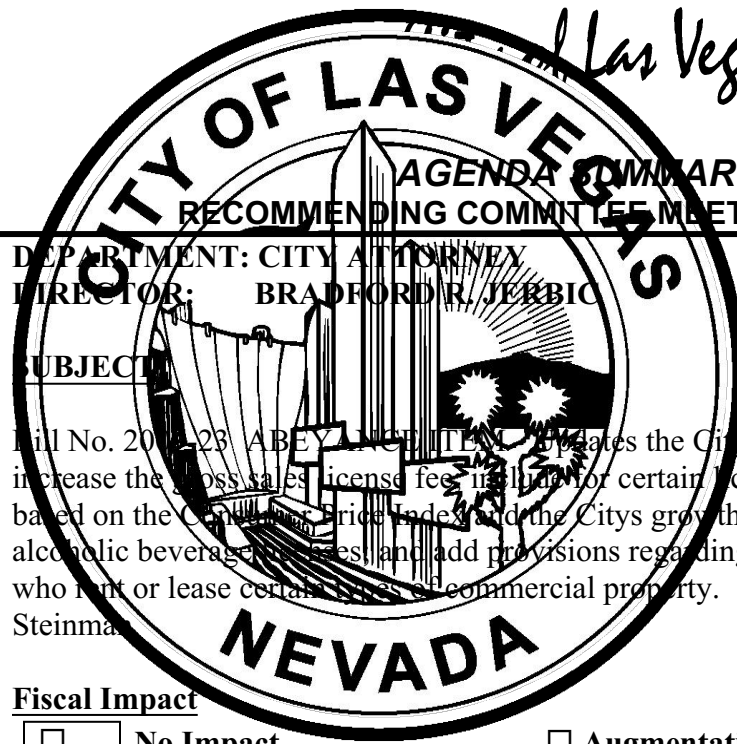




DEPARTMENT: CITY ATTORNEY
DIRECTOR: BRADFORD R. JERBIC

☐ Consent ☒ Discussion

SUBJECT:

Bill No. 2009-23 ABEYANCE ITEM updates the City's business license fee provisions to increase the gross sales license fee including for certain license categories annual fee adjustments based on the Consumer Price Index and the City's growth rate; adjust license fees for certain alcoholic beverage licenses; and add provisions regarding the licensing and regulation of persons who rent or lease certain types of commercial property. Sponsored by: Councilman David W. Steinman

Fiscal Impact

☐

No Impact

☐ Augmentation Required

☐

Budget Funds Available

Amount:

Funding Source:

Dept./Division:

PURPOSE/BACKGROUND:

This bill will update the City's business license fee provisions to increase the gross sales license fee; include for certain license categories annual fee adjustments based on the Consumer Price Index and the City's growth rate; adjust license fees for certain alcoholic beverage licenses; and add provisions regarding the licensing and regulation of persons who rent or lease certain types of commercial property. The bill is proposed to go into effect on July 1, 2009. Comments from affected business groups have been solicited and considered.

RECOMMENDATION:

ABEYANCE to 6/16/2009 Recommending Committee meeting by the 6/2/2009 Recommending Committee for review, hearing and recommendation to the City Council for final action.

BACKUP DOCUMENTATION:

1. Bill No. 2009-23
2. Business Impact Statement
3. Submitted at meeting Bill No. 2009-23 First Amendment by Staff

Motion made by STEVEN D. ROSS to send to the Full Council with a recommendation to Do Not Pass

Failed For: 1; Against: 1; Abstain: 0; Did Not Vote: 0; Excused: 0

STEVEN D. ROSS; (Against-DAVID W. STEINMAN); (Abstain-None); (Did Not Vote-None); (Excused-None)

RECOMMENDING COMMITTEE MEETING OF: JUNE 16, 2009

NOTE: This bill will be forwarded to the City Council with No Recommendation as the motion to Forward to the Council with a Do Not Pass Recommendation failed with COUNCILMAN ROSS voting yes and COUNCILMAN STEINMAN voting no.

Minutes:

JIM DiFIORE, Manager of Business Services, explained that currently, the gross sales license fee was based on a sliding scale and the original version of this bill would have increased the gross sales tax fee to 0.0075 percent of the gross sales. The bill has since been amended and only businesses with gross sales over \$90,000 would pay the fee based on a percentage of the gross sales. Additionally, the Consumer Price Index (CPI) has been removed as a basis for increasing the gross sales license fee.

