

Date: May 12, 2021

To: Chair and Members of Council

From: Geoff Wright, P.Eng, MBA, Commissioner of  
Transportation and Works

Originator's files:

Meeting date:  
May 19, 2021

## Subject

**Review of Business Licensing Fees and Relief Options**

## Recommendation

1. That the report from the Commissioner of Transportation and Works, dated May 12, 2021, and entitled "Review of Business Licensing Fees and Relief Options" be received.
2. That Council provide direction to staff on licensing fee options as outlined in the report.

## Executive Summary

- Staff were directed to report back providing 2021 licencing relief options and to conduct a review of the hardest hit business sectors due to Covid-19.
- A two-tier model was developed that classified businesses as either 'ordered to close' or 'permitted to open' by provincial regulation in 2021.
- Based on this two-tier model, three options were developed: a 100% / 50% (ordered to close / permitted to open) fee reduction, a 75% / 25% fee reduction, and a 50% / 0% fee reduction.
- The financial impact would range from \$365K to approximately \$1.48M depending on the option selected.

## Background

At the April 28, 2021 Budget Committee the following recommendation was approved:

*"BC-0018-2021*

1. *That the corporate report from the Commissioner of Transportation and Works, dated April 14, 2021 entitled "Review of Business Licensing Fees be referred to the May 19, 2021 Council meeting and that staff be directed to report back providing options and to conduct a review of the hardest hit business sectors.*
2. *That the late Business Licensing Fees be waived pending Council's decision on May 19, 2021."*

## Comments

### **COVID-19 Business Impact Assessment**

The regulations implemented by the Ontario Government under the *Emergency Management and Civil Protection Act* and subsequently the *Reopening Ontario (A Flexible Response to Covid -19) Act 2020*, have at various times strictly limited, or required the closure of various business types. These actions also had a significant impact on businesses who, while not specifically identified in the regulations, have suffered due to the subsequent general slowing of the economy.

EDO analysis indicates that the magnitude of COVID-19's impact upon a business is largely shaped by three factors:

1. Impact of public health measures on business operations (i.e. full closure or significant restriction)
2. Capacity of business to pivot operations, in response to restrictions
3. Impact of changing consumer behaviour on business operations

Given the complexity of the regulations and the various degrees of impacts that they have had on businesses, staff are unable to determine the precise financial impacts for each licence type. Determining the precise impacts would require a thorough assessment on a case-by-case basis and this would likely involve an application and review process that the City does not have the capacity to perform.

## Options

A two-tier model was developed based whether or not the business was permitted to open in 2021:

- Tier 1 - Ordered closed in 2021 either fully or partially by Provincial Regulation.
- Tier 2 - Permitted to open in 2021 but impacted by the slowing of the economy.

The following tables include the top ten licence categories that represent 95% of all license types and revenue. A complete list of all licence types classified by tier and proposed renewal fees can be found in Appendix 1.

### **Option 1 – 100% and 50% Renewal Fee Reduction**

Business licences identified as Tier 1 would see licence renewal fees reduced by 100% for 2021. Tier 2 licence renewal would be reduced by 50% in 2021.

| Tier | Licence Category                     | 2020 Fee | 2021 Fee |
|------|--------------------------------------|----------|----------|
| 1    | Personal Services                    | \$203    | 0        |
|      | Body Rub Parlours                    | \$6999   | 0        |
|      | Adult Entertainment                  | \$5561   | 0        |
|      | Driving School Services              | \$230    | 0        |
|      | Restaurants and Related Food Service | \$194    | 0        |

|   |  |       |          |
|---|--|-------|----------|
| 2 | Contractors Trades or Building Renovators            | \$194 | \$97     |
|   | Auto Service Stations                                | \$260 | \$130    |
|   | Taxi, Limousine and Airport Transportations Services | \$480 | \$240    |
|   | Tow Truck Services                                   | \$603 | \$301.50 |
|   | Tobacco Sales  | \$229 | 114.50   |

