



Department Source: Finance
To: City Council
From: City Manager & Staff
Council Meeting Date: August 1, 2022
Re: Adjusting Business License fee schedule

Executive Summary

The current Business License fee schedule was established in June, 1975. While operating costs have been subject to the impacts of inflation over the past 47 years, the fee schedule has not been adjusted to accommodate for changes in constant dollar value.

Discussion

The current fee schedule establishes the cost of an annual business license at \$15 for businesses reporting less than \$25,000 of gross receipts, \$25 for businesses reporting greater than \$25,000 but less than \$100,000 of gross receipts. For businesses reporting greater than \$100,000 of gross receipts, the license fee is \$25 plus \$0.25 per each additional \$1,000 in gross receipts, to a maximum fee amount of \$750.

The current \$750 maximum fee amount is achieved at \$3,000,000 of gross receipts. In 2022, 443 businesses, representing approximately 10% of those renewing their licenses, reported gross receipts of \$3,000,000 or greater.

The proposed schedule increases the two flat rates by \$5 apiece, to \$20 and \$30, respectively, and, while the rate of \$0.25/\$1,000 of gross receipts remains unchanged, the maximum fee amount increases from \$750 to \$3,000.

Under the proposed schedule, any business reporting \$3,000,000 or less of gross receipts would experience an increase in their business license fee of only \$5 per year over the current schedule. Those businesses reporting greater than \$3,000,000 of gross receipts are capped at the maximum under the current schedule, but would, under the proposed schedule, continue being assessed fees at a rate of \$0.25 / \$1,000 of gross receipts until the proposed maximum of \$3,000, which would be achieved at \$11,980,000 of gross receipts.

Under the proposed schedule, approximately 90% of businesses would only see an annual increase of \$5. Approximately 8% would see an increase of greater than \$5, but no more than \$2,250. Approximately 2% of businesses would exceed the new maximum fee amount, and would therefore see an increase of \$2,250 above the current schedule.

Fiscal Impact

Short-Term Impact: It is anticipated that this increase would generate approximately \$300,000 in additional general fund revenue per year.

Long-Term Impact: Approximately \$300,000 in additional general fund revenue per year.



City of Columbia

701 East Broadway, Columbia, Missouri 65201

Strategic & Comprehensive Plan Impact

Strategic Plan Impacts:

Primary Impact: Primary, Secondary Impact: Secondary, Tertiary Impact: Tertiary

Comprehensive Plan Impacts:

Primary Impact: Primary, Secondary Impact: Secondary, Tertiary Impact: Tertiary

Legislative History

Date	Action
05/05/1975	Ordinance 6670 was passed, establishing the fee schedule currently in use.

Suggested Council Action

Staff suggest approval of the proposed fee schedule.