



TITLE

Business License Fee Program

RECOMMENDATION

Receive Council direction on Business License Program

CONTACT

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BACKGROUND & ANALYSIS

This is a City Council requested item.

Specifically, the City Council directed staff to review the City's 1992 Business License Program to determine whether efficiencies or improvements can be made, specifically related to 1) non-profit organized community special events and 2) generally as it relates to mobile food vendors (i.e. "food trucks".)

TL;DR: A Business License demonstrates an enterprise is operating legally, ensuring legitimate and safe businesses serve the community.

Since December 1992, the Business License (BL) Program has been ensuring businesses comply with County and State regulations. County regulations include permits for the operation of food or drink establishments, agricultural pest control, or weights and measures. State regulations include (retail) sellers permits (ie. "sales tax collector"), alcoholic beverage control, and professional licenses for an array of professional services regulated by the Department of Consumer Affairs and other state agencies.

At the local level, the Program also ensures compliance with zoning requirements and home occupation standards. When the Program was first adopted, there were very few businesses in American Canyon. Over the past 3 decades, staff has assisted hundreds of businesses by guiding them through the various regulatory requirements and the result is the successful commercial landscape that exists today.

The Program generates approximately \$265,000 yearly in processing and licensing fees. Approximately \$40,000 in processing fees recover administrative costs, while the remaining \$225,000 is General Fund revenue used to provide general city services such as law enforcement and park & recreation.

The Program applies to any person or entity who engages in gainful activity business in the City, regardless of profit. The application process is done entirely electronically through the City's Virtual City Hall. The Program does allow for exemptions from license fees (but not the processing fees), but nonetheless, still requires these entities to obtain a BL. Fee exemptions apply in cases such as disabled veterans and non-profit organizations (Attachment 1).

Non-Profit Organized Community Events (Special Events)

The Program requires each vendor have a business license and comply with pertinent regulations. Vendors with a fixed place of business, pay a uniform administrative fee and a license fee of increasing amounts based on gross receipts. Vendors who do not have a fixed place of business pay a uniform "Solicitor/Peddler" license fee of \$200 (instead of the sliding scale based on gross receipts).

As a new city with little commercial enterprise, it's not surprising the inaugural City Council in December 1992 favored fixed places of business, so they established the "Solicitor/Peddler" license fee amount to be equivalent to approximately \$1,000,000 in Gross Receipts. The Council believed this higher license fee would "level the playing field" between fixed business establishments (who have in most cases higher operating costs associated with leases, equipment and utilities) and those more transient enterprises who "come and go" with lower (or non-existent) operating costs.

Although community events have been a fixture in American Canyon since before incorporation, it's unclear why the Council at the time did not include an exemption for the generally transient vendors who participate. More recently, the Program has been met with opposition as it imposes a financial burden to some vendors who only participate in these types of events, in some cases only once per year. Some of the other operational challenges with the current process includes not having an approved list of vendors before events, communications with vendors about requirements from event organizers, and in some cases city staff not aware event vendors will be present.

Staff suggests one option for improving and streamlining the Program would be to still require non-profit organizations to obtain a BL (including the minimal administrative fee, but not the larger the license fee) but allow the participating (for-profit) vendors to operate under that organization's business license (rather than obtain their own). Said differently, vendors themselves would not be required to obtain a BL; instead, the non-profit organizer would be responsible for obtaining a vendor list, ensuring vendors comply with pertinent regulations/permits and provide that information to the city in conjunction with each special event application. Substantial time and

effort can be saved under this new model and not burden individual vendors that normally don't conduct business in the City. To implement this change, a modification to the municipal code would be required and staff seeks Council direction on whether to proceed in this manner.

Of note, businesses operating within the city outside of these events, would still be subject to the BL Program requirements and fees.

Mobile Service Vendors (MSV) - Food Trucks

MSV's such as food trucks are assessed the peddler/solicitor rate. These vendors pay a slightly higher business license fee as it includes a review process that follows operational requirements outlined in the Municipal Code, possession of County Health Permits, verification of motor vehicle permits if applicable and insurance. Operational requirements outline permitted location, days/hours of operation and maximum allowed time at one location.

More recently, the Program has been met with opposition by food trucks who operate regularly in American Canyon, specifically the financial burden cited. MSV's provide additional food choices for residents and customers, particularly in light industrial areas where choices are non-existent, however they possess a competitive advantage over brick-and-mortar restaurants due to lower operating costs. Direction from Council is sought regarding the general application of the peddler/solicitor fee to food trucks. If the Council desires to have reduced fees for food trucks, a more comprehensive review - including input from interested parties such restaurants and commercial shopping center owners - is suggested.

COUNCIL PRIORITY PROGRAMS AND PROJECTS

Economic Development and Vitality: "Attract and expand diverse business and employment opportunities."

FISCAL IMPACT

This item does not have a fiscal impact as it is informational.

ENVIRONMENTAL REVIEW

N/A

ATTACHMENTS:

[Attachment 1 - Section 5.01.060 - City of American Canyon Municipal Code](#)