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**TO:** CITY MANAGER **DATE:** 2007 September 11

**FROM:** DIRECTOR FINANCE

**SUBJECT:** BUSINESS LICENSING

**PURPOSE:** To provide Council with information on the Province's single business licence initiative.

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**RECOMMENDATION:**

**1. THAT** copies of this report be forwarded to:

- Honourable Rick Thorpe, Minister of Small Business and Revenue;
- Honourable Ida Chong, Minister of Community Services, and
- U.B.C.M. Executive.

**REPORT**

Council has received correspondence dated 2007 July 26 from the Minister of Small Business and Revenue and the Minister of Community Services (*Attachment One*) which presents a summary of the draft proposed Single Business Licence (SBL) model. This report provides Council with background on the initiative and presents an evaluation of the Province's draft proposed model.

**Business licence background**

Local governments in British Columbia have the authority within the Community Charter to licence and regulate businesses that operate within their jurisdictions. As is most common among cities in the province, Burnaby exercises this authority through its Business Licence Bylaw and a variety of other regulatory bylaws relating to specific types of business. This business licence and regulation structure plays a significant role in fulfilling the City's statutory obligations relating to land use, public health and safety and community interests. Resident businesses (businesses with a permanent Burnaby business premises) require City approvals that lead to the issuance of a business licence for each business location. Approvals associated with the business licence process relate to land use, building safety, public health and business operation in specified classes of businesses. Non-resident businesses (businesses that operate in Burnaby on a temporary basis and are permanently located in another city) also require a business licence but generally face less local regulation due to no fixed, local business premises. Business licence fees are established according to business classification and recover costs incurred by the City in processing and approving licences specific to the various classifications.

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The Community Charter also provides for a system of inter-municipal service, regulation and other schemes. This authority allows local governments to issue one business licence for operation in more than one jurisdiction. A bylaw and an agreement between participating cities is required to establish this system which typically sees a business obtain the licence in their home or resident city to operate in other participating cities. This licence system is well designed for mobile businesses (ex: building contractors) where the one business licence allows them to perform contract work in the participating cities in a definable region. For participating cities, inter-municipal licensing is suitable for mobile businesses as their temporary work sites are not subject to the more rigorous City approval and regulation that generally relates to permanent business premises. The impact of this type of inter-municipal licence system on cities is mitigated by a reduction in administration, an adjustment in licence fees and improved licence compliance from resident contractors. There are currently five (5) inter-municipal licence agreements in place in the province, including the North Shore and the greater Victoria areas. All inter-municipal licence agreements involve mobile businesses only. It is important to emphasize that no existing inter-municipal licence system is designed for businesses with multiple permanent locations.

### **Provincial Single Business Licence background**

The Premier's address to the UBCM Convention (2006 October 16) included the idea of a single business licence to break down barriers to economic development and to better integrate communities. The basis of this initiative comes from the Provincial Task Force on Community Opportunities which released its report in 2006 October entitled *Building Stronger Communities: Better Services, Economic Growth, Solutions That Work*. The report states:

“The current regulatory environment can be particularly burdensome to businesses operating in a number of municipal jurisdictions. These businesses can find it time consuming, confusing and expensive to understand and comply with different requirements of each individual jurisdiction. The need for multiple licences to operate in multiple jurisdictions imposes an onerous financial burden on some businesses.”

The Province initiated the single business licence project in 2007 January. During the development stage of the project, staff participated in two meetings in April and June where various model options were presented. Metro Vancouver cities with representation at these meetings were highly critical of the options, particularly as they relate to business licences for resident businesses. The 2007 July 26 correspondence from the Provincial government on the draft proposed model is the first formal presentation of the single business licence initiative and provides a basis for discussion and consultation. The existing project schedule shows an implementation period of January – March 2008. The Project Manager has advised that a revised schedule extending the implementation date is expected.

The draft proposed model is to be presented at this years UBCM convention. Delegates of the convention will also consider Resolution B142 Provincial Single Business Licence Initiative (*Attachment Two*).

## **Single Business Licence draft proposed model**

The model creates an additional business licence system that provides business with one access point to obtain a single business licence to operate from multiple business locations in any city in the province. The model is not to have a financial impact on cities. The model has two distinct components based on the resident and non-resident nature of business.

