

Date: 2021-02-26

Subject: **Business Licence Fees – 2021 Update**

Contact: **Teresa Olsen, Deputy Clerk, Administrative Services and Elections**

Report Number: Legislative Services-2021-281

Recommendations:

1. That the report titled **Business Licensing Fees – 2021 Update**, to the Committee of Council meeting of March 10, 2021, be received;
2. That Council consider the options set out in this report, or consider other options, to provide relief to those businesses required to obtain an annual business licence.

Overview:

- **This report outlines the business licence fee increases that have been approved for Business Licensing By-law 332-2013, as amended, and Adult Entertainment Establishment By-law 114-2017.**
- **Based on staff recommendations, Council approved business licence fees increases in 2020 by one of the following means:**
 - **either two (2) percent, or**
 - **to the 75 percentile of the average fee of surveyed municipalities, or**
 - **based upon increased costs and rounded up to the nearest dollar.**
- **This report provides options for consideration to assist businesses as they mitigate the financial impacts of the COVID-19 health crisis.**

Background:

During the February 24, 2021 Committee of Council meeting, Mayor Brown requested that staff bring back a report on business licensing fee increases, including options to provide support to businesses who have been impacted by the COVID-19 health crisis, subsequent business closures and reduced patronage due to the crisis.

Business licence fees have been adjusted every other year to keep them consistent with City costs. A chronology of fee increases to business licences since 2013 is attached as Appendix 1.

In 2019 staff carried out a benchmarking of similar municipalities, based on which the fee schedule was proposed in 2020. Council approved fee increases to all stationary business and adult entertainment establishment licences during [Budget](#) deliberations in February 2020. Many of the business licensing fees were increased by 2% in line with corporate-wide inflation rate, however fees for some categories were increased significantly to align with the 75 percentile of the average business licensing fees based on a comparison undertaken with other Ontario urban municipalities. The 2019 comparison highlighted that Brampton business licence fees were generally lower than the average of other municipalities (Appendix 2 and 3).

Type of Business Licence	Brampton 2019 Fee	Average 2019 Fee of comparator municipalities	Fee Difference between avg. comparator & Brampton 2019 fees	Brampton 2020 Fee	Fee difference between avg. comparator 2019 fees & Brampton 2020 fees
Auctioneer	\$190	\$276	\$86	\$207	\$69
Automobile Service Station:					
Class A - Gasoline, Oil, Lub	\$238	\$234	-\$4	\$243	-\$9
Class B - Repair & Servicing	\$238	\$234	-\$4	\$243	-\$9
Class C - Parking Lot	\$238	\$234	-\$4	\$243	-\$9
Class D - Car Wash	\$238	\$234	-\$4	\$243	-\$9
Class E - Renting, Leasing, Buying	\$238	\$234	-\$4	\$243	-\$9
Class F – Auto Body Repair, Painting	\$238	\$234	-\$4	\$243	-\$9
Billiard/Bowl	\$212	\$313	\$101	\$159	\$154
Building Renovator	\$190	\$294	\$104	\$143	\$152
Carnival/Circus	\$204	\$331	\$127	\$153	\$178
Drain Laying	\$190	\$210	\$20	\$194	\$16
Driveway Paving	\$190	\$250	\$60	\$194	\$56
Fence Contractor	\$190	\$222	\$32	\$194	\$28
Fixed Food Premises	\$152	\$278	\$126	\$114	\$164
Flea Market	\$3,863	\$1,671	-\$2,192	\$3,940	-\$2,269
Consumer Fireworks Vendors	\$191	\$313	\$122	\$143	\$170
HVAC	\$190	\$237	\$47	\$194	\$43
Horse Riding	\$160	\$210	\$50	\$163	\$47
Lodging House	\$175	\$543	\$368	\$131	\$412
Pawn Broker	\$228	\$326	\$98	\$171	\$155
Personal Services	\$212	\$289	\$77	\$159	\$130
Pet Shops	\$234	\$275	\$41	\$239	\$36
Places of Amusement	\$212	\$363	\$151	\$159	\$204
Places of Public Assembly	\$212	\$373	\$161	\$159	\$214
Plumbing	\$190	\$283	\$93	\$143	\$141
Pool Installation Contractor	\$190	\$380	\$190	\$143	\$238
Salvage Yard	\$276	\$364	\$88	\$282	\$82
Second Hand Goods	\$276	\$331	\$55	\$282	\$49
Tobacco Shop	\$228	\$428	\$200	\$171	\$257
Vehicle Pound Facilities	\$238	\$280	\$42	\$243	\$37

