

City of Minneapolis

Request for Committee Action

To: Community Development & Regulatory Services
Date: 8/15/2016
Referral: Ways & Means
From: Finance & Property Services
Lead Staff: Mark Ruff
Presented by: Mark Ruff
File Type: Action
Subcategory: Fees

Subject:
2017 License Fees

Description:
Approving the 2017 License Fee Schedule with no increase from the current 2016 License Fee Schedule.

Previous Actions:
None

Ward/Address:
All Wards

Background/Analysis:
The Council is required to approve license fee increases. As part of the 2002 budgetary process the Licenses & Consumer Services division was directed to bring forth a proposal to adjust license fees for inflation costs on a yearly basis. Under the current recommendation, the License Fee Schedule would not increase January 1, 2017. This year, primary focus and energy has been directed at configuring the new Enterprise Land Management System to address challenges experienced in the past with conducting a fee study. On October 3, 2016, the City will go live with our new Enterprise Land Management System that will ease efforts to study fees and to develop a cost recovery model.

The Council had directed staff to review various license fees to simplify the structure and administration of the fee schedule and incorporate a cost-recovery financial model. Over the past few years, City Finance staff has led the work group on this work. Under the new leadership of the City Finance department the City has contracted Springsted to assist in the conducting a study of our fees.

Public hearing notices were sent to all business license holders, business associations, and neighborhood organizations on July 12, 2016. The hearing notice was also posted on the Business Licenses' website, the city's cable channel, and published in Finance and Commerce. The public hearing is scheduled for August 15, 2016 at the Community Development & Regulatory Services Committee.

The five year history of changes in license fees is reflected on the next page, along with comparable inflation indices for reference.

	Inflation Indices						
	Consumer Price Index ⁽¹⁾				City	IPD ⁽²⁾	Costs ⁽³⁾
	General	Taxi	National	Midwest	Mpls/St. Paul		
2011	1.5%	0.0%	3.1%	3.5%	4.1%	2.3%	-0.8%
2012	1.5%	0.0%	1.9%	1.8%	1.7%	1.5%	2.7%
2013	0.0%	0.0%	1.2%	1.1%	1.8%	0.8%	5.9%
2014	0.0%	0.0%	1.4%	1.4%	1.4%	1.9%	9.0%
2015	0.0%	0.0%	-0.2%	-0.4%	-0.2%	0.0%	2.8%
Five Year	3.0%	0.0%	7.4%	7.4%	8.8%	6.5%	19.6%

⁽¹⁾ www.bls.gov

⁽²⁾ Implicit Price Deflator for State & Local Government Expenditures; www.bea.gov

⁽³⁾ City General fund direct and indirect costs 2010-2015 annual expenditure change.

Code of Ordinances and State Statutes

MCO 261.60. Annual Fee Adjustment

Prior to September 1 of each year, the appropriate committee of the city council shall conduct a public 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.

MN Statute 28A.075 Delegation to Local Board of Health

(c) A fee to recover the estimated costs of enforcement of this chapter must be established by ordinance and must be fair, reasonable, and proportionate to the actual cost of the licensing and inspection services. The fee must only be maintained and used for the estimated costs of enforcing this chapter.

MN Statute 340A.408 Retail License Fees

Subd. 1. 3.2 percent malt liquor.

(a) The license fee for an on-sale and off-sale percent malt liquor license is the fee set by the county or city issuing the license.

Subd. 2. Intoxicating liquor; on-sale.

(a) The license fee for a retail on-sale intoxicating liquor license is the fee set by the city or county issuing the license subject to the limitations imposed under this subdivision. The license fee is intended to cover the costs of issuing and inspecting and other directly related costs of enforcement.

Subd. 3. Intoxicating liquor; off-sale.

(a) The annual license fee for an off-sale intoxicating liquor license issued by a city, when combined with any occupation tax imposed by the city, may not exceed the following limits: (1) \$1,500 for cities of the first class;

Subd. 3a. Fee increases; notice, hearing.

No city, town, or county shall increase the fee for a liquor license governed by subdivision 1, 2, or 3, except after notice and hearing on the proposed increase. Notice of the proposed increase must be mailed to all affected licensees at least 30 days before the date set for the hearing. This subdivision supersedes any inconsistent provision of law or charter.

Financial Review:

No additional appropriation required, amount included in current budget.

Enter SUPB goals explanation.

Attachments:

1. 2017 License Fee Schedule_pdf