

Business Licence Application Fee Structure

RECOMMENDATION

That the City Solicitor be requested to prepare amendments to Bylaw No. 9525, The Cannabis Business Licence Bylaw, 2018, to:

1. Amend the business licence application fee, for a new cannabis production facility and cannabis retail store, from \$4,500 to \$500; and
2. Amend the business licence change-of-location fee, for a cannabis production facility and cannabis retail store, from \$125 to \$500.

ISSUE

The Business Licence Program operates on a cost-recovery basis, supported by application fees. The program is not subsidized by the mill rate. Bylaw No. 9746, The Business Licence Bylaw, 2021 requires every business operating in the City of Saskatoon (City) to obtain a business licence. The majority of businesses are licensed as Commercial or Home-Based. For most types of businesses, the application fee is \$125 for the initial year, with an ongoing yearly renewal application fee of \$85. However, there are several complex licensing programs related to specific types of businesses which require additional administrative resources and have higher application fees. These include cannabis related businesses, pawnshops, adult services and mobile food trucks and trailers.

The City also administers a number of licensing programs which are not tied to a specific property location, including vehicles for hire, transient traders, direct sellers and non-resident businesses. These programs were not the focus of this review.

Should the application fees under the Business Licence Program be restructured so that all categories of licences have the same fee?

BACKGROUND

At its Regular Business Meeting on September 30, 2019, City Council resolved in part:

“That the Administration report on levelling the business licensing and renewals to one fee, for both processes, for all businesses. The report should be based on actual business licensing and renewal costs, actual revenue, and number of businesses licensed and renewed annually. The report should also include how the stabilization reserve would be applied when required; and

That the Administration include extensive collaboration and consultation with the business community, which would also include what the business community would like to see in annual reporting with respect to business licensing and renewal revenue and costs associated with business licensing, in addition to operation efficiencies realized with a streamlined licensing fee and renewal fee.”

This report addresses these resolutions.

DISCUSSION/ANALYSIS

On September 2, 2021, Administration met with the Combined Business Group, a consortium of representatives from various business-related organizations, to discuss topics raised in the resolutions, and the review plan for this initiative, including a draft survey targeting all businesses in Saskatoon.

The survey was launched on September 10, 2021 and closed on October 7, 2021. Businesses were notified about the survey directly via email. Information was also sent to the Combined Business Group to share with their members.

Survey Results

The survey received 981 responses. Table 1 provides a summary of the survey questions and results. Participants were able to skip questions and, for some questions, participants were able to select multiple responses. The percentages demonstrate the percent of total responses relative to the total respondents for each question. Additional information was provided in advance of some questions, including background information on the cost-recovery approach, as well as the business licence program budget, expenses and revenue for 2019 and 2020.

Table 1 – Summary of Survey Findings

1. How would you prefer the fees for new applications and renewals be structured?		
Answer Choices	Responses	
Continue with the current structure where new application and renewal fees vary depending on the business licence category	79%	772
Change the structure to a flat fee of \$100 for both new applications and renewals for all categories	10%	95
Not sure / no opinion	11%	114
Total Respondents: 981		

2. Why are you in support of this approach? Select all that apply.		
Answer Choices for those who selected Continue with Current Structure	Responses	
Licence categories that require more administrative time and costs should have higher fees.	73%	555
An increase in renewal fees from \$85 to \$100 is too great right now.	38%	290
Other (please describe)	11%	86
Total Respondents: 762		
Answer Choices for those who selected Change the Structure to a Flat Fee	Responses	
a) Simpler for businesses applying for a licence.	44%	42
b) All businesses should pay the same fees regardless of category and costs to the City.	62%	59
c) Other (please describe)	19%	18
Total Respondents: 95		

3. Which of these reports have you heard of and/or accessed? Select all that apply.

Answer Choices	Responses	
Business Licence Profile	89%	373
Community Standards Annual Report	13%	54
Multi-Year Business Plan and Budget	16%	67
Total Respondents: 419		

4. Overall, how satisfied are you with the current level of reporting?

Answer Choices	Responses	
Very satisfied	17%	135
Somewhat satisfied	23%	176
Not satisfied	5%	37
Not sure / no opinion	55%	429
Total Respondents: 777		

5. Below are some possible additions we could make to our reporting on the Business Licence Program. Which would you like to see? Select all that apply.

