

NO: **R236**

COUNCIL DATE: **November 5, 2012**

REGULAR COUNCIL

TO: **Mayor & Council**

DATE: **October 25, 2012**

FROM: **City Solicitor**

FILE: **3900-01/#11**

SUBJECT: **Inter-Municipal Business License Pilot Program**

RECOMMENDATION

The Legal Services Division recommends that Council:

1. Receive this report; and
2. Approve the City of Surrey participating as a partner in a one-year pilot of an Inter-Municipal Business License Program with the City of Abbotsford, the City of Chilliwack, the District of Hope, the City of Langley, the Township of Langley, the District of Maple Ridge, the District of Mission and the City of Pitt Meadows, all as generally described in this report.

BACKGROUND

Over the last few years, the Province of British Columbia has encouraged municipalities to enter into Inter-Municipal Business License Programs as a means to create a more business-friendly environment in the Province with a view to encouraging economic development.

The Small Business Branch, Ministry of Jobs, Tourism and Innovation (the "Branch") has supported the development of Inter-Municipal Business License Programs in other areas of the Province, most notably the Okanagan – Similkameen region, which has seventeen municipalities participating in their program.

In 2007, Council considered Corporate Report No. Ro27; 2007, a copy of which is attached as Appendix "A" to this report, and adopted its recommendations thereby authorizing staff to investigate the feasibility and logistics of bringing an Inter-Municipal Business License Program into being. An Inter-Municipal Business License allows a business owner to obtain a business license in one municipality and conduct business within the boundaries of any or all of the municipalities that are partners in the Licensing Program. This acts to simplify the business-licensing process for business owners that operate their business across several municipalities and thereby creates a more business-friendly environment.

Staff has been engaged with other municipalities in exploring the development of an Inter-Municipal Business License Program since that time.

Staff representatives of a group of municipalities from within the Fraser Valley have now agreed to a pilot Inter-Municipal Business License Program (the "Program") as documented in this report. The goal is to launch the pilot Program on January 1, 2013. The group of municipalities (the "Group") who have tentatively agreed to participate in the pilot Program include:

- the City of Abbotsford,
- the City of Chilliwack,
- the District of Hope,
- the City of Langley,
- the Township of Langley,
- the District of Maple Ridge,
- the District of Mission,
- the City of Pitt Meadows, and
- the City of Surrey.

DISCUSSION

Representatives of the various municipalities in the Group have met several times with economic development staff of the Provincial government to discuss the feasibility of implementing the Program and have developed draft procedures as to how the Program will operate. These procedures are listed below:

1. The Provincial Government will provide and support a database where all Inter-Municipal Business License information could be stored, updated and queried by the municipalities involved in the Program.
2. The participating municipalities will upload to the database data on business licenses issued under the Program.
3. The database software will analyse the data in support of revenue-sharing with the objective being that the revenue model would be revenue neutral to participating municipalities.
4. The pilot Program will be focussed on construction-related businesses (i.e., "construction-related business" means a trade contractor or other professional related to the construction industry that provides a service or product on or at a construction site).
5. Individual participating municipalities will retain authority over business licensing.
6. Businesses licensed under the Program must adhere to the bylaws of each municipality in which they operate regardless of the location in which the business license is issued.
7. Participating municipalities are to ensure that businesses obtain their Inter-Municipal Business License from the municipality in which their principal place of business is physically located. Once an Inter-Municipal Business License is issued to a business the business owner may operate under that license in any of the municipalities that is part of the Group.

8. A business located outside of any of the participating municipalities will not be eligible for the Program but rather must obtain a business license from each participating municipality where the business operator is involved in conducting business.
9. The Inter-Municipal Business License fee will be \$250.00 in addition to the regular business license fee of the municipality within which the business license is issued.
10. The revenue generated from the Inter-Municipal Business License fee as referenced in 6. (\$250.00) will be shared between the participating municipalities based on the percentages documented in the following table:

Participating Municipality	% share of Inter-Municipal Business License Revenue (*)
1. Abbotsford	11.53%
2. Chilliwack	6.21%
3. Hope	0.87%
4. City of Langley	11.75%
5. Township of Langley	12.82%
6. Maple Ridge	11.81%
7. Mission	10.07%
8. Pitt Meadows	1.95%
9. Surrey	32.98%
Total	100%

11. The pilot Program will run from January 2013 to December 2013.
12. The pilot Program will be reviewed after its first year of operation with a view to making any necessary adjustments and possibly expanding it to other types of businesses, all subject to the agreement of the participating municipalities. Any participating municipality may choose to withdraw from the Program at the end of the pilot period.

Implementation of the Pilot Program

The City will need to enact an enabling by-law to implement the proposed pilot Program. In consultation with representatives of the Group municipalities, the Provincial Government is in the process of developing a form of enabling by-law for adoption by each of the members of the Group to ensure consistency between the municipal by-laws and to address inter-municipal issues that would otherwise require agreements between the Group members. It is expected that the subject by-law will be available for Council consideration by the end of November 2012.

