



**Request for City Council Committee Action
From the Department of Regulatory Services**

Date August 20, 2008

To CM Don Samuels, Chair of Public Safety and Regulatory Services
Committee

Referral to CM Barbara Johnson, Chair of Ways and Means

Subject: Adjustment of license fees to account for inflationary increase by 3%

Recommendation

That action be taken to increase fees found in Appendix J by 3% for 2009 to account for inflationary increases incurred from 2007 to 2008.

Previous Directives

The action reflects Minneapolis Ordinance 261.60 "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."

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Presenters in Committee Ricardo X. Cervantes, Deputy Director
Licenses and Consumer Services 673-5857

Approved by _____
Ricardo X. Cervantes, Deputy Director

Burt T. Osborne, Director

Rocco Forte, Assistant City Coordinator

Financial Impact (Check those that apply)

No financial impact - or - Action is within current department budget.
(If checked, go directly to Background/Supporting Information)

Action requires an appropriation increase to the Capital Budget

Action requires an appropriation increase to the Operating Budget

Action provides increased revenue for appropriation increase

Action requires use of contingency or reserves

Other financial impact (Explain): \$100,000 to \$150,000 in increased revenue is in the current budget projections.

Community Impact (use any categories that apply)

Neighborhood Notification

City Goals - Five Year Plan

Comprehensive Plan

Zoning Code

Other

Background/Supporting Information

As part of the 2002 budgetary process, the Department of Licenses and Consumer Services was directed to bring forth a proposal to adjust license fees for inflation on a yearly basis. The rationale was to adjust the fees each year, opposed to the sizeable increases as was done in previous years. This proposal was adopted by the City Council, enacted into ordinance, and remains the direction to staff.

The Minneapolis City Ordinances that Govern Fee Increases is as follows:
261.60 Annual fee adjustment. Prior to August 1 of each year, the appropriate committee of the city council shall conduct a 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.

INFLATION INDEXES

Inflation is measured through many indexes, but two are considered commonly known and relevant to this task:

License fees were last adjusted in 2007 to reflect inflationary erosion and increased City costs. The City Council approved a general increase of 3% at that time.

In 2007 the following has occurred:

- The Implicit Price Deflator Index for State and Local Governments has risen 5.6 %

PROJECTED REVENUE

Percentage fee increase

Additional Revenue

3%

\$150,000.00

RECOMMENDATION

That action is taken to increase license fees by 3% to account for inflationary increases during 2007. This action follows the direction of Minneapolis Ordinance 261.60 Annual Fee Adjustment. "Prior to August 1 of each year, the appropriate committee of the city council shall conduct a 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."