### Resident business

In a model based example for resident business operations, a fast food business with locations proposed across the Province could make application for a single business licence in any city it chooses for all its business locations across the province. The licence would be issued from the same city for all its business locations.

The single business licence model for business locations in more than one city creates a number of licensing challenges for legal, administrative and practical reasons. Resolving these challenges will result in relinquishing city authority or changing city processes. Some of the issues include:

- Business licence applications are only accepted when compliance with the Burnaby Zoning Bylaw is confirmed. Another city presented with an application for business locations in Burnaby would have to review and apply the Zoning Bylaw to confirm compliance before accepting the application for Burnaby locations.
- Business licence fees for the various business licence classifications and zoning bylaws are different for each city across the province. An application presented in Burnaby for business locations across the province will require review and application of the zoning bylaw and licence fee schedule for each city location noted on the application.
- Business licence processes, fees, and approvals for resident businesses vary considerably from city to city. Harmonizing the licence process at the provincial level will lead to change and potentially, compromise of city authority and operations.
- The development, integration, and support of a single business licence computer system to record, track, and transmit applications and issue licences will require added administration and cost to cities.
- The receipt and reconciliation of licence fees relating to an SBL will create a new inter-municipal financial process.
- A single business licence model on a provincial scale will detract the autonomy of city authority to regulate business, to establish licence and approval processes, and to set fees.

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Despite the Provincial claim that the SBL will have a revenue neutral impact on city operations, it is clear that there will be direct and indirect costs to cities in the form of pressure to standardize licence fees and costs related to the additional administration of the SBL.

Non-resident business

In a model based example for non-resident business, a building contractor with a shop in Burnaby could make application in Burnaby for a single business licence to work at job sites throughout the province. The licence would be issued from Burnaby.

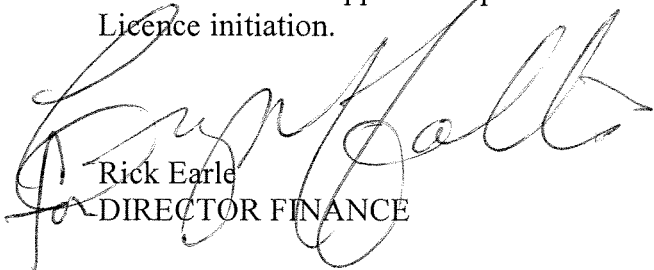
This type of inter-municipal licence system for mobile, non-resident businesses is successfully in operation in a number of relatively small regions in the province. Challenges with this aspect of the SBL relate to establishing a licensing agreement amongst participating cities in a larger region, possibly province wide. Working to resolve these challenges is warranted as it is feasible and reasonable from a city perspective. Equally important, it was the non-resident business licence processes that the business community expressed as presenting the regulatory, administrative and financial burden that the SBL project was to originally resolve.

**Conclusion**

The draft proposed single business licence model represents a system of province wide business licensing that presents a number of challenges for cities. The multi location resident business licence component of the model is of particular concern due to the wide variance in regulation and administration that exists between each cities resident licence approval process. Until there is a resolution that is agreeable to the City, with no additional cost to the city, this component of the model is not supportable.

The non-resident, mobile business component of the model also presents challenges by its provincial scope. Existing regional models have demonstrated this type of SBL is practical and benefits both business and local authority. Due to the relatively streamlined licence process for these types of business, an SBL system here is supportable and staff are prepared to participate in further consultation in this regard.

This conclusion supports the previous noted UBCM Resolution 142 regarding the Single Business Licence initiation.



Rick Earle  
DIRECTOR FINANCE

CMC:sk

Attachments

Copied to: City Solicitor



July 26, 2007

RECEIVED IN LICENCE.....169822

His Worship Mayor Derek Corrigan and Councillors City of Burnaby 4949 Canada Way Burnaby, British Columbia V5G 1M2

AUG 21 2007

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Dear Mayor Corrigan and Councillors:

We are writing to provide you with further information regarding the Single Business Licence, following up on our letter of May 23, 2007. It is our intention to work in partnership with all municipalities to develop a business licence process benefiting both small businesses and municipalities, making it easier to do business in British Columbia and be of economic benefit to all regions.