Regarding businesses that pay a flat licensing fee, population growth had been removed as a basis for increasing that fee. MR. DiFIORE explained that population growth and CPI had been used as a basis for increasing the fees because it was permitted by State law. This bill will increase the flat fees by a percentage of the CPI and when there is no increase in the CPI, there will be no increase in the fee.

This bill would also impose a licensing fee on businesses that lease or rent commercial space. In response to industry input, staff had established a fee schedule based on the fees charged by Clark County on warehouse space. MR. DiFIORE read for the record. Those fees would also be subject to adjustments based on the CPI. The bill's effective date would be January 1, 2010.

COUNCILMAN ROSS requested clarification of some gaming terms on Page 3 and MARK VINCENT, Director of Finance and Business Services, explained that some outdated terms had been left in the document to allow the City to continue to collect revenue from any potential source.

LAUREN CALVERT, Lionel, Sawyer & Collins, appeared on behalf of the World Market Center. She expressed concern with Sections 8 and 9 and suggested those could be interpreted very broadly as the language was ambiguous. MR. DiFIORE explained that each separately addressed building would be charged the licensing fee and CHIEF DEPUTY CITY ATTORNEY VAL STEED suggested MS. CALVERT submit language which would address her clients concerns.

ANDY GRUBER, Treasurer for Cashman Company, 2300 West Sahara Avenue, requested clarification of which fees would be affected by the CPI, stating the current version of the bill was not clear. CHIEF DEPUTY CITY ATTORNEY STEED noted the sections which clearly defined which businesses would be affected by the CPI. MR. GRUBER also expressed opposition to the licensing of commercial lessors, suggesting it would be double taxation by charging additional fees to businesses that lease commercial property.

PAUL LARSEN, Lionel, Sawyer & Collins, 300 South 4th Street, appeared on behalf of the Las Vegas Chamber of Commerce and concurred with MS. CALVERT and MR. GRUBER. He

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suggested that efforts by the City to generate revenue beyond the costs of regulation are inappropriate and expressed his opposition to any automatic fee increase not approved by a direct vote of the City Council.

MR. VINCENT noted that business license fees generate revenues that support the General Fund as well as Business Licensing. CHIEF DEPUTY CITY ATTORNEY STEED stated that the City Charter and State law authorize the City to regulate businesses for regulatory purposes and revenue. He observed that the words tax and fee are used interchangeably, but both a tax and a fee cannot be charged on a business.

CAROLE VILARDO, Nevada Taxpayers Association, 2303 East Sahara Avenue, expressed her opposition to tying the business licensing fees to the CPI and recommended that an average of five years be used with no increase greater than three percent. She also agreed with MR. LARSEN that these fees were a tax intended to raise revenue and stated that the cost of government increases in relation to the amount of money it is able to raise.

KIPP COOPER, Greater Las Vegas Association of Realtors, 2303 East Sahara Avenue, concurred with MR. LARSEN and MS. VILARDO and requested that the City Council take a vote on the sight of these fees by the City Council. He expressed concern with Sections 8 and 9 noting the language was not clear and the size and scope of the bill is not clear. He suggested that the bill violated State law by requiring multiple business licenses for professions already licensed by the State.

MR. DiFIORE noted that licensed professionals, such as property managers, are consistently required to obtain a business license when they manage one or more properties within the City. He explained the property owner and the property manager would both be required to obtain business licenses as they were separate entities conducting different types of business and that requirement was not double taxation.

STEVE SHORE, Vice President of Cox Communications, 1700 Vegas Drive, stated that his company and many other are struggling to cope with the recession and the overall impact of the economy has been more detrimental than they had expected. He pointed out that the State had increased taxes on businesses during the recent Legislative Session and suggested that increasing these fees would negatively impact the community and the City.

COUNCILMAN ROSS thanked everyone for their comments and expressed his appreciation to those who had met with him. He also thanked staff for their efforts on this bill and expressed his support for recouping costs for the City. He stated he was not opposed to the City making money to continue providing services, but acknowledged that businesses have been impacted by past Legislative session. He explained that he wanted to encourage businesses to locate within the City and stressed that the City should be more accommodating to businesses.