

COUNCIL INFORMATION MEMO



Date: March 19, 2025

To: Mayor and Town Council and Leadership Team Staff

From: Michelle Bailey Hedgepeth, Town Administrator

Re: Summary of Business License Fee Update | Revenue option for FY 2026 Budget

Background: The Town of Bladensburg's Business License Fee structure was last updated in 2006. Currently, the business license fee policy includes the following provisions:

- Fees are prorated after the first quarter of each license year for the remaining quarters for new businesses.
- Below is a current chart for Business License fees with the proposed fee increases for FY 2026 and FY 2027
- A late fee of \$100.00 if the license or permit is purchased after July 1.
- A 10% penalty on any payment over 30 days past due.
- A stop-work order is issued if a business license is not obtained within 30 days of starting operations.

Given inflation and the evolving economic landscape, the fee structure must be reviewed and potentially adjusted to ensure fairness, competitiveness, and adequate municipal revenue generation.

What does the Business License Fee Cover? The business license fee helps to support municipal services that directly and indirectly benefit businesses, including:

- Public safety and law enforcement services
- Code enforcement and zoning compliance
- Economic development initiatives
- Administrative costs related to business registration and compliance monitoring

Town of Bladensburg Fee Chart:

Class	Description	Current License Fee	Average Other Entities	FY 26 Proposed License Fee	FY 27 Proposed License Fees
Class 1	Mobile Vendors (Ice Cream Trucks / Food Trucks), Dry Cleaning, Laundromats, Barber Shops, Beauty Salons, Nail Salons	\$125.00	\$110 - 300	\$200	\$225
Class 2	Retail (less than 10,000 sq. ft.), Drug Stores, Convenience Stores, Hardware, Clothing, Furniture, Appliance Sales/Service, Plumbing, Heating & Air Conditioning Contractors, Restaurants (Sit-in or Carryout), Business Offices (including Professional Offices – each separate firm/organization), Private Education Institutions (Nursery Schools & Licensed Daycare Centers), and other General Merchandise Stores	\$175.00	\$250 - 500	\$375	\$400
Class 3	Industrial, Motor Vehicle Repair, Paint/Body Shops, New/Used Car Sales, Boat Sales, Gas Stations, Banks, Trust Companies, Savings Institutions, Contractor Yards, Machine/Welding Shops	\$175.00	\$300- 800	\$400	\$425
Class 4	Retail (more than 10,000 sq. ft.), Big Box Stores, Department Stores, Clothing Stores, Retail Furniture, Warehouses, Pawn Shops, Manufacturing Plants, Grocery Stores, Hardware Stores, Junkyards, Restaurants, and other General Merchandise Stores exceeding 10,000 sq. ft.	\$400.00	\$500-2295	\$500	\$575
Class 5	Apartments / Senior Housing	\$25.00 per dwelling unit	NA	\$35.00 per dwelling unit	\$40.00 per dwelling unit
Alarm Fee	Business Alarm Registration Fee	NA	\$25 - 50	\$25	\$25

Local Municipal Business License Fees Comparison in Prince George’s County, Maryland:

Municipality	Business License Fees
Hyattsville	Ranges from \$100 to \$425 based on business classification
Greenbelt	They have other fees and inspections on business rather than business license fees.
Cheverly	Only has a home business license \$20
College Park	Only regulates solicitors and amusements – there is a per-machine charge. Have other revenue methods.
Seat Pleasant	Ranges from \$100 to \$2900 based on business classification
New Carrollton	Annual Business License Fee: \$110
Capitol Heights	Based on business type and revenue, fees range from \$125 to \$1,000.
Glenarden	Fees range from \$200 to \$750 based on business type.
Laurel	Fees determined by business category: \$80- \$750 Traders License
Mount Rainier	Ranges from \$150 -500 and has an added fee for Business Alarm Registration Fee of \$25

Considerations for Updating Bladensburg’s Business License Fee Structure:

1. Alignment with Regional Rates:

- **Comparing local municipalities:** The business license fee has been evaluated compared to neighboring municipalities.
- **Keeping the same categories:** Continue with tiered fees based on business type, size, and revenue.

- **Municipalities that don't charge:** Some local municipalities do not charge additional business license fees but have a structure for solicitation and amusements.
- **Vending and amusements:** Besides the business license, some municipalities charge vending and amusement as per device fee. This does not apply to Bladensburg.
- **Business Alarm Registration Fee:** This fee is charged in several local municipalities, allows the town to track false alarms, and provides a database on who to follow up on false alarms.
- **Staggered Fee Increases:** This proposal allows staggered increases in business fees over FY 2026 and FY 2027.
- **Estimated Income:** We have estimated that these changes for FY 2026 can raise around \$65,000, which doubles our estimate with a slight bump of \$15,000 in revenues for FY 2027. More refined estimates are forthcoming.

2. **Administrative and Enforcement Costs:**

- Ensure that the fee structure covers the costs of enforcement, inspections, and permitting.
- Evaluate the effectiveness of the existing late fee and penalty provisions.
- The current fees have not been evaluated since 2017; before that, they were not adjusted since 2006.

3. **Encouraging Business Growth:**

- Competitive rates will prevent deterring new businesses while ensuring sufficient town revenue.
- Potential incentives or exemptions for small businesses and startups.

4. **Potential Recommendations:**

- Introduce a tiered system similar to Hyattsville and Capitol Heights, where fees are based on business category and size.
- Adjust late fees and penalties to align with other Towns that have flat fees since other items may be rising.
- Ensure equitable enforcement to prevent non-compliance and loss of revenue.

Next Steps and Recommendations:

- **Council Review:** The council should review and comment on this memo so that staff can provide feedback on this matter and we can finalize the April 1, 2025 presentation.
- **Staff Finalization:** The Town Administrators will finalize recommendations for the updated fee structure or update the single fee based on other agencies in the area.
- **Council Action:** Present a revised ordinance for Council approval with an updated Ordinance attached. This would be tentatively scheduled for April 14, 2025.

Updating Bladensburg's business license fee structure will ensure the Town remains competitive while maintaining the financial health necessary to provide essential services.