$500 | ONE YEAR | \$0 | Clarifying fee unit |

Total Estimated Financial Impact: \$0