

Staff Summary Report



Council Meeting Date: 09-18-08

Agenda Item Number: _____

SUBJECT: This is the introduction and first public hearing to amend Chapter 16 of the Tempe City Code relating to License, Privilege and Excise Taxes by amending Sections 16-300, 16-310 and 16-315. The second public hearing is set for October 2, 2008.

DOCUMENT NAME: 20080918STAX1 TCC CH 16 - LICENSES, TAXATION & MISC BUS REGS, ETC. (0503-16) Ordinance No. 2008.52

SUPPORTING DOCS: No

COMMENTS: This proposal changes the privilege tax license fee assessment from a four tiered structure to a two fee structure.

PREPARED BY: Bruce Smith, License & Collection Supervisor (350-8509)

REVIEWED BY: Jerry Hart, Financial Services Manager (350-8505)

LEGAL REVIEW BY: Dave Park, Assistant City Attorney (350-8907)

FISCAL NOTE: Implementation of the proposed changes will result in an estimated annual increase in license fees of more than \$200,000.

RECOMMENDATION: Staff recommends adoption of Ordinance No. 2008.52.

ADDITIONAL INFO: An increase in the privilege tax license fee was presented as part of the budget balancing plan during the FY 08/09 budget process. The fee would be increased as follows:

	<u>Current</u>	<u>Proposed</u>
Initial application	\$20	\$20
Monthly taxpayers	50	50
Quarterly taxpayers	25	50
Annual taxpayers	10	50
Transient license	-	25

All taxpayers would pay the same fee under this new structure. Approximately 50% of our taxpayers would see no increase. This change also provides for a transient license for short-term activity (i.e., special events) that was previously licensed under annual taxpayers. The fee is comparable to the fees charged by other valley cities including Chandler, Glendale, Peoria, Phoenix, and Scottsdale. The assessment of the fee allows for the partial recovery of costs associated with the city's administration of our municipal tax code. The fee was last modified in 1989.

ORDINANCE NO. 2008.52

**AN ORDINANCE OF THE CITY COUNCIL OF THE
CITY OF TEMPE, ARIZONA, AMENDING CHAPTER
16 OF THE TEMPE CITY CODE, RELATING TO
LICENSE, PRIVILEGE AND EXCISE TAXES BY
AMENDING SECTIONS 16-300, 16-310 AND 16-315.**

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF TEMPE, ARIZONA,
as follows:

Section 1. That Section 16-300 of the Tax Code of the City of Tempe is amended as to read:

Sec. 16-300. Licensing requirements.

(a) The following persons shall make application to the Tax Collector for a Privilege License, accompanied by a non-refundable ~~original application~~ fee of ~~twenty dollars (\$20), plus a license fee of fifty dollars (\$50) per year for monthly taxpayers, twenty-five dollars (\$25) per year for quarterly taxpayers, or ten dollars (\$10) per year for annual taxpayers as prescribed by Section 16-530 (a) and (b)~~ SEVENTY DOLLARS (\$70), AND no person shall engage ~~in~~ or continue in business or engage in such activities until he shall have such a license:

- (1) Every person desiring to engage or continue in business activities within the City upon which a Privilege Tax is imposed by this Chapter.
- (2) Every person, engaging or continuing in business within the City, storing or using tangible personal property in this City upon which a Use Tax is imposed by this Chapter.
- (3) Reserved.

(b) A person engaged in more than one activity subject to City Privilege and Use Taxes at any one business location is not required to obtain a separate license for each activity; provided that, at the time such person makes application for a license, he shall list on such application each category of activity in which he is engaged. The licensee shall inform the Tax Collector of any changes in his business activities, location, or mailing address within thirty (30) days.

(c) *Limitation.* The issuance of a Privilege License by the Tax Collector shall in no way be construed as permission to operate a business activity in violation of any other law or regulation to which such activity may be subject.

Section 2. That Section 16-310 of the Tax Code of the City of Tempe is amended to read:

Sec. 16-310. Licensing—Duration of license; transferability; display.

