



**CITY OF ATLANTA  
DEPARTMENT OF FINANCE - OFFICE OF REVENUE  
BUSINESS LICENSE ADMINISTRATIVE FEE COST RECOVERY  
18-0-1299**



# COST RECOVERY REVIEW



- This legislation proposes an increase in the occupational licensing administrative fee to recover costs stemming primarily from State legislative mandates (HB87).

Business Type	# of Accounts	General Fund Revenue	Pre 2011 State Immigration Law	Post 2011 State Immigration Law		
			New/Renewal Application	E-Verify Affidavit	SAVE Affidavit	Government Issued Photo ID
General Business License	21,000	\$ 60,000,000	X	X	X	X
Alcohol License	1,800	\$ 9,600,000	X	X	X	X
Professional License	8,500	\$ 3,400,000	X		X	X
Non-Profit License (Exempt)	1,300	-	X	X	X	X
	<u>32,600</u>	<u>\$ 73,000,000</u>				

- The administrative fee is the component of occupational tax which approximates the cost of handling and processing the occupational license.
  - The administrative fee structure has not been updated since 2010.
  - It is a Best Management Practice to perform a complete update of fee assessments on a periodic basis, typically every three to five years, or when major policy changes impact operating costs.

# LEGISLATIVE IMPACTS



## Direct Labor Costs:

- Three (3) pivotal legislations have increased direct labor costs by 3.5% for Grades 18 and below (2015), Sworn personnel (2016) and Grades 19 and above (2017).
- Increased FTE headcount to manage the administrative burden created from the State's 2011 Immigration Law (HB 87).

## Indirect Costs:

- Increased paper, printing, postage, physical storage space and records management costs resulting from the State's 2011 Immigration Law (HB 87).

## Capital Costs:

- Ordinance 17-0-1606 authorizes an investment of \$2.3M in a licensing software solution over three (3) years. The current solution was implemented in 1993 and does not offer the flexibility to achieve compliance with State immigration mandates.

## Desired Outcome:

- Authorization of an administrative fee increase from \$75 to \$125 to recover costs.

# ATLANTA AREA BENCHMARKING



Local Municipality Benchmarking - Administrative Fee		
Municipality	Administrative Fee	Review Year
Atlanta	\$75.00	2010
Fulton	\$95.00	2011
Dekalb	\$75.00	1995
Alpharetta	\$50.00	2006
Clayton County	\$60.00	1996
Chattahoochee Hills	\$75.00	2008
College Park	\$75.00	2013
East Point	\$75.00	2012
Roswell	\$100.00	2016
Gwinnett County	\$80.00	