

CLACKAMAS COUNTY BOARD OF COUNTY COMMISSIONERS

Policy Session Worksheet

Presentation Date: 10/09/18 **Approx. Start Time:** 2pm **Approx. Length:** 30 min

Presentation Title: Business License program discussion

Department: Administration

Presenters: Mary Jo Cartasegna, Commission Policy Advisor
Laura Zentner, Director, Business & Community Services (BCS)
Cheryl Bell, Assistant Director, Department of Transportation and Development

Other Invitees: Catherine Grubowski-Johnson, Economic Development Manager, BCS

WHAT ACTION ARE YOU REQUESTING FROM THE BOARD?

Staff is seeking Board direction on whether to move forward with an in-depth analysis of a business license program in unincorporated Clackamas County.

EXECUTIVE SUMMARY:

Over the past several years, there have been several discussions about the benefits and costs of implementing a business license program in unincorporated Clackamas County. Based on recent direction from the Board during an “issues” discussion on June 19, 2018, staff continued to internally explore the feasibility of a Business License Program.

Presently the County has two main sources of business data, BCS’s Economic Development Division’s annual reports from consultants and monthly reports from the State of Oregon Employment Department Research Division. State Employment Department data for 2016 indicated that there are 15,471 businesses in Clackamas County, 43% (6,680) of which are located in unincorporated Clackamas County.

Potential benefits

Staff believes the implementation of a business license program in unincorporated Clackamas County may provide benefits for both the County as well as for businesses, however to truly understand the impact of such a program, an in-depth study is needed. Such a study could be provided by hiring a consultant to determine the feasibility of a Business License program. The following partial list is based on limited staff discussions:

- Data Source Tool – timely data could provide enhanced tracking tools for Economic Development and other County departments.
- Business Contact Tool – networking tool for community outreach and public relations to unincorporated businesses.
- Coordination Tool - provides a tool for coordination with public safety, development services and code enforcement staff regarding safety, code and zoning requirements.

- Outreach Tool - ability to outreach to existing businesses to foster expanded economic development services.

Costs and fees

Staff also worked on the potential costs and fees associated with such a program. Preliminary research by staff shows that fees could be tiered or stepped based on the size of a business or the amount of county resources devoted to monitoring the business activity. For illustrative purposes only, an annual fee of \$50 would generate approximately \$330,000, assuming 100 percent compliance by the 6,680 unincorporated business noted above.

Staff also gathered preliminary data on the potential costs of such a program. However, after several internal meetings, staff decided that a more in-depth study was needed regarding how the program would operate to accurately provide a cost estimate.

FINANCIAL IMPLICATIONS:

Is this item in your current budget? No

What is the cost? More in-depth analysis needed to determine cost

What is the funding source? Business License Fee

STRATEGIC PLAN ALIGNMENT:

- How does this item align with your Department's Strategic Business Plan goals? NA
- How does this item align with the County's Performance Clackamas goals?

A business license program would support county business development efforts to **Grow a Vibrant Economy**

LEGAL/POLICY REQUIREMENTS:

The County is not required to have any type of business license program. For state agencies, a fee is supposed to be cost neutral. ORS 291.050 (1) "Fee' means an amount imposed and collected by a state agency to defray or recover the costs of administering the law involved in providing a service to the public and used by the state agency to carry out or enforce a law under its jurisdiction." *This definition is not directly applicable to counties but should be used as guidance.*

Public outreach: ORS 294.160 requires Opportunity for public comment on a new fee or fee increase. (1) The governing body of a city, county or other unit of local government shall provide an opportunity for interested persons to comment on the enactment of any ordinance or resolution prescribing a new fee or a fee increase or an increase in the rate or other manner in which the amount of a fee is determined or calculated. (2) Where a local government exercises authority to assume the responsibility for a program delivered by the state, the local government shall provide an opportunity to comment on the difference between the fee amount charged by the state for such service and the proposed local fee for the service.

PUBLIC/GOVERNMENTAL PARTICIPATION:

None to date.

OPTIONS:

Option A: Direct staff to discontinue the exploration of a Business License Program in unincorporated Clackamas County.

Option B: Authorize staff to hire a consultant to do an in-depth study of the feasibility of a business license program in unincorporated Clackamas County and present the findings of the study to the Board at a future Board policy session.

RECOMMENDATION:

Option B.

ATTACHMENTS:

A. Business License Fee Comparison spreadsheet

SUBMITTED BY:

Division Director/Head Approval _____

Department Director/Head Approval _____

County Administrator Approval _____

For information on this issue, please contact Mary Jo Cartasegna @ 503-742-5942

**BUSINESS LICENSE FEE COMPARISON
as of September 2018**

Jurisdiction	Based on FTEs (Yes/No)	License Fee	Notes	Renewal Period
Cities				
Canby	No	\$50 Non-Profits are exempt	Canby uses a software called Caselle . There is 1 FTE that manages this program. They email reminders monthly to those businesses that have licenses expiring.	Annual
Gladstone	Yes	\$100 ½ fee as of July 1		Annual
Happy Valley	No	\$100 \$50 if receipts < \$250k/year \$100 if > \$250k/year for Building Trades/Landscape Contractor Offers \$50 temporary Peddler/Solicitor 10 Day \$100 for Day Care Facility, Rental Property	1 FTE to manage program	Annual
Lake Oswego	Yes	\$80-\$150 1 Week Temporary \$25 2 Week Temporary \$50		Annual
Milwaukie	Yes, flat fee + \$9/FTE	\$130/\$65 ½ fee as of July 1	Milwaukie is using a software called Aha (couldn't find a website) but are looking to move to Energov. There is one FTE to manage the program. Takes a few minutes to get the business info into an excel spreadsheet then pass it on to the Transportation department to review. Total process could take up to two business days. They email and mail all applications/licenses but looking to be electronic only.	Annual

**BUSINESS LICENSE FEE COMPARISON
as of September 2018**

Jurisdiction	Based on FTEs (Yes/No)	License Fee	Notes	Renewal Period
Cities				
Milwaukie (continued)			They also send out annual renewal notices and applications to existing businesses.	
Oregon City	Yes + \$50 Application Fee	\$162-\$606 ½ fee as of July 1	Uses a software called Energov . It takes roughly 20 minutes per transaction. Licenses are mailed out but looking to go completely electronic. There is 1 FTE that manages this program.	Annual
Tualatin	Yes	\$55-\$240 ½ fee as of July 1	1 FTE Uses Springbrook Software Does mail out license	Annual
West Linn	Yes	\$56-\$158 Rates vary for Inside/Outside City Limits		Annual
Wilsonville	Yes, \$100 + \$3.00/FTE in the City Limit	\$50 or \$100 \$50 if < \$12k/year. \$100 if > \$12k/year. Offers a 2-week license for \$25	Wilsonville has one person to process all business registrations.	Annual
Clackamas	No		Issues Home Occupation Permits	
Multnomah	No	\$100 minimum	Taxed at 1.45% to net business income. Funds used for public health, jails operations, and DA	
Washington	No		Issues Home Occupation Permits	

In summary most Cities have a software program they use and are looking to be completely electronic in the future. Some send licenses by mail but most will send them by email unless the business specifically asks for it to be mailed. They do collect data on the number of new businesses, existing businesses, businesses that closed and submit this data monthly or bi-monthly to City Council.