* Fee differences in red indicate Brampton fee is higher than average comparator

Some of the adult entertainment establishment licence category fees were increased by 100% reflecting enhanced and more frequent inspections of these businesses with a greater focus on staff and public safety.

An information report was provided to Council at the [December 3, 2020](#) Committee of Council meeting to advise that the January 2021 business licensing renewal group would be receiving their renewal and fee increase notices at the end of December 2020. The report was moved to consent and approved.

In order to support businesses during the COVID-19 pandemic and allow them more time to renew their licenses, Council approved a three-month extension to the January 2021 renewal period. This was approved at the December 9, 2020 Council meeting, allowing the businesses to renew their licences by April 30, 2021.

Current Situation:

Different licence categories have varying renewal periods each year – January 30, April 30 or May 31 annually. An amending Fee By-law, reflecting the fee increases approved during the 2020 Budget meeting, was passed on March 11, 2020 and the fee increase was applied on a go forward basis from that date. The following group of businesses, who were part of the January 30 designated renewal period were not subject to the fee increase in 2020 as they had already renewed their licences (the increases would commence in 2021):

- Automobile Service Station
- Billiard Halls, Bowling Alleys
- Fixed Food Premises
- Place of Amusement
- Place of Public Assembly
- Tobacco Sales
- Vehicle Pound Facilities

All businesses that were subject to renewal periods after March 11, 2020 or applied for new business licences in any category were subject to the fee increase. The attached spreadsheet (Appendix 3) shows the 2019 and 2020 fees for each licence type including both the fee difference and how many licences were issued in 2020. Please note that all licence types with a January 30 renewal incurred the 2019 fee in 2020.

A letter providing background details to the fee increase (attached as Appendix 5) was drafted in consultation with Strategic Communications and Economic Development and accompanied the 2021 fee renewal packages that was sent out to the January 30 renewal group in late December 2020.

Staff recognize that there have been impacts to all business licensing categories over the past year, acknowledging some businesses have been subject to provincially mandated closures for periods of time, and that due to “lockdown” status many

customers have not been using their services as would typically occur, resulting in reduced business due to the health crisis.

Understanding that many food establishments have expressed concerns related to the 38% licence fee increase (i.e., from \$152 to \$209), and considering the increase was approved in early 2020 is now applied to their business in 2021, staff have further reviewed the matter.

As of the date of this report, 1378 licences in total for the January group were renewed. Of those licences that were renewed, 689 are specific to the Fixed Food Premises licence category:

- 235 are Restaurants
- 228 are Take out Food Businesses
- 226 are Grocery/Bakery/Convenience Stores

A scan of other Greater Toronto Area municipalities confirm that the City's 2020 fees established for Fixed Food Premises remains under the average of the 2021 comparison fees (Appendix 4).

In reviewing options to support Brampton businesses during the COVID-19 health crisis, the following is provided for consideration:

Option 1 – No Change:

Maintain 2021 business licence fees for all businesses at the rates approved as part of the 2020 budget, resulting in budgeted revenue increase of approximately \$128,000 (business licensing) and \$75,000 (adult entertainment establishments) for 2021.