CONCLUSION

Based on the above discussion, the Legal Services Division recommends that Council approve the City participating as a partner in a one-year pilot of an Inter-Municipal Business License Program with the City of Abbotsford, the City of Chilliwack, the District of Hope, the City of Langley, the Township of Langley, the District of Maple Ridge, the District of Mission and the City of Pitt Meadows, all as generally described in this report.

CRAIG MacFARLANE
City Solicitor

Appendix "A" – Corporate Report Ro27; 2007 titled "Inter-Municipal Business License"

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APPENDIX "A"



Corporate Report

NO: R027

COUNCIL DATE: FEBRUARY 26, 2007

REGULAR COUNCIL

TO: Mayor & Council
DATE: February 26, 2007

FROM: Manager, Economic Development Office;
Manager, Bylaw Enforcement & Licensing
FILE:

SUBJECT Inter-Municipal Business License

RECOMMENDATION

That Council:

1. Receive this report for information.
2. Authorize staff to work with partner municipalities to further explore the opportunities and implications of implementing an inter-municipal licensing system in the Greater Vancouver Region, and report those findings back to City Council.

BACKGROUND

At the 2006 UBCM convention, the Premier urged municipalities to develop an inter-municipal or harmonized business license system by 2008. The purpose of this initiative is to create a more business friendly environment.

BC Municipalities have the authority to require businesses operating within their boundaries to hold a valid business licenses. The business license process enables municipalities to:

- regulate the type of businesses operating within their community;
- ensure that business premises comply with public safety code requirements;
- ensure that business operations comply with municipal land-use regulations; and
- raise revenues from license fees

Businesses operating in multiple municipalities are typically required to hold a valid business license in each municipality in which they do business. However, in some regions, municipalities have collaborated to adopt 'inter-municipal business license agreements'. These agreements allow certain businesses to purchase one business license that allows them to operate

in multiple municipalities, eliminating the need to purchase separate business licenses from each municipality within that region.

Municipalities within the Capital Regional District (CRD) were the first in the province to adopt an inter-municipal license agreement. Established in 1999, the initial agreement was adopted by 9 of the CRD's 14 municipalities; participation has now grown to 13 municipalities. All municipalities within the Cowichan Valley Regional District adopted a similar agreement in 2003, and most recently, municipalities within the Comox Valley Regional District entered into an inter-municipal license agreement.

Cities on the north shore (North Vancouver District, North Vancouver City and West Vancouver) have successfully participated in an inter-municipal business license system since 2001.

Establishment of an inter-municipal business license system in the Greater Vancouver region was the sole agenda item at a recent Regional Economic Development Sub-Committee (REDS) meeting at the GVRD. After presentations by representatives of the North Shore and the Capital Regional District, and following a lengthy discussion, members of the REDS Committee agreed to proceed with further exploration of the concept.

DISCUSSION

Inter-municipal business licenses could initially be available to some small 'mobile' type businesses, such as construction contractors, on-site repair services, and caterers serving local and regional markets. In the absence of an inter-municipal business license, these businesses are required to take out a business license in each municipality in which they conduct business. The introduction of an inter-municipal business license would save these businesses time, money and confusion.

Inter-municipal business licenses are established by municipal bylaw and must be adopted by each participating municipality. The agreement between the municipalities states how business license applications will be reviewed, the types of businesses that are eligible, the license fees and how the municipalities will handle complaints across jurisdictions.

Eligible businesses apply for an inter-municipal business license in the municipality where they have a permanent location, such as an office or workshop. That municipality reviews the application to ensure the business complies with required bylaws, collects the license fees and issues the inter-municipal license. The municipality also keeps a list of issued inter-municipal licenses and provides that list to the partner municipalities.

There are close to 2,500 Surrey business licenses held by 'non-resident' mobile-type businesses, with corresponding annual licensing fees of approximately \$475,000. Though the affect on business license revenue appears to vary among municipalities, with some reporting a reduction in revenues and others an increase, there is a strong potential for Surrey's business license revenue to suffer a substantial loss. Another potential downside is a reduced ability to regulate and enforce to Surrey's current standards. Both of these issues would need to be fully explored and addressed in the agreement.

CONCLUSION

There is not currently an inter-municipal business license agreement in the Greater Vancouver Region. The Capital Regional District (CRD), Cowichan Valley Regional District, Comox Valley Regional District and the three north shore municipalities have all successfully adopted inter-municipal licensing systems.

In light of Council's business development thrust and appreciation for streamlining government processes for the benefit of the business community, it would be appropriate to further explore the opportunities and implications of implementing an inter-municipal licensing system in Surrey as part of the Greater Vancouver Region.

Donna Jones
Manager, Economic Development Office

John Sherstone
Manager, Bylaw Enforcement & Licensing