

**TOWN OF FAIRFAX
STAFF REPORT**

To: Mayor, Members of the Town Council

**From: Michael Rock, Town Manager
Laurie Ireland-Ashley, Finance Director**

Date: June 2, 2010

Subject: Discussion of contracting with Muni Services for processing of Fairfax Business Licenses.

RECOMMENDATION

Discussion of contracting with Muni Services for processing of Fairfax Business Licenses.

DISCUSSION

Currently the Town processes the business licenses in house. This had resulted in inconsistent recovery and compliance due to staff turnover, limitations, and software. Staff recommends that the Town outsource the Business License process to ensure a greater consistent revenue recovery, and improved efficiency at a cost savings to the Town.

The Town currently absorbs most of the fully benefitted hourly rate (FBHR) for processing the business licenses and recovers very little of it through the business license revenue. Muni Services because of their experience and software, results in a much smaller admin fee of up to \$25 per license which staff proposes to include as an administrative processing fee for obtaining a business license. This will save both the Town and the citizen's money as the FBHR of processing a business license is quite prohibitive (\$110 minimum). It will also improve the timeliness of the process.

Contracting with Muni to handle the Business License program results in increased funding capacity by removing Town-related expenditures, increases compliance with the Business License Fees, and provides town staff assignment flexibility to be more effectively utilized. Muni would provide business registry with new, renewal, and short term licenses as well as provide analytical reports to the Town and Council for any future revenue compliance issues.

Muni can facilitate educating the business community with any questions, cares, or concerns. The main components the Town can benefit from are:

- Business Tax applications and collections
- Taxpayer Communication
- Reporting, and client communication
- Discovery Service
- Audit Service

FISCAL IMPACT

Efficient use of resources is a vital part of a sustainable budget. Expected increase of Business License recognition.

ATTACHMENTS

Resolution 2352 adopted November 2004.
Muni Services Presentation: Business License Tax Management and Administration

RESOLUTION NO. 2352

**A RESOLUTION OF THE FAIRFAX TOWN COUNCIL SETTING
BUSINESS LICENSE FEES**

WHEREAS, the Town Council acknowledges that the Town of Fairfax's business license fees have not changed since 1989; and

WHEREAS, the Town Council has determined that the Town of Fairfax's existing business license fees are generally lower than the other Marin County cities;

NOW, THEREFORE BE IT RESOLVED that the following business license fee schedule be adopted effective January 1, 2005:

<u>Business Type</u>	<u>Base Fee</u>
Home Occupation	\$100.00
Retail, Service, Wholesale, Manufacturing, Hotel ¹	\$100.00
Professional and Trade	\$135.00 per professional and \$30.00 per employee
Contractor (address in Fairfax) ²	\$100.00
Contractor (address outside of Fairfax) ²	\$75.00
Delivery Vehicle (wt. up to 1 ton)	\$80.00
Delivery Vehicle (wt. up to 2 tons)	\$120.00
Delivery Vehicle (wt. up to 3 tons)	\$175.00
Delivery Vehicle (wt. over 3 tons)	\$265.00
Theater ¹	\$250.00
Realtor (office in Fairfax)	\$175.00
Realtor (office outside of Fairfax)	\$200.00
Canvasser, Peddler, Solicitor	\$120.00 or \$40.00 per day
Taxicab, Auto and Bus for Hire (1-7 Passengers)	\$100.00
Taxicab, Auto and Bus for Hire (8-15 Passengers)	\$120.00
Taxicab, Auto and Bus for Hire (over 15 Passengers)	\$135.00
Multiple Housing and Apartments	\$25.00 per unit
Commercial Filming (1-5 persons on location)	\$150.00 per day
Commercial Filming (6-35 persons on location)	\$200.00 per day
Commercial Filming (36-50 persons on location)	\$250.00 per day
Commercial Filming (over 50 persons on location)	\$300.00 per day
Christmas Tree Sales	\$100.00

¹ Also subject to Gross Receipts Fee

² Also subject to Valuation Fee

In addition to the Base Fee, certain business types (Retail, Service, Wholesale, Manufacturing, Hotel, and Theater*) are subject to a Gross Receipts Fee according to the schedule below:

<u>Gross Receipts Range</u>	<u>Gross Receipts Fee</u>
\$0 - \$10,000	\$6.00
\$10,001 - \$25,000	\$16.00
\$25,001 - \$37,500	\$23.00
\$37,501 - \$50,000	\$31.00
\$50,001 - \$75,000	\$47.00
\$75,001 - \$100,000	\$63.00
\$100,001 - \$150,000	\$94.00
\$150,001 - \$200,000	\$125.00
\$200,001 - \$250,000	\$156.00
\$250,001 - \$300,000	\$188.00
\$300,001 - \$350,000	\$219.00
\$350,001 - \$400,000	\$250.00

Each additional \$50,000 gross receipts above \$400,000, additional \$31.00 fee levied.

* Theater only subject to tax on gross receipts over \$37,500.

For all Contractors, a Valuation Fee shall be levied equal to \$1.10 for each one thousand dollars of the valuation for each construction job undertaken in the town.

