

City of Minneapolis
Request for Committee Action

To: Ways & Means
Referral to: Community Development & Regulatory Services
Date: 9/21/2015
From: Finance & Property Services
Prepared by: Sandra Christensen, Deputy City Finance Officer; Grant Wilson, Manager of Licenses & Consumer Services; Lee Larson, Finance Administrator, Regulatory Services
Presented by: Lee Larson, Sandy Christensen, Daniel Huff and Grant Wilson
File type: Action
Subcategory: Budget

Subject:
2016 License Fees

Description:
Approving the 2016 License Fee Schedule with no increase from the current 2015 License Fee Schedule.

1. Included in the recommended fees are the:
 - a. Addition of the newly approved tiered rental license fees and
 - b. Deletion of many obsolete business license categories with related fees
2. Continue the review of the various license fees to simplify the structure and administration of the fee schedule and incorporate a cost-recovery financial model. Completion of the fee review initiative has been delayed to 2017 fee setting due to the recent delay of the implementation of the Electronic Land Management System. The project has allowed for a variety of discussions focused on simplifying business and those discussions need to continue before final fee recommendations are made. The proposed improvements may include, but are not limited to:
 - a. Risk-based food license fees
 - b. Pollution control fee revisions to simplify the schedule and incentivize business owners to reduce pollution-causing chemicals
 - c. Stadium food license fees
 - d. Hotel license fees
 - e. Various business license fee revisions for use in the new Electronic Land Management system
 - f. Rounding of license fees to nearest \$5.

Previous Actions:
As part of the 2002 budgetary process the Licenses & Consumer Services division was directed to bring forth a proposal to adjust license fees for inflation costs on a yearly basis.

Ward/Neighborhood/Address:
All Wards

Background/Analysis:

As directed by policy and state and local mandates, the City is required to request Council approval for license fee increases. Under the current recommendation, the License Fee Schedule would not increase effective January 1, 2016. Instead, staff will continue a review of the various license fees with the goal of simplifying the structure and administration of the schedule and allow for cost recovery as part of the City’s implementation of the new land management system and “Business Made Simple” initiative. The proposals would be brought to Council for review prior to incorporation in the 2017 Fee Schedule.

1. Code of Ordinances and State Statutes

MCO 261.60. Annual Fee Adjustment

Prior to September 1 of each year, the appropriate committee of the city council shall conduct a public hearing to consider the adjustment of all license fees for the subsequent calendar year to reflect changes in administrative and enforcement costs in accordance with appropriate economic indicators as determined by the city council or committee.

MN Statute 28A.075 Delegation to Local Board of Health

(c) A fee to recover the estimated costs of enforcement of this chapter must be established by ordinance and must be fair, reasonable, and proportionate to the actual cost of the licensing and inspection services. The fee must only be maintained and used for the estimated costs of enforcing this chapter.

MN Statute 340A.408 Retail License Fees

Subd. 1. 3.2 percent malt liquor.

(a) The license fee for an on-sale and off-sale percent malt liquor license is the fee set by the county or city issuing the license.

Subd. 2. Intoxicating liquor; on-sale.

(a) The license fee for a retail on-sale intoxicating liquor license is the fee set by the city or county issuing the license subject to the limitations imposed under this subdivision. The license fee is intended to cover the costs of issuing and inspecting and other directly related costs of enforcement.

Subd. 3. Intoxicating liquor; off-sale.

(a) The annual license fee for an off-sale intoxicating liquor license issued by a city, when combined with any occupation tax imposed by the city, may not exceed the following limits: (1) \$1,500 for cities of the first class;

Subd. 3a. Fee increases; notice, hearing.

No city, town, or county shall increase the fee for a liquor license governed by subdivision 1, 2, or 3, except after notice and hearing on the proposed increase. Notice of the proposed increase must be mailed to all affected licensees at least 30 days before the date set for the hearing. This subdivision supersedes any inconsistent provision of law or charter.

2. Inflationary Indexes and Fee History

The recent history of changes in license fees is reflected below, along with comparable inflation indices for reference:

	City Fees			Inflation Indices				City Costs ⁽⁴⁾
	General	Taxi	PCAB ⁽¹⁾	Consumer Price Index ⁽²⁾				
				National	Midwest	Mpls/St. Paul	IPD ⁽³⁾	
2010	0.0%	0.0%	0.0%	1.3%	1.5%	1.4%	3.3%	1.5%
2011	1.5%	0.0%	3.0%	2.9%	3.5%	4.1%	2.5%	-0.8%
2012	1.5%	0.0%	3.0%	1.5%	1.8%	1.7%	2.3%	2.7%
2013	0.0%	0.0%	3.0%	1.3%	1.1%	1.8%	1.9%	5.9%
2014	0.0%	0.0%	0.0%	0.4%	1.4%	1.4%	1.5%	8.0%
2015	0.0%	0.0%	0.0%					
Average	3.0%	0.0%	9.3%	7.7%	9.7%	10.8%	10.3%	18.2%

- (1) Pollution Control Annual Billing Fee (PCAB)
- (2) www.bls.gov
- (3) Implicit Price Deflator for State & Local Government Expenditures;
www.bea.gov
- (4) City General fund direct and indirect costs 2009-2013 annual expenditure change.

Financial Review:

Select financial statement.

Future budget impact anticipated.

Enter future budget impact

Approved by the Permanent Review Committee.

Meets Small and Underutilized Business Program goals.

Attachments:

1. License Fee Schedule. xls