



FRUITA COLORADO

AGENDA ITEM COVER SHEET

TO: FRUITA CITY COUNCIL AND MAYOR

FROM: MARGARET SELL, FINANCE DIRECTOR/CITY CLERK

DATE: NOVEMBER 15, 2022

AGENDA TEXT: ORDINANCE 2022-30 – FIRST READING – An Ordinance amending Chapter 5.04 of the Fruita Municipal Code concerning Business Licenses

BACKGROUND

The State of Colorado adopted HB 22-032, which amended state-wide law on business licensing to expedite collection of sales/use tax. On and after July 1, 2022, by state law, the City cannot charge a fee for a business license, sales/use tax license, or other license to make retail sales in Fruita if the retailer has a state standard retail license but lack a permanent physical presence in the City. On and after July 1, 2023, the City cannot require a separate license application for these retailers. The new law only applies to retail sales, and does not apply to occupational or other business license requirements.

Since implementation of the Destination Source sales tax collections in 2019, the number of businesses who make retail sales to residents of Fruita through online sales and deliveries has increased dramatically. The City's practices have not required that these businesses obtain a business license. The purpose of this ordinance is to clarify that retail businesses that do not have a physical presence in Fruita are not required to obtain a business license.

In addition, the language of Chapter 5.04 is outdated, repetitive and is in need of updating to reflect the current establishment of fees and charges by annual resolution adopted by the City Council as part of the annual budget process.

FISCAL IMPACT

This Ordinance does not have any fiscal impact on the City.

APPLICABILITY TO CITY GOALS AND OBJECTIVES

The regulation and registration of businesses operating in the City provide for the health, safety and welfare of the citizens of Fruita and help maintain a database of information regarding various businesses for regulatory and informational purposes.

OPTIONS AVAILABLE TO THE COUNCIL

- Instruct staff to public a notice of public hearing for consideration of the Ordinance as presented or with amendments
- Take no action and leave the existing regulations regarding business licenses in effect.

RECOMMENDATION

It is the recommendation of the Fruita City Staff that the Council move to:

PUBLISH A NOTICE OF PUBLIC HEARING FOR THE DECEMBER 6, 2022 CITY COUNCIL MEETING FOR CONSIDERATION OF ORDINANCE 2022-30 REPEALING AND REENACTING CHAPTER 5.04 OF THE FRUITA MUNICIPAL CODE CONCERNING BUSINESS LICENSES