(a) Except as provided in Section 16-320, the Privilege License shall be valid only for the calendar year in which it is issued unless renewed each year by filing THE APPROPRIATE APPLICATION FOR renewal ~~information as required by the Tax Collector~~ and paying a THE renewal fee of fifty dollars (\$50) ~~per year for monthly taxpayers, twenty five dollars (\$25) per year for quarterly taxpayers, or ten dollars (\$10) per year for annual taxpayers as prescribed by Section 16-530(a) and (b) and shall be~~ WHICH IS due and payable on January 1 and shall be considered delinquent if not received on or before the last business day of January ~~each year.~~ ~~Information for~~ APPLICATION AND PAYMENT FOR renewal must be received within the Tax Collector's office by such date to be deemed filed and paid ~~timely.~~

(b) The Privilege License shall be nontransferable between owners or locations, and shall be on display to the public in the licensee's place of business.

(c) Any licensee who permits his license to expire through cancellation as provided in Section 16-320, by his request for cancellation, by surrender of the license, or by the cessation of the business activity for which the license was issued, and who thereafter applies for license, shall be granted a new license as an original applicant and shall pay the current license fee. Any licensee who loses or misplaces his Privilege License which is still in effect shall be charged the current license fee for each reissuance of a license.

(d) Any taxpayer who fails to renew his license on or before the date provided in subsection (a) above shall be deemed to be operating without a license. After such date taxpayer is required to pay a fifteen dollar (\$15) late renewal penalty, in addition to the annual license renewal fee provided in subsection (a) above.

(e) Reserved.

(f) Reserved.

(g) Reserved.

(h) Reserved.

(i) Reserved.

(j) Reserved.

Section 3. That Section 16-315 of the Tax Code of the City of Tempe is amended to read:

Sec. 16-315. ~~Reserved~~ Transient privilege licenses.

NOTWITHSTANDING THE PROVISIONS OF SECTION 16-300, A PERSON WHO WILL BE ENGAGED IN BUSINESS FOR A PERIOD OF THIRTY (30) DAYS OR LESS, MAY BE ISSUED A TRANSIENT PRIVILEGE LICENSE, WHICH SHALL BE VALID ONLY FOR A THIRTY (30) DAY PERIOD FOLLOWING THE APPLICATION DATE, UPON PAYMENT OF A TRANSIENT APPLICATION AND LICENSE FEE OF TWENTY-FIVE (\$25.00) DOLLARS IN LIEU OF ALL OTHER FEES IMPOSED UNDER THIS ARTICLE. IN THE EVENT THAT A PERSON OBTAINING AND OPERATING A BUSINESS ACTIVITY BY VIRTUE OF A TRANSIENT PRIVILEGE LICENSE, CONTINUES TO CONDUCT SAID BUSINESS BEYOND THE THIRTY (30) DAYS SET FORTH IN SUCH LICENSE, SUCH PERSON SHALL BE DEEMED TO BE CONDUCTING A BUSINESS ACTIVITY IN THE CITY WITHOUT A VALID PRIVILEGE LICENSE, AND SHALL BE SUBJECT TO ALL PENALTIES IMPOSED ON SUCH ACTIVITY UNDER THIS CHAPTER. IN ADDITION THERETO, SUCH PERSON SHALL NOT BE RELICENSED WITH EITHER A PRIVILEGE LICENSE UNDER THE PROVISIONS OF SECTION 16-300, OR A FURTHER TEMPORARY LICENSE UNDER THE PROVISION OF THIS SECTION WITHOUT PAYING ALL OTHER APPLICABLE APPLICATION FEES AND ANNUAL FEES.

Section 4. Pursuant to City Charter, Section 2.12, ordinances are effective thirty (30) days after adoption.

PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF TEMPE, ARIZONA, this ____ day of _____, 2008.

MAYOR

ATTEST:

City Clerk

APPROVED AS TO FORM:

City Attorney