

PROPOSED BUSINESS LICENSE UPDATES

| <p><u>CURRENT</u> Ch. 3-01 <i>General License Regulations</i></p> | <p><u>PROPOSED</u> Ch. 3-01 <i>Business License Regulations</i></p> |
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| <p><i>WHO NEEDS A LICENSE?</i></p> <p>Any person engaged in one of 35 occupations or 5 wholesale businesses; each location</p> <p>Note: City historically issued a combined occupational business license/local transaction privilege tax (TPT) license. The City therefore had records of many businesses operating in the City. Since 1/1/2017 ADOR issues both the state and local TPT licenses and it has become more difficult to track businesses. City Code §§ 3-01-001-0001, -0002, -0008</p> | <p><i>WHO NEEDS A LICENSE?</i></p> <p>Any business location; Any transient merchant (see further discussion below) (See exemptions below)</p> <p>Note: Many businesses that currently only need a TPT license, now also will need a business license.</p> <p>Pros: Location-based licensing will help fire, building, zoning, and wastewater code compliance; help ensure transaction privilege tax (TPT) licensing; and help economic development. Licenses will be public records, except for home addresses and personal phone numbers.</p> <p>Pro: Hairdressers, accountants, attorneys, dentists, engineers will not need a license, if location is licensed. Proposed Code § 3-01-001-0002</p> |
| <p><i>WHO IS EXEMPT?</i></p> <p>Exemptions from occupational licensing</p> <ul style="list-style-type: none"> • Any occupation not listed • Designated caregivers <p>City Code § 3-01-001-0012</p> | <p><i>WHO IS EXEMPT?</i></p> <p>Exemptions from business licensing (per City)</p> <ul style="list-style-type: none"> • Federally exempt 501c organization • Governmental entity • Proprietary club • Public educational entity • Employees delivering goods • Person who engages in casual sales, as defined in City Tax Code § 3-05-001-0100 • Adult business licensed under City Code Ch. 3-08 |

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| | <ul style="list-style-type: none"> • Utility company with City license or franchise issued under another chapter of City Code <p>Exemptions from business licensing (per State law)</p> <ul style="list-style-type: none"> • Licensed under A.R.S. Title 20 <i>Insurance</i> • Designated caregivers • Producer selling food products (farmers) • Business in town for temporary disaster response • Liquor wholesaler • Residential rental property registered with County <p>See possible additional exemptions for transient merchants, discussed below Proposed Code § 3-01-001-0003</p> |
| <i>WHAT IS ANNUAL LICENSE FEE?</i> | <i>WHAT IS ANNUAL LICENSE FEE?</i> |
| <p>\$20, prorated on quarterly basis</p> <p>Example: A license issued in March costs \$5, but business must pay \$20 for renewal on July 1. City Code § 3-01-001-0002</p> | <p>\$8 per year</p> <p>Example: A license issued in March costs \$8 and is renewed the following March. Proposed Code: § 3-10-001-0008</p> |
| <i>WHEN IS LICENSE RENEWED?</i> | <i>WHEN IS LICENSE RENEWED?</i> |
| <p>July 1</p> <p>Note: This causes an increased workload for City staff from May through August. City Code § 3-01-001-0006</p> | <p>Anniversary month</p> <p>Proposed Code § 3-01-001-0006</p> |
| <i>WHEN MAY LICENSE BE REVOKED?</i> | <i>WHEN MAY LICENSE BE REVOKED?</i> |
| <p>If conditions of license violated</p> <p>Note: Ch. 3-03 has procedures for revoking a peddlers and solicitors</p> | <p>If conditions of license violated; procedures</p> |

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| <p>permit, but there are no procedures for revoking a license under City Code § 3-01-001-0009</p> | <p>Pro: Promotes due process. Same due process for businesses and transient merchants.</p> <p>Proposed Code § 3-01-001-0012</p> |
| <p><i>HOW IS LICENSE ENFORCED?</i></p> | <p><i>HOW IS LICENSE ENFORCED?</i></p> |
| <p>Police enforcement.</p> <p>Failure to have a license is a misdemeanor, punishable by a fine of \$100 to \$300.</p> <p>Note: A class 3 misdemeanor per state law is also punishable by up to 30 days imprisonment.</p> <p>City Code § 3-01-001-0011</p> | <p>Code compliance or police enforcement.</p> <p>Failure to have a license is a petty offense.</p> <p>Note: A petty offense is punishable by a fine up to \$300, per A.R.S. § 13-802.D.</p> <p>Proposed Code § 3-01-001-0013</p> |

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| <p><u>CURRENT</u> Ch. 3-03 Peddlers</p> | <p><u>PROPOSED</u> <u>Delete Ch. 3-03 Peddlers; move to Ch. 3-01 Business License Regulations</u></p> |
| <p><i>WHO NEEDS A PERMIT?</i></p> <p>Peddlers and solicitors must obtain a permit for specific dates, times and areas of operation.</p> <p>Permit fee \$25, up to 5 years. City Code § 3-03-001-0003</p> | <p><i>WHO NEEDS A LICENSE?</i></p> <p>Transient merchant (defined to include peddler, solicitor, fair vendor, or mobile food vendor) must have a business license; license for specific dates, times and areas of operation.</p> <p>No permit fee.</p> <p>Pros: Helps streamline code.</p> <p>Alternative: Keep separate licensing, Ch. 3-03 Peddlers. Proposed Code § 3-01-001-0001</p> |
| <p><i>WHO IS EXEMPT?</i></p> <p>Religious and charitable organizations</p> <p>Note: No business license required if not engaging in business activities.</p> | <p><i>WHO IS EXEMPT?</i></p> <ol style="list-style-type: none"> 1. If you qualify for a business license exemption; 2. Vendor at a special event where organizer has obtained special event permit issued |

