



## Request for City Council Committee Action from the Department of Regulatory Services

**Date:** August 5, 2009

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

**Referral to:** CM Ostrow, Chair of Ways and Means Committee

**Subject:** Annual review to consider adjustment of license fees.

**Recommendation:**

That no action be taken to increase fees found in Appendix J for 2010.

**Previous Directives:**

This 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."

**Department Information**

Prepared by: \_\_\_\_\_  
Ricardo Cervantes, Deputy Director, Licenses  
and Consumer Services

Approved by: \_\_\_\_\_  
Rocco Forte, Assistant City Coordinator

Presenters in Committee: Ricardo Cervantes

## **Financial Impact**

No financial impact

## **Community Impact**

City Goals: Premier Destination – Retain and Grow Businesses

## **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**

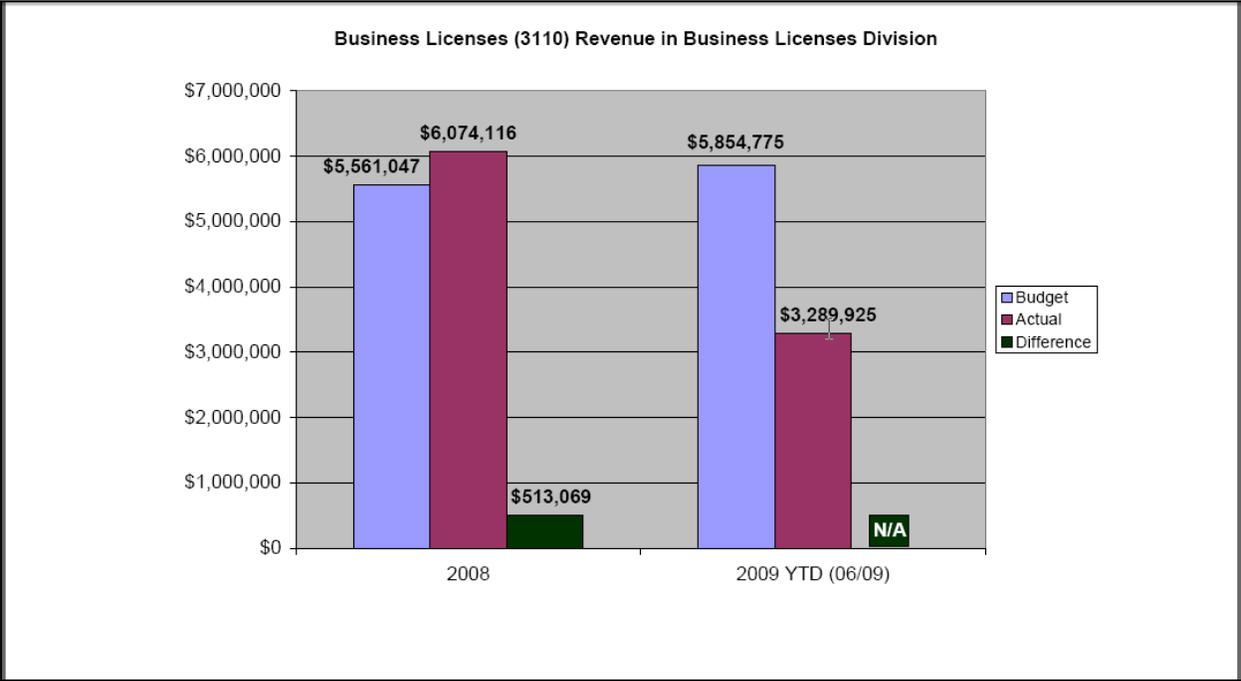
Inflation is measured through many indexes; however, the most fitting index for this purpose is the Consumer Price Index, All Urban Consumers – (CPI-U).

License fees were last adjusted in 2008 for fees payable in 2009. The City Council approved a general increase of 3% at that time.

In 2008 the following has occurred:

- The Consumer Price Index All Urban Consumers – (CPI-U) has increased by only one tenth of one percent, or 0.1%.

Business license revenue (liquor, food, general business, etc.) increased by at least \$500,000 in 2008 due to expanded collection efforts and added licensing. An fee increase at this time would not be merited to reflect changes to administrative and enforcement costs. Clearly this action will support businesses struggling to survive during this period of economic recession as they see other costs in running their business rise. Fees and other operating costs to small businesses are rising, whether they are from government or the costs of goods and services. Not increasing the fees will support businesses as they struggle with the continuing downturn in the economy.



**Recommendation**

Because of the surplus of revenue in 2008 and the minimal change in the CPI, and given that businesses are struggling with rising costs in a bad economy, we recommend no increase in fees at this time.