

# MEMORANDUM



TO: City Council  
Ray Towry, City Manager  
Interested Parties

FROM: Blair Larsen, Community and Economic Dev. Director

DATE: October 16, 2020

SUBJECT: Business Licenses or Registration

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When the COVID-19 pandemic began, and the State began shutting down parts of our economy, Staff scrambled to alert our businesses to aid programs, create 'shop local' lists, and other efforts to help businesses survive. This effort made clear one of the City's very big weaknesses: lack of information about local businesses, especially contact information. Many cities were able to use the information collected as part of their business licenses to meet this need. Sweet Home, like the City of Albany and other cities in our area, has never had a requirement or even the ability to grant a business license. Staff believes that a business license or registration ordinance or program could greatly aid both the City and its businesses.

## **Purpose**

Licenses and permits are often misunderstood, so it is important that any ordinance or program be very clear about its purposes in order to avoid the perception of government overreach or an attempt to boost revenue. Staff suggests that an ordinance or program be instituted primarily to gather information on local businesses for the following purposes:

- Ensure public safety
- Connect business owners with opportunities
- Provide residents and visitors with information on local businesses
- Connect businesses with the City for feedback, public announcements and events, etc.
- Provide prospective businesses with information on existing business activity.

## **License or Voluntary Registry**

As with anything government does, it is important to determine how much regulation should be enacted on a given activity. Even the smallest of license ordinances is still a regulation, and may be perceived by some as intrusive or burdensome. The City could enact a business license ordinance, that requires businesses to comply and includes a penalty for non-compliance, or the City could pursue a voluntary business registry, and give businesses the option to participate.

While Staff is hesitant to add more burdens on businesses, we believe that a voluntary program will not generate enough participation to meet its goals. Such a program would have to incentivize participation, and would have no real means of enforcement.

In addition, a license ordinance that closely adheres to its purposes would not add much of a burden, and would give new business owners a sense of validity. Many cities require that businesses be licensed, and many business owners coming in to the community expect it. In fact, some businesses have even requested a license, even though we don't have one, because their lender, partner, or supplier require a copy.

Enclosed is a draft ordinance for you to review. Any voluntary program would attempt to follow the same format as much as possible.

## **Suggested Requirements**

Staff suggests that a business license or registration require, at a minimum:

- Contact information, including business email, website, etc.
- A brief description of business activities, services, and products
- Information on any hazardous materials or chemicals in use at the business

## **Suggested Benefits**

It's always nice to have a carrot to go along with the stick when adding a new regulation. Staff believes that the sharing of information that would come from a business license or registration program would be enormously beneficial for both businesses and the City. However, there are other benefits that should be touted as well, that could incentivize participation in a voluntary program, or help the community accept a compulsory license:

- Participants could be automatically enrolled in the Police Department's Property Watch Program, which could allow officers to trespass individuals from businesses as needed.
- Eligibility for CEIP Grants or other aid programs could be made dependent upon businesses participation.
- License information could be shared with the Chamber of Commerce in order to provide networking opportunities.
- Business information could be shared over City media channels (website, social media, etc.) as part of a 'shop local' campaign that could advertise local products and services to residents.

## **Possible Misconceptions**

Staff recommends that the City be clear in its communications about what any future program is, and what it is not, in order to avoid the inevitable accusations of government overreach or attempts to increase revenue.

A business license ordinance or registration program is all about the information. It is not an attempt to tell businesses what they can or cannot do. There are enough regulations at the state and federal levels to do that. Business licenses are not intended as a means of controlling who does business in the City. Staff recommends that licenses not apply to children's lemonade stands or teenagers babysitting. Staff also recommends that licenses not be required when a business has no presence in the City except for making deliveries or providing services to homes or businesses in the City, such as out-of-town contractors or delivery services. We are looking for information on our own businesses, not those from other cities.

Finally, a business license ordinance is not an attempt to tax businesses or gain more revenue from businesses. We do not want to discourage anyone from engaging in lawful businesses, and definitely see no reason add to anyone's tax burden. Any license fee would be set by Council resolution, and staff recommends that it be set at either \$0 or limited to covering the cost of the program.

## **Conclusion**

The need for such a program is great, but there are many variations on how to enact a business license ordinance or registration program. We believe that we can meet our goals with a bare-bones ordinance, but Staff is happy to discuss changes or additions. The crucial part is the exchange of business information that will come with a new program.

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