The Foregoing Resolution was duly and regularly adopted by the Town Council of the Town of Fairfax, County of Marin, State of California, at a regular meeting thereof, held on the 16th day of November, 2004, by the following vote, to wit

AYES: Bragman, Brandborg, Ghiringhelli, Tremaine, Egger

NOES: None

LEW TREMAINE, MAYOR

ATTEST:

Judith Anderson, Town Clerk

Town of Fairfax:
Business License Tax
Management & Administration



A REVENUE ENHANCEMENT SERVICE

PROVIDED BY:
MUNISERVICES

Funding Capacity



Current Funding Capacity



Revenue



Exp.



Funding
Capacity

Funding Capacity Limitations:

1. Human capital expenditures
2. Processing expenditures
3. Non-compliance

Funding Capacity with MuniServices



Revenue



New
Rev.



Funding
Capacity

Funding Capacity Increases:

1. Removes Town-related expenditures
2. Increases compliance
3. Provides Town staff assignment flexibility

Transition from Town to MuniServices

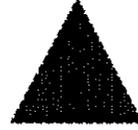


Town of Fairfax

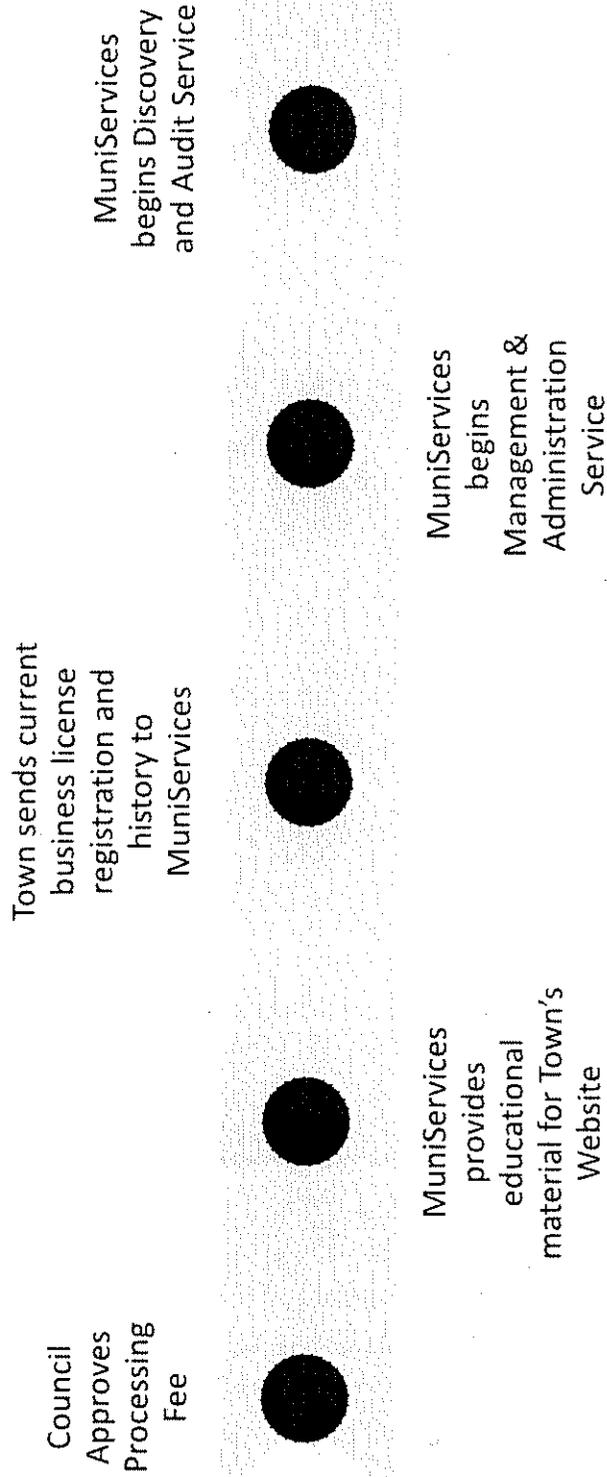
- Maintain business registry
- Process new, renewal and short-term licenses
- Encourage compliance

MuniServices

- Maintain business registry
- Process new, renewal and short-term licenses
- Identify non-registered and non-compliant businesses
- Increase compliance
- Educate business community
- Reduce Town costs



Process





Business License Tax Management & Administration

MuniServices' role in the Town's business license management process encompasses these five responsibilities.

Business Tax Applications

- Process applications, renewals, verification, licensing and short-term licenses

Collections

- Remit collected taxes and fees to Town
- Provide monthly reconciliation reports

Taxpayer Communication

- Handle all taxpayer communications
- Educate taxpayers

Reporting

- Provide progress reports and analysis reports

Client Communication

- Communicate regularly and promptly with Town staff



Tax Compliance, Discovery & Audit

Combining extensive data, expertise and a business-friendly attitude increases tax compliance.

Improved tax compliance levels the business playing field while increasing the Town's funding capacity.

Discovery Service

- Identify non-reporting and non-compliant businesses
- Assist businesses through registration process
- Educate businesses

Audit Service

- Coordinate audit selection with Town staff
- Conduct business tax audits
- Submit audit summaries