

Business License Code Revisions

City Council Work Session
Tuesday, April 14, 2015

Why are we here?

- ▶ TPT Simplification

- Arizona Department of Revenue assumes all Transaction Privilege (Sales) Tax, or TPT, licensing on January 1, 2016.

- ▶ Opportunity

- The TPT simplification process has provided an opportunity to simplify and streamline other City licensing codes.

Current License Structure

- ▶ Transaction Privilege (Sales) Tax License (TPT)
 - Required for any taxpayer that falls under the jurisdiction of the Model City Tax Code
 - Applies to In-City and Out-of-City businesses
 - Approximately 6,000 accounts
 - One per business “location”
 - I.E.– every location in Flagstaff needs a separate license.
 - Permanent license

Current License Structure

- ▶ Occupational Business License (OBL)
 - Required for any business that falls under the jurisdiction of the city's Occupational Business License Code.
 - Applies to In-City businesses only
 - Approximately 1,800 accounts
 - One per business "location"
 - One per business "person" as defined by code
 - I.E.–Every attorney in an attorney's office needs an OBL
 - Annual renewal

TPT Licensing Changes

- ▶ January 1, 2015
 - City lost ability to charge “deposits” in lieu of filing returns. (Peddlers, solicitors, special events)

- ▶ January 1, 2016
 - \$46 fee collected by ADOR. (Permanent – 1x Fee)
 - City will lose ability to enforce compliance with other City codes.
 - Zoning, Fire, Building Safety

Proposed OBL License Changes

- ▶ Rename to “Business License”
 - ▶ Remove one OBL per business “person” requirement.
 - ▶ Require any business “location” within City limits to obtain an annual license.
 - License subject to yearly renewal.
 - Includes businesses that currently may not currently have an occupational business license.
 - ▶ Apply compliance with other city codes as a condition of issuance.
 - Zoning, Fire, Building Safety
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Proposed OBL License Changes

- ▶ Allow for same exemptions currently in place
 - Non-profits, businesses licensed or exempted under other codes, etc.
 - ▶ Incorporate peddler and solicitor requirements.
 - Eliminates peddler and solicitor ordinance.
 - ▶ Incorporate certain Temporary Use Permit and Special Events Permit requirements.
 - ▶ Continue with same fees until a user fee study is completed.
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