We have embarked upon a consultation process, including to date, over a dozen consultations with local government management associations, Union of British Columbia Municipalities (UBCM) area associations, the British Columbia Chamber of Commerce and other key partners. Based on these meetings, we have developed a draft proposal for how the single business licence may work for both small business and local government partners.

We have also brought together the Single Business Licence Advisory Group, comprised of representatives from the UBCM Executive, the Small Business Roundtable, the BC Chamber of Commerce, the Canadian Federation of Independent Business, the Economic Development Association of BC and former city administrators.

On July 19th, the Ministry of Small Business and Revenue met with the UBCM Executive and Community Economic Development Committee to discuss the draft model and hear their concerns. We have agreed to ongoing engagement with the Executive on the initiative and have also been given the opportunity to present the draft model at the UBCM Convention in September.

We recognize municipalities are eager to get more information about this initiative. The Advisory Group has met twice, and at the most recent meeting agreed the draft Single Business Licence model should be circulated for discussion. A summary of the draft proposed Single Business Licence model is attached for your information.

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COPY: COUNCIL CITY MANAGER DIR. FINANCE CHIEF LICENCE INSP.-FOR NOTE

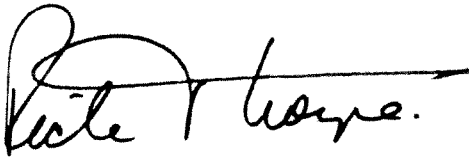
All of the discussions related to the model are based on the following principles:

- municipalities will retain their authority over business licensing and the existing linkages between licence issuances and other municipal processes will be maintained;
- businesses will continue to adhere to the bylaws of the communities in which they operate; and
- the province will not receive any revenue from this initiative and our goal is to develop a model that is revenue neutral for both municipalities and business.

We strongly believe the Single Business Licence Initiative will preserve municipalities' capacity to regulate business activity within their jurisdictions, while enhancing economic development and reducing regulatory burden for citizens, taxpayers and businesses.

We look forward to further discussions and consultations with you on this initiative, to develop a successful model for everyone.

Yours truly,



Rick Thorpe  
Minister of Small Business and Revenue



Ida Chong  
Minister of Community Services

cc: Honourable Gordon Campbell  
Premier

Brenda Binnie, President  
Union of British Columbia Municipalities

# Single Business Licence

## A Draft Model Based on Preliminary Consultations

This is a draft model for further discussion and refinement.

### 1. Principles

All of the discussions related to the proposed Single Business Licence model are based on the following principles:

- consultation will take place to ensure all parties are in agreement with the model before proceeding toward implementation;
- municipalities will retain their authority over business licensing and the existing linkages between licence issuances and other municipal processes will be maintained;
- businesses will continue to adhere to the bylaws of the communities in which they operate;
- the province will not receive any revenue from this initiative and the goal is to develop a model that is revenue neutral for both municipalities and business.

### 2. Purpose and Vision

Six regions in the province have already established intermunicipal business licensing schemes: the Capital Regional District; the Cowichan Valley; North and West Vancouver; Trail and surrounding communities; Comox/Courtenay; and, the North Okanagan. These schemes are viewed as being very successful by both business and local government.

The October 2006 *Report of the Task Force on Community Opportunities* identified that the current regulatory environment can be particularly burdensome for businesses operating in multiple jurisdictions, and urged communities across the province to commit to the expansion of region-wide, intermunicipal business licensing schemes.

In a 2005 survey conducted by the Canadian Federation of Independent Business (CFIB), one in four small business owners in British Columbia identified the business licence as being the most onerous administrative task they face. The CFIB also provides anecdotal reports of businesses turning down work in other areas due to the difficulty in obtaining additional business licences.

The 2006 *Small Business Report to Government* noted that small business wants government, at all levels, to continue government regulatory reform, identifying and focusing the regulatory reform agenda on issues that are a considerable burden to small business, such as obtaining licences and permits.

Recognizing the success of the current intermunicipal schemes and building on the recommendations from the *Task Force Report*, at the UBCM Convention in October 2006, the Premier of British Columbia challenged the Union of British Columbia Municipalities and local governments to establish a single municipal business licence.