The January renewal group was provided a three month extension for their renewal period in December 2020, extending the renewal period from January 30 to April 30, 2021. This is consistent with the renewal extension provided to the April and May renewal groups in 2020, when the health crisis first made an impact.

Option 2 – Address Fixed Food Premises Fees:

Provide a one-time licence fee freeze to 2019 fees for all 2021 renewals for 2021 Fixed Food Premises licences, which would result in an approximate reduction in budgeted revenue in 2021 of \$85,500. This could be accommodated in one of two ways:

- a) For businesses that have not yet renewed their licence, the licence renewal fee payable will revert to the 2019 fee. For any business that already renewed their licence, a refund cheque would be issued for the \$57 fee increase. Additional costs incurred by the City to process refund cheques equate to approximately \$20 per refund cheque (approximately \$13,800 in total); or
- b) For businesses that have not yet renewed their licence, the licence renewal fee payable will revert to the 2019 fee. For any business that has already renewed their licence, a \$57 credit would be applied to their 2022 renewals. This would result in additional administration processes to track and implement in 2022.

Option 3 – Address Fees for all Business Licences:

Provide a one-time licence fee freeze to 2019 fees for all 2021 renewal business licences which would result in an approximate reduction in budgeted revenue in 2021 of \$128,000 (business licences) and \$75,000 (Adult Entertainment Establishment). At this time, around 1,300 businesses have renewed which is approximately 50% of the January renewal group. This could be accommodated in one of two ways:

- a) For businesses who have not yet renewed their licence, the licence renewal fee payable will revert to the 2019 fee. For any business who has already renewed their licence, a refund cheque would be issued for the \$57 fee increase. Additional costs incurred by the City to process refund cheques equate to approximately \$20 per refund cheque (approximately \$26,000 in total); or
- b) For businesses who have not yet renewed their licence, the licence renewal fee payable will revert to the 2019 fee. For any business who has already renewed their licence, a \$57 credit would be applied to their 2022 renewals. This would result in additional administration processes to track and implement in 2022.

Corporate Implications:

Financial Implications:

2021 budgeted business licence revenue based on 2020 licence volumes:

Business Licence: \$825,000 (includes the \$128,000 fee increase)

Adult Entertainment Licence: \$190,000 (includes the \$75,000 fee increase)

Fee reduction

- Providing a fee reduction to the Fixed Food Premises businesses only, would result in an \$85,500 loss of revenue in 2021
- Providing a fee reduction across all business licences would result in a \$203,000 loss of revenue in 2021

Refund cheques

- Providing refund cheques to Fixed Food Premises who have renewed their licence, to date, would result in an additional \$13,800 expense
- Providing refund cheques to all businesses who have renewed their licence, to date, would result in an additional \$26,000 expense

Other Implications:

Term of Council Priorities:

This report is consistent with the 2018-2022 Term of Council Priorities as it supports Brampton as a Well-Run City by demonstrating proactive and responsible management of business licence fees and consideration of the economic recovery strategy.

Conclusion:

This report updates Council on increases related to business license fees that were approved over the years, including those that were approved during Budget 2020. In response to Council's request, staff have provided various options for licence fee adjustments to mitigate the financial impact to businesses due to the COVID-19 health crisis.

Authored by:

Reviewed by:

Teresa Olsen,
Deputy Clerk, Administrative Services
and Elections

Peter Fay,
City Clerk

Approved by:

Submitted by:

Paul Morrison,
Acting Commissioner, Legislative
Services

David Barrick,
Chief Administrative Officer

Attachments:

Appendix 1 – Chronology of Business Licence fee Increases

Appendix 2 – 2019 Municipal Benchmarking of Business Licence Fees

Appendix 3 – 2019 Municipal Benchmarking of Adult Entertainment Establishment
Licence fees

Appendix 4 – 2021 Municipal Comparison of Fixed Food Premises Fees

Appendix 5 – Notification to January 30 Renewal Category Businesses

Appendix 6 – 2020 Licence Fee Comparator