



# Albemarle County

## Legislation Details (With Text)

**File #:** 17-467      **Version:** 1      **Name:**

**Type:** Ordinance      **Status:** Passed

**File created:** 7/12/2017      **In control:** Board of Supervisors

**On agenda:** 8/2/2017      **Final action:** 8/2/2017

**Title:** Business License Ordinance Amendments (Chapter 8). To receive comments on its intention to adopt an ordinance to amend Chapter 8 (Licenses) of the Albemarle County Code, by amending Article I (In General), Section 8-101 (Applicability); Article V (Correction of Tax Assessments), Section 8-505 (Refund of license tax if business terminated), and Article VI (Schedule of Taxes), Division 4, (Personal, Professional, Business or Repair Service Business, Occupations and Professions), Section 8-617 (Retailers or retail merchants). The proposed ordinance would increase from \$5,000 to \$25,000 the minimum gross receipts threshold over which businesses must obtain a County business license (§ 8-101). The proposed ordinance also would allow a person, firm, or corporation that ceases business in one year, but intends to settle outstanding, existing accounts in the following year, to pay a license tax based on an estimate of the current year's gross receipts instead of the previous year's gross receipts (§ 8-505). The proposed ordinance would also delete the duplicate "travel bureau or tour agent" from the retailer license listing in Section 8-617 while retaining it as a "repair, personal, business, and amusement" service under Section 8-616.

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** 1. Attach.A Proposed Ordinance

Date	Ver.	Action By	Action	Result
8/2/2017	1	Board of Supervisors	adopted	Pass

**AGENDA DATE:** 8/2/2017

**TITLE:** Business License (Chapter 8) Ordinance Amendments

**SUBJECT/PROPOSAL/REQUEST:** Public Hearing to Consider Proposed Business License Ordinance Amendments

**ITEM TYPE:** Regular Action Item

**STAFF CONTACT(S):** Walker, Letteri, Kamptner, Herrick, Burrell, Lamb

**PRESENTER (S):** Betty Burrell

**LEGAL REVIEW:** Yes

**REVIEWED BY:** Douglas C. Walker

**BACKGROUND:** Upon review of the County's business license ordinance, the Finance Department is recommending updates and improvements to three sections of Chapter 8 (Licenses) of the Albemarle County Code. These proposed revisions are intended both to improve the County's collection practices and to conform the County Code with recent changes in State law.

**STRATEGIC PLAN:** Economic Prosperity -- Foster an environment that stimulates diversified job creation, capital investments, and tax revenues that support community goals.

**DISCUSSION:** If adopted, the proposed ordinance would revise three sections of Chapter 8 (Licenses) of the Albemarle County Code.

\* **Sec. 8-101** - Business License gross receipts threshold - This proposal would increase from \$5,000 to \$25,000 the minimum gross receipts threshold over which businesses must obtain a County business license. This proposed amendment would exempt businesses with gross receipts of up to \$25,000 from the license requirement. This same threshold already applies to the Albemarle-based gross receipts of out-of-County contractors. Staff is recommending that the amendment of this section be effective for taxable years beginning on and after January 1, 2018. This recommendation is to maintain equity with existing 2017 business licensees.

Purpose of this proposed change: To encourage small business development by exempting business owners who generate less than \$25,000 in gross receipts per year from paying business license fees.

Consequence of this change: Business License tax revenue reduction of approximately \$62,000.

\* **Sec. 8-505** - License tax; businesses ceasing operations - This proposal would allow a person, firm, or corporation that ceases business in one year but attempts to settle existing, outstanding account balances in the next year, to pay a license tax based on the estimate of the current year's gross receipts instead of the previous year's gross receipts. At the time all accounts are closed, the amount paid would be adjusted for actual gross receipts. Penalties would apply if the person, firm, or corporation provided an unreasonable estimate, or if the person, firm, or corporation continued to operate the business during such a year.

Purpose of this proposed change: To conform with recent changes to *Virginia Code* § 58.1-3710.

Consequence of this change: County staff does not expect any negative fiscal impact from this change, nor would it create an undue burden on business owners.

\* **Sec. 8-617** - Business License - This proposal would delete the duplicate "travel bureau or tour agent" reference from the retailer license listing in County Code § 8-617 because it is already listed as a "repair, personal, business, and amusement" service under § 8-616.

Purpose of this change: This is an administrative correction to the County Code.

Consequence of this change: County staff does not expect any negative fiscal impact from this change, nor would it create an undue burden on business owners.

**BUDGET IMPACT:** Though the budgetary impact of these proposed amendments is difficult to predict with any certainty, the following are staff's best estimates of the fiscal impact of each proposal:

\* Business License threshold - Persons subject to licensure - \$62,000 (1,241 businesses with gross receipts of up to \$25,000, based on 2017 filings).

**The following changes are expected to be revenue neutral:**

- Refund of license tax if business terminated (§ 8-505).
- Deleting (duplicate) "travel bureau or tour agent" from retailer license class. (§ 8-617).

## **RECOMMENDATION:**

Following the public hearing, staff recommends that the Board adopt the attached proposed ordinance (Attachment A).

## **ATTACHMENTS:**

A - Proposed Ordinance - Chapter 8 (Licenses)