

CLACKAMAS COUNTY BOARD OF COUNTY COMMISSIONERS

Study Session Worksheet

Presentation Date: ~~10/21/14~~ ^{11/4/14} Approx Start Time: ~~11am~~ ^{10:30} Approx Length: 30 minutes

Presentation Title: Business Registration program discussion

Department: Administration

Presenters: Mary Jo Cartasegna, Commissioner Policy Coordinator
Dan Chandler, Strategic Policy Administrator

Other Invitees: Nate Boderman, Assistant County Counsel
Mike McCallister, Planning Director
Catherine Comer, Business & Economic Development Manager

WHAT ACTION ARE YOU REQUESTING FROM THE BOARD?

The desired outcome of this study session is to "take the pulse" of the Board to see if there is a consensus to begin planning efforts for a business registration program in Clackamas County. Staff proposes the following questions for Board discussion:

1. Does the BCC want staff to begin the process of instituting a business registration/licensing program, and if so what is a reasonable timeline?
2. What is the desired goal of a business registration program?
3. Who will a business registration program apply to? All businesses? Are any businesses exempt? How would it affect the County's Home Occupation permit program?
4. Should the program use one general registration fee, or categories?
5. What department will administer the program, Planning or Business & Community Services?

EXECUTIVE SUMMARY:

Over the course of the past several years and again recently, Board members have suggested that the County consider instituting a business registration program. There have been several reasons for the interest:

- A registration program will give us contact information and better data on our businesses.
- A registration program would provide a vehicle to enforce time place and manner restrictions on marijuana dispensaries.

This summer the Board requested that staff come back in a study session to further discuss whether or not to pursue instituting a business registration program.

On September 10, 2014, staff from Administration, County Counsel, BCS, Planning, and PGA met to vet the implementation of a business registration program with the goal of creating a database of information. A business registration program could be a valuable resource, as it would improve community outreach, public relations, and the public well-being by providing businesses with vital information regarding safety, code, life, health, and signage.

From an economic development standpoint, BCS staff has indicated that a business registration program would provide a much-needed tool to track businesses, would provide an accurate employee count, and provide the County with important contact information.

The below list of pros and cons were discussed at the meeting:

PROS

A business registration program:

- Provides a much-needed tool to track businesses. It would enable the County to have vital contact information and an accurate employee count and it would be a valuable resource from an economic development standpoint
- Improves community outreach, public relations, and public well-being by providing businesses with critical information regarding safety, code, life, health, and signage.
- Meets a need as many business owners request a business registration
- Provides a vehicle to enforce time place and manner regulations for marijuana dispensaries.

CONS

A business registration program may:

- Be perceived as another tax and more government regulation
- Create an unknown as to costs to start up and administer the program

FINANCIAL IMPLICATIONS (see Fiscal Impact Form):

The financial implications have yet to be determined and will be established by the department administering the program. For the sake of discussion, a cost-neutral scenario has been presented illustrating potential staffing needs and the registration fee needed to cover costs.

Current year: Revenue is based on the existing number of businesses (2,200) in unincorporated Clackamas County multiplied by a flat rate general registration fee of \$40. The \$40 fee was chosen as it created a revenue stream that was slightly higher than projected expenses and met the objective of a cost-neutral program. The number of businesses was determined with feedback from BCS on businesses (2,000) and Planning staff on home occupations (200).

Ongoing costs: Maintain current year costs less the cost for a temporary position. See Fiscal Impact Form.

Other considerations include staff time:

Technical Services: implement/design online application (allocated costs)

PGA: community outreach program (allocated costs)

DTD: code enforcement (receive a share of program revenue)?

LEGAL/POLICY REQUIREMENTS:

The County is not required to have any type of business license or registration program. However, such a program could provide a valuable vehicle to enforce time place and manner restrictions on marijuana dispensaries.

PUBLIC/GOVERNMENT PARTICIPATION:

None to-date. If the BCC is in agreement to pursue a business registration program, then the designated department would work with PGA on a public outreach program, including study sessions, public hearings, and outreach to Chambers, CCBA, MABA, and other business groups.

OPTIONS:

Option A: Authorize staff to begin the process for instituting a business registration program, and recommends that BCS administer the program.

Option B: Do not authorize staff to begin the process for instituting a business registration program.

RECOMMENDATION:

Staff recommends Option A, authorizing staff to begin the process for instituting a business registration program, and recommending that BCS administer the program.

ATTACHMENTS:

A. Business License Fee Comparison spreadsheet

B. Home Occupations Requirements spreadsheet -- demonstrates that it is a common practice to charge Home Occupations a business registration fee.