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| <p>City Code §3-03-001-0003</p> | <p>under Chapter 8-12 <i>Special Events</i></p> <p>Alternatives: Exempt these vendors?:</p> <ul style="list-style-type: none"> a. Vendor with a temporary use permit issued by Community Development (CD) under City Code § 10-20.40.150 (E.g. seasonal sales); b. Vendor with a sidewalk vendor cart issued CD under City Code Division 8-03-002 <i>Sidewalk Cafes, Sidewalk Vending Carts and other Permitted Encroachments.</i> <p>Note: City Parks and CD would need to collect and submit vendor information to Management Services in order to track TPT licensing. Proposed Code § 3-01-001-0001</p> |
| <p>WHAT ARE APPLICATION REQUIREMENTS?</p> | <p>WHAT ARE APPLICATION REQUIREMENTS?</p> |
| <p>Applicant info, photo id, days and location of operation, advertising signs, criminal history, what is being sold, employer info, motor vehicle info; plus deposit of \$25 per day, not to exceed \$200 as prepayment of local TPT</p> <p>Note: City no longer may collect local TPT. City Code § 3-03-001-0003</p> | <p>Applicant info, photo id, days and location of operation, what is being sold, criminal history past 5 years</p> <p>Pro: Simplifies licensing, complies with law, consistent with current criminal history checks.</p> <p>Proposed Code § § 3-01-001-0004, -0005</p> |
| <p>MAY VENDORS AT A SPECIAL EVENT PAY A FEE IN LIEU OF LOCAL TPT?</p> | <p>MAY VENDORS AT A SPECIAL EVENT PAY A FEE IN LIEU OF LOCAL TPT?</p> |
| <p>Yes. Under old law the organizer for a special event paid a sum equal to (\$15 x the number of fair vendors selling at such event) x (the number of days per event), in lieu of local TPT</p> <p>Note: The City no longer may collect local TPT or accept payments in lieu. City Code § 3-03-001-0005</p> | <p>No. All vendors must have a TPT license and pay TPT, if applicable.</p> <p>Pro: Complies with law.</p> <p>Note: Event organizer must have a business license and submit list of vendors. Special event permits are issued under City Code Chapter 8-12 <i>Special Events</i>.</p> |

| <i>WHAT ARE RESTRICTIONS ON SOLICITATION?</i> | <i>WHAT ARE RESTRICTIONS ON SOLICITATION?</i> |
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| <p>Peddlers and solicitor not allowed within 300’ of public school. Allowed in parks per competitive process. Not allowed to impede traffic.</p> <p>Note: Mobile vendors sell food near high schools. City Code § 3-03-001-0007</p> | <p>Transient merchant will now be allowed near a public school, and in parks per a special event permit. Not allowed to impede traffic.</p> <p>Proposed Code § 3-01-001-0009</p> |
| <p>Peddlers and solicitors not allowed to cry out, blow horn, use loudspeaker, but ice cream trucks ok City Code § 3-03-001-0008</p> | <p>Deletes special noise restrictions</p> <p>Note: City noise ordinance, Ch. 6-08, <i>Noise Control</i>, prohibits amplified noise, with certain exceptions.</p> |
| <p>Peddlers and solicitors prohibited from solicitation where a “no solicitation” sign is posted, and from 8 pm to 8 am City Code § 3-03-001-0013</p> | <p>No solicitation where a “no solicitation” sign is posted, and no soliciting from 8 pm to 8 am</p> <p>Proposed Code § 3-01-001-0010</p> |

FEES

| <u>CURRENT</u> Ch. 3-10 <i>User Fees</i> | <u>PROPOSED</u> Ch. 3-10 <i>User Fees</i> |
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| <p>Annual occupational license fee - \$20 City Code § 3-01-001-0006</p> | <p>Annual business license fee - \$8 Proposed Code §§ 3-01-001-0006</p> |
| <p>Penalty for late renewal - \$0 City Code § 3-01-001-0006</p> | <p>Penalty for late renewal – 50% of license fee Proposed Code §§ 3-01-001-0006, 3-10-001-0008</p> |
| <p>Local TPT/use tax license - \$46 one-time (duplicative reference, see below)</p> | <p>Local TPT/use tax license - \$38 annual (duplicative reference, see below)</p> |

| <u>CURRENT</u> Ch. 3-05 <i>Privilege and Excise Taxes</i> | <u>PROPOSED</u> Ch. 3-05 <i>Privilege and Excise Taxes</i> |
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| <p>Local TPT/use tax license - \$46 one-time City Code § 3-05-003-0320</p> | <p>Local TPT/use tax license - \$38 annual</p> <p>Note: This pays for costs of local tax administration being administered by Arizona Department of Revenue but charged to the City.</p> <p>Proposed Code § 3-05-003-0320</p> |
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