



# Finance Department

## MEMORANDUM

**DATE:** May 16, 2023  
**TO:** Reno City Council  
**THROUGH:** Doug Thornley, City Manager Approved Electronically  
**FROM:** Matthew Taylor, Assistant Finance Director  
**SUBJECT:** **Business License Fee Schedule Changes**

Subsequent to the May 3<sup>rd</sup> Budget Meetings Business License flat fees were reviewed and adjusted to try and close the gap between actual revenues and the adjusted based revenues (as calculated for the Annual Comprehensive Financial Report). The fees were originally increased by 6.2% to account for inflation. Subsequently, it was determined that a 10% increase would be a better factor to keep up with inflation as well as the population growth.

Each year, the finance department compares actual revenues received to the adjusted base for Business License flat fees. The base fees are adjusted by CPI and the population increase for the City of Reno. Based on the June 2022 audit, the adjusted base for 2023 has been calculated using the 6.2% CPI adjustment and a 3.7% population increase as reported by the State of Nevada (published in March 2023). The total increase due to CPI and population is 9.9%

Business License revenue Adjusted Base at June 30, 2022	\$15,684,590
1. Percentage increase in population of the local government	3.70%
2. Percentage increase in CPI at 12/31/22	<u>6.20%</u>
Business License revenue Adjusted Base at June 30, 2023	<u>\$17,237,364</u>

Amount Over (Under) Allowable Adjusted Base

	Fiscal Year 2022	Fiscal Year 2023 Estimated	Fiscal Year 2024 6.2% Increase	Fiscal Year 2024 10% Increase
Estimated Revenues	\$ 8,793,183	\$ 8,748,000	\$ 9,576,441	\$ 9,841,815
Adjusted Base 6/30/23	15,684,590	17,237,364	17,237,364	17,237,364
Amount Over/ (Under) Allowable Base	\$(6,891,407)	\$(8,489,364)	\$(7,660,923)	\$(7,395,549)

The amount under the allowable base continues to increase from June 30, 2022, but increase is lessened when the higher 10% change is applied.

Attached is a sample of Business License Fees that will be impacted for the changes proposed.

<b>Licenses based on Gross Receipts</b>	<b>Current</b>	<b>Proposed</b>	<b>Difference</b>	
General Business	\$ 65.00	\$ 70.00	\$ 5.00	per year
	\$ 140.00	\$ 150.00	\$ 10.00	per year
	\$130 + .00085 times the amount over \$100,000	\$150 + .00085 times the amount over \$100,000	\$ 20.00	per year
	\$4,295 + .00065 times the amount over \$5,000,000	\$4,315 + .00065 times the amount over \$5,000,000	\$ 20.00	per year
<b>Flat Fee examples</b>	<b>Current</b>	<b>Proposed (+10%)</b>	<b>Difference</b>	
Adult Interactive Cabaret (per quarter)	\$ 205.00	\$ 225.00	\$ 20.00	per quarter
Auctioneers (per quarter)	\$ 250.00	\$ 275.00	\$ 25.00	per quarter
Cabaret - non-alcohol (per year)	\$ 645.00	\$ 709.00	\$ 64.00	per year
Mobile Vehicle Catering (per year)	\$ 60.00	\$ 66.00	\$ 6.00	per year
<b>Privileged Licenses</b>	<b>Current</b>	<b>Proposed (+20%)</b>	<b>Difference</b>	
Alcohol Catering (per quarter)	\$ 410.00	\$ 492.00	\$ 82.00	per quarter
Dining Room Alcohol (per quarter)	\$ 620.00	\$ 744.00	\$ 124.00	per quarter
Dining Room Wine and Beer (per quarter)	\$ 250.00	\$ 300.00	\$ 50.00	per quarter
Package Beer and Wine (per quarter)	\$ 410.00	\$ 492.00	\$ 82.00	per quarter
Package Alcoholic Beverage (per quarter)	\$ 620.00	\$ 744.00	\$ 124.00	per quarter
Tobacco Paraphernalia Retailers (per quarter)	\$ 160.00	\$ 192.00	\$ 32.00	per quarter
Sidewalk Vendors (per year)	\$ 305.00	\$ 366.00	\$ 61.00	per year
<b>Distribution, Manufacturing, Warehouse</b>	<b>Current</b>	<b>Proposed - Tiers Corrected and Cap Removed</b>	<b>Difference Min</b>	<b>Max</b>
1 to 5,000 square feet (SQFT)	\$0.10/SQFT Minimum Fee of	\$0.10/SQFT Minimum Fee of	\$ 10.00	\$ -
5,001 to 10,000 square feet (SQFT)	\$0.09/SQFT	\$0.09/SQFT + \$50	\$ 50.00	\$ 50.00
10,001 to 30,000 square feet (SQFT)	\$0.08/SQFT	\$0.08/SQFT + \$150	\$ 150.00	\$ 150.00
30,001 to 50,000 square feet (SQFT)	\$0.07/SQFT	\$0.07/SQFT + \$450	\$ 450.00	\$ 450.00
50,001 to 100,000 square feet (SQFT)	\$0.06/SQFT + \$500	\$0.06/SQFT + \$950	\$ 450.00	\$ 450.00
100,001 to 200,000 square feet (SQFT)	\$0.05/SQFT + \$1,500	\$0.05/SQFT + \$1,950	\$ 450.00	\$ 450.00
200,001 to 500,000 square feet (SQFT)	\$0.04/SQFT + \$3,500	\$0.04/SQFT + \$3,950	\$ 450.00	\$ 8,950.00
500,001+ square feet (SQFT)	\$0.03/SQFT	\$0.03/SQFT + \$8,950	\$ 8,950.03	No Max
<b>Applications and Amendments</b>	<b>Current</b>	<b>Proposed (Fee Study)</b>	<b>Difference</b>	
Application Processing Fee - Annual/General (Home Based)	\$ 25.00	\$ 25.00	\$ -	one time
Application Processing Fee - Annual/General (Commercial)	\$ 25.00	\$ 40.00	\$ 15.00	one time
Application Processing Fee - Privileged	\$ 25.00	\$ 65.00	\$ 40.00	one time
License Change fee - Annual/General (Home Based)	\$ 17.00	\$ 20.00	\$ 3.00	one time
License Change fee - Annual/General (Commercial)	\$ 17.00	\$ 35.00	\$ 18.00	one time
License Change fee - Privileged	\$ 17.00	\$ 50.00	\$ 33.00	one time

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