SUBMITTED BY:

Division Director/Head Approval _____

Department Director/Head Approval _____

County Administrator Approval _____

For information on this issue or copies of attachments, please contact Mary Jo @ 503-742-5942

Fiscal Impact Form

RESOURCES:

Is this item in your current work plan and budget? YES NO

START-UP EXPENSES AND STAFFING:

<u>Revenue:</u>	\$88,000	\$40 x 2,200 businesses
<u>Expenses:</u>		
\$75,000		1 FTE salary and benefits
\$ 7,700		1 entry level temp position, 20 hrs/week for 6 months
\$ 300		Est. annual bank account fees (online payments)
	<u>\$83,000</u>	
	<u>\$ 5,000</u>	

ONGOING OPERATING EXPENSES/SAVINGS AND STAFFING (if applicable):

<u>Revenue:</u>	\$88,000	\$40 x 2,200 businesses
<u>Expenses:</u>		
\$75,000		1 FTE salary and benefits
\$ 300		Est. annual bank account fees (online payments)
	<u>\$75,300</u>	
	<u>\$12,700</u>	

ANTICIPATED RESULTS:

Per the BCCs direction, staff has based business fees to create a revenue neutral program.

COSTS & BENEFITS:

Costs:							
	Item	Hours	Start-up Capital	Other Start-up	Annual Operations	Annual Capital	TOTAL
1	Business Registration Specialist	40				75,000	75,000
1	Temporary Office Specialist 1	20				7,700	7,700
1	Bank account fees (\$25/mo)					300	300
Total Start-up Costs							83,000
Ongoing Annual Costs							75,300
Benefits/Savings:							
	Item	Hours	Start-up Capital	Other Start-up	Annual Operations	Annual Capital	TOTAL
	2200 businesses x \$40 annual registration fee and renewal fee					88,000	88,000
Total Start-up Benefit/Savings							5,000
Ongoing Annual Benefit/Savings							12,700

BUSINESS LICENSE FEE COMPARISON

Jurisdiction	Based on FTEs (Yes/No)	License Fee	Notes	Renewal Period
Cities				
Beaverton	Yes, flat fee + \$3/FTE	\$50+	Seasonal license \$25 for 4 months	Annual
Canby	No	\$50	Non-profits are exempt	Annual
Lake Oswego	Yes	\$80-\$150		Annual
Milwaukie	Yes, flat fee + \$6/FTE	\$115+	½ fee as of July 1	Annual
Oregon City	Yes	\$120-\$450	½ fee as of July 1	Annual
Tualatin	Yes	\$55-\$240	½ fee as of July 1	Annual
West Linn	Yes	\$36-\$138		Annual
Wilsonville	Yes, flat fee + \$8.50/FTE	\$50 or \$100	\$50 if < \$12k/year. \$100 if > \$12k/year. Offers a 2-week license for \$25	Annual
Counties				
Clark (Washington)	No	Categories	\$45 non-refundable application fee. Complex fee structure.	
Deschutes	No	\$25	Antiques, secondhand or junk dealer	
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 Occupations permits	
Washoe (Nevada)	No	\$55 - \$655	Based on gross receipts, included categories	
Yamhill	No	\$15 - \$20	Peddler, 2nd hand, junk, pawnbroker	Annual

HOME OCCUPATION REQUIREMENTS

Jurisdiction	Home Occupation			Business License			Business Registration			Comments
	No	Yes	Fee	No	Yes	Fee	No	Yes	Fee	
Cities										
Gresham		X	Type II		X	Base fee \$75 + \$3 per employee working on site - 1 st 2 employees exempt.				
Milwaukie								X	Annual registration \$115.00 + \$6 per full-time employee (Jan-Dec) Business starting July-Dec is \$60.00 + \$6 per employee	<ul style="list-style-type: none"> On-line registration is used to record registrations Planning & Building dept verify business is operating within the allowed zone. Metro license or business registration is also required for vendors that practice in the city.
Oregon City		X	\$1,333 – New \$183 – Renewal – Type I \$1,687 – Renewal – Type II		X	Annual Fee 1-25 employees \$75				<ul style="list-style-type: none"> Only residents of the dwelling may be employed. Subcontracting with consultants is allowed. Customers not allowed on the premises
Portland		X	\$147.00 – Type B home occ (Type A home occ does not require an application process)		X	Annual fee April 15 Minimum tax of \$100 Tax is assessed at 1.45% to net business income.		X	No fee	<ul style="list-style-type: none"> Referred to as a business income tax – not a business license – changed from 1976. Exempted businesses for licenses – those that gross less than \$50,000 before expenses.
West Linn		X	\$100 (One time fee; no renewal fee)		X	Annual fee 1-2 employees \$36 (inside city) \$54 (outside city) 3-5 employees \$54 (inside city) \$81 (outside city) Home Occ max employees - 3	X			
Counties										
Clackamas		X	\$520 – Level 2 & 3 \$1,560 - Exceptions	X				X		
Multnomah		X	\$294 – Type B \$1,127 – Type C (Conditional Use) \$194 - Renewal		X	Annual fee April 15 Minimum tax of \$100 Tax is assessed at 1.45% to net business income.		X	No fee (see comments)	<ul style="list-style-type: none"> BL fees (general fund) are used on County-mandated programs, e.g. public health, jails operations, and for the DA. Although no fee for registration, it is required by the BL application process.
Washington		X	\$302, \$1,521, \$4,693 (Urban Areas- New) \$139, \$460, (Renewals - Urban) \$301, \$1,521, \$4,693 (Rural areas – New) \$139, \$460 (Renewals – Rural)	X				X		
Yamhill		X	\$1,172.00	X				X		Conditional Use application review