Answer Choices	Responses	
More links and information about where to find existing reporting	32%	240
More business data in the Business Licence Profile	11%	86
More information about how to apply for a business licence and the application review process	18%	133
More information about when a building and development permit is required for a licence	19%	145
More information on program expenses, revenues and how the fees are used	25%	192
Nothing	44%	332
Other (please specify)	6%	43
Total Respondents: 758		

6. The Business Licence Program has a goal to review complete business licence applications in 10 to 15 business days. What is your 'business' expectation of the time it should take to obtain a licence?

Answer Choices	Responses	
More than 15 days	3%	23
10 to 15 days	52%	401
7 to 9 days	25%	196
Less than 7 days	20%	159
Total Respondents: 779		

7. What are your preferred ways to apply for or renew a business licence?		
Answer Choices	Responses	
In person	12%	97
Online	91%	709
Mail	12%	92
Other (please specify)	2%	18
Total Respondents: 782		

8. What are your preferred ways to receive other forms of customer service related to the business licence program?		
Answer Choices	Responses	
In person	9%	72
Online	90%	699
Telephone	18%	142
Other (please specify)	7%	56
Total Respondents: 780		

9. Overall, what is your level of satisfaction with the business licence program?		
Answer Choices	Responses	
Very satisfied	38%	300
Somewhat satisfied	28%	218
Neither satisfied nor dissatisfied	27%	209
Somewhat dissatisfied	5%	35
Very dissatisfied	2%	19
Total Respondents: 781		

Rationale

There was overall strong support from the business community with 79% of respondents in favour of maintaining the existing fee schedule for business licensing for new applications and renewal fees. Therefore, the existing business licensing application and renewal fees, for the majority of business types, will remain at the current rate of \$125 for a new business application and \$85 for a licence renewal. The exceptions to this are the more complex business licence applications and change-of-locations. In relation to this, Administration recommends amending the business licence application fee for new cannabis-related businesses and amending the fee for existing cannabis-related businesses that have changed location. The current application fee of \$4,500 was established in consideration of the additional time expended in review of applications due to separation distance requirements between cannabis retail stores and sensitive uses, such as schools and parks, as well as the administrative resources required to develop and enforce the bylaw. A higher-than-expected number of cannabis retail store applications have been received and approved. In addition, compliance has been high with minimal enforcement efforts required. As a result, Administration recommends the

application fee be reduced to \$500 in alignment with the projected ongoing costs of administering this program and to establish a fee consistent with that charged for other complex business licence applications.

The current change-of-location fee for a cannabis-related business is \$125. It is recommended this fee be increased to \$500 to align with the fee schedule of other change-of-location fees for complex business licence applications, and to ensure continued cost recovery. It should be noted that change-of-location fees and new application fees are aligned for all other complex business licence categories to take into account that administrative time required to approve a change-of-location is identical to approving a new business and includes reviewing the proposed site for compliance with the Zoning Bylaw, building permit requirements and requirements of the licensing bylaws, including separation distance calculations.

The survey showed 89% of respondents were aware of the Business Profile. However, awareness of other sources of information related to the operations of the Business Licence Program, such as the Community Standards Annual Report and the Annual Business Plan and Budget was much lower, at 13% and 16%. The survey also showed that only 5% were dissatisfied with the current level of reporting. The most popular suggestion for improvements to the existing reporting was to provide more links to current information and to program expenses and revenue. In order to build on the success of the Business Profile, Administration has made edits to the City website to include additional references and links to other documents which may be of interest to some business owners.

FINANCIAL IMPLICATIONS

The Business Licence Program is fully funded through business licence application fees; therefore, does not require mill rate support. The 2022-2023 Business Plan and Budget was prepared based on the current fee structures and on the expectation there will be no new cannabis-related businesses established or changing location in the coming two years. As a result, there are no financial implications for the program resulting from reducing the application fee for new cannabis-related businesses. The proposed increase to the change-of-location fee will ensure costs to review those applications are fully covered by the fee. It will also ensure the new and change-of-location fees are aligned, which is consistent with all other categories of business licences.

The Business Licence Stabilization Reserve is in place to ensure there is no mill rate impact resulting from the Business Licensing program, should expenses exceed revenues in any given year. Should revenue from licensing businesses exceed expenses in the future, the balance will be held in the stabilization reserve to address future expenses. Administration will continue to monitor revenue and expenses and report further if amendments to the fee schedule are required to ensure licensing fees remain in line with licensing expenses.

Business Line: Urban Planning and Development