### **Option 2 - 75% and 25% Renewal Fee Reduction**

Business licences identified as Tier 1 would see licence renewal fees reduced by 75% for 2021. Tier 2 Licence renewal would be reduced by 25% in 2021.

| Tier | Licence Category                                     | 2020 Fee | 2021 Fee  |
|------|--|----------|-----------|
| 1    | Personal Services                                    | \$203    | \$50.75   |
|      | Body Rub Parlours                                    | \$6999   | \$1749.75 |
|      | Adult Entertainment                                  | \$5561   | \$1390.25 |
|      | Driving School Services                              | \$230    | \$57.50   |
|      | Restaurants and Related Food Service                 | \$194    | \$48.50   |
| 2    | Contractors Trades or Building Renovators            | \$194    | \$145.50  |
|      | Auto Service Stations                                | \$260    | \$195     |
|      | Taxi, Limousine and Airport Transportations Services | \$480    | \$360     |
|      | Tow Truck Services                                   | \$603    | \$452.25  |
|      | Tobacco Sales  | \$229    | \$171.75  |

### **Option 3 - 50% and 0% Renewal Fee Reduction**

Business licences identified as Tier 1 would see licence renewal fees reduced by 50% for 2021. Tier 2 licence renewal fees would not be reduced in 2021.

| Tier | Licence Category                                     | 2020 Fee | 2021 Fee  |
|------|--|----------|-----------|
| 1    | Personal Services                                    | \$203    | \$101.50  |
|      | Body Rub Parlours                                    | \$6999   | \$3499.50 |
|      | Adult Entertainment                                  | \$5561   | \$2780.50 |
|      | Driving School Services                              | \$230    | \$115     |
|      | Restaurants and Related Food Service                 | \$194    | \$97      |
| 2    | Contractors Trades or Building Renovators            | \$194    | \$194     |
|      | Auto Service Stations                                | \$260    | \$260     |
|      | Taxi, Limousine and Airport Transportations Services | \$480    | \$480     |
|      | Tow Truck Services                                   | \$603    | \$603     |
|      | Tobacco Sales  | \$229    | \$229     |

## Financial Impact

The following projections are based on the assumption that all 2020 licensees will renew their licence in 2021. There is a level of uncertainty as it is unclear what the long term effect of the pandemic and the concomitant provincial regulations will have on the business community.

These options identify only licences that are being “renewed” and will not apply to the issuance of new licences. Some licence categories do not provide a grace period; when a licence expires an application arriving after the expiry date is classified as new, despite the fact that the business may have been in continuous operation. To address this, and for the purpose of issuing these licence types staff will consider any licence application for a business that was licenced at any time in 2020 as being a “renewal” for the purpose of assessing the appropriate fee. The impacted areas would be cost centres 22652 Enforcement -Compliance and Licensing and 22651 Enforcement - Mobile Licensing.

Impact on Licence Fee renewal revenue would be as follows:

| Projected Revenue<br>Licence Renewal | No change to<br>2020 Fees | Option 1<br>100% and 50% | Option 2<br>75% and 25% | Option 3<br>50% and 0% |
|--------------------------------------|---------------------------|--------------------------|-------------------------|------------------------|
| 2021                                 | \$2,229,501               | \$747,958                | \$1,305,333             | \$1,862,709            |
| Projected Variance                   |                           | (\$1,481,543)            | (\$924,168)             | (\$366,793)            |

## Conclusion

Each option would provide some relief to Tier 1 businesses that were ordered to close in 2021. Tier 2 businesses that have been permitted to operate during the pandemic would experience some licence fee relief in Options 1 and 2, and licence fees would remain unchanged for this group under Option 3.

## Attachments

Appendix 1: 2021 Projected Licence Renewal Revenue with Relief Options



Geoff Wright, P.Eng, MBA, Commissioner of Transportation and Works

Prepared by: Michael Foley, Manager, Mobile Licensing Enforcement