A Single Business Licence will provide the following benefits for municipalities: streamlined business licensing process; access to comprehensive data on businesses in their area; and, enhanced economic activity within their boundaries. Business will benefit by having access to a one-stop business licensing process; easier access to new business opportunities; and, a reduced administrative burden.

### 3. Draft Model for Discussion

#### A. Definitions

"Single Business Licence" (SBL) – means a business licence that allows the licensee to operate in numerous municipalities. To obtain an SBL, the business must be operated under the same name, the same business number, have the same owner(s), and be of the same business type in all locations.

"Mobile business" – means a business that operates in more than one municipality without an associated storefront (e.g. tradesperson, building contractors).

"Principal municipality" – if the business only has one location or is mobile, means the municipality where a business is located; if the business has multiple locations, business must designate one municipality in which there is a storefront as the principal municipality.

#### B. General Terms

1. Authority to Operate - For each physical location or each area of operation, a business would not be authorized to operate until the respective municipality has granted the required approvals specific to each location. For new locations or change of address, the business would contact the locating municipality to obtain necessary permits, licences, verifications of planning, building, health, fire, police, trade qualifications, engineering, bylaws etc.
2. Transfer of Licence - Every SBL would be considered a personal licence to the Licensee and would not be transferable to any other person.
3. Term of Licence / Refunds - Businesses could have the option of choosing a one-year or three-year business licence. Fees would reflect the chosen term of the licence valid from the date of purchase/application. Businesses would not be eligible for business licence fee refunds.
4. Eligible Business Types - All businesses may apply for a SBL with the exception of certain business types. The following business types are suggested for exclusion: escort agencies; massage parlours; pawn brokers; casinos; community gaming centres; vehicles for hire (taxis). These business types would be required to apply for a business licence in each municipality in which they operate, for each premises they operate. The list of excluded business types may be reviewed by UBCM on an annual basis.
5. Fees and Revenue - The following system for fees and revenue is proposed:
  - o Businesses with one location only would pay the business licence fee as determined by their principal municipality (no change from current process).
  - o Businesses with multiple locations would pay the municipal business licence fee set by the principal municipality plus a SBL fee per additional physical location. This SBL fee would go to the respective municipality where physical location was based.
  - o Municipalities could individually determine their SBL fee for physical locations.
  - o Municipalities would retain the principal municipal fees that they receive.
  - o A mobile business with one location would pay the business licence fee set by their principal municipality plus the SBL fee of \$X. The revenue model for the mobile business SBL fee is yet to be determined.



The following table presents the same information as above:

Single Business Licence		
<p><b>Principal location</b> Business with only one location obtains licence from principal municipality. Pays principal fee.</p> <p>Principal municipality retains fee.</p> <p>No change from current process.</p>	<p><b>Multi-location</b> Business with multiple locations obtains licence from principal municipality, listing all locations. Pays principal fee plus SBL fee for other locations.</p> <p>Each municipality individually determines their SBL fee.</p> <p>Principal municipality retains principal fee. SBL fees go to respective municipalities.</p>	<p><b>Mobile</b> Business that travels to provide goods or services obtains licence from principal municipality and has option to upgrade to SBL to work throughout BC. Pays principal fee plus SBL mobile fee.</p> <p>Principal municipality retains principal fee. SBL fee is shared among municipalities.</p>

6. Enforcement - Municipalities would have the authority to suspend or revoke any SBL from a business who is in non-compliance with local bylaws, for the location in non-compliance only, even if issued by another municipality. Due process to be followed as per local municipal bylaws. Municipalities would also have the authority to issue fines to businesses who were in non-compliance with local bylaws or who failed to have a valid business licence.

7. Monitoring - Municipalities enter the baseline information about businesses into a central database (e.g. name of business, business number, address(es) of business, type of business, date SBL issued etc.). All municipalities have access to this database. The database provides the ability to send an alert to other municipalities if a SBL is amended, suspended or revoked.

### C. Draft Single Business Licence Procedures

#### Applications

- A business applies for a business licence in the municipality in which they are physically located ("principal municipality").
- On the application form, businesses indicate if they want to operate in one municipality, or to operate in multiple municipalities.
- Businesses with several locations in several municipalities would designate one site as their principal location. They would then apply for a SBL in the principal municipality, listing all physical locations on the application form.
- Mobile businesses would apply for a SBL in the municipality in which they are physically located. On approval by the municipality, they would be authorized to operate anywhere in the province (subject to municipal bylaws).
- Out-of-province businesses (with no physical premises in any municipality) who plan to operate in several municipalities would apply for a SBL in one of the municipalities in which they operate.
- Businesses based in an electoral area (outside municipal boundaries) who plan to operate in several municipalities would apply for a SBL in one of the municipalities in which they operate.

- The SBL would not be a separate licence – it would essentially be an enhanced business licence. Only one application form would be used with an option for the business to select the SBL designation. Only one licence would be issued - it would indicate if the SBL designation was selected.
- Businesses would retain the ability to apply for separate business licences for each of their locations (instead of applying for the SBL) if they wished.

#### **Applications for New Locations**

- Businesses with an existing SBL that want to expand their operation to a new location would file an amendment to the original business licence with either the principal municipality or new municipality.
- The amendment form would indicate the location of new premises and the business would pay the additional fee.
- The municipality would update the central database, thereby triggering an amendment alert (potentially via email or other mechanism) to the municipality where new location is based ("locating municipality").
- Once the status of a new location was changed from "pending" to "approved", an automatic communication (via e-mail, fax or letter) would be issued to the business advising them of the approval.

#### **Change of Address**

- If any locations of a business are moving, the business would file an amendment to the Single Business Licence with either the principal or locating municipality for a \$X fee that would be retained by the municipality as an administration fee.
- The municipality would update the central database, thereby triggering an amendment alert to the locating municipality (if needed).

#### **D. Example Scenarios**

- Clothing retail store in City of Nanaimo wants to open a second store also in Nanaimo: would require amendment to a SBL from City of Nanaimo for new location.
- Coffee shop has three locations in two municipalities: designate one location as their principal location and apply for a SBL in that municipality (list all locations on application form).
- Plumbing business has a shop in City of Vancouver and operates across Lower Mainland: Acquires a business licence and mobile SBL from the City of Vancouver, allowing them to operate anywhere in BC.
- That same business now wants to set up a shop in City of Kelowna: they would file a SBL amendment with Vancouver or Kelowna. Address of second location entered into database, which triggers an alert to the City of Kelowna.
- Electrician from Calgary wants to do work in City of Prince George: acquires SBL from City of Prince George -- can now work anywhere in BC.
- Caterer operating from rural home (in an electoral area) wants to deliver food in City of Nelson: acquires business licence from City of Nelson. No change from current process.
- Same business now wants to deliver food in City of Castlegar as well: they would upgrade to a mobile SBL, allowing them to operate anywhere in BC.

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## COMMUNITY ECONOMIC DEVELOPMENT

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**B142 PROVINCIAL SINGLE BUSINESS LICENCE INITIATIVE**

**Spallumcheen**

WHEREAS the provincial government has circulated a Provincial Single Business Licence Initiative, with an implementation date of January 2008;

AND WHEREAS concerns exist whether the initiative envisions establishing a number or inter-municipal licensing schemes or the development of a single business licence for all trades, professions, business operators, etc.;

AND WHEREAS there are many issues that have not been explained, including loss of ability to monitor business operations, potential land use conflicts, revenue loss/sharing, enforcement matters, etc.;

THEREFORE BE IT RESOLVED that municipalities remain in control of business licences within their jurisdictions;

AND BE IT FURTHER RESOLVED that, should consideration of the Single Business Licence Initiative be continued, representatives of municipalities currently handling business licences be involved in the consultation process.

*NOT PRESENTED TO THE SOUTHERN INTERIOR LOCAL GOVERNMENT ASSOCIATION*

*UBCM RESOLUTIONS COMMITTEE RECOMMENDATION: Endorse*

*UBCM RESOLUTIONS COMMITTEE COMMENTS:*

*The Resolutions Committee notes that this resolution is in response to an initiative of the Ministry of Small Business and Revenue to establish a province-wide single business licence.*

*UBCM has participated in discussions at both the working group and Advisory Committee level and has continued to express concerns about the scope and timelines associated with this initiative.*

*See also resolution C33.*

*Conference decision: \_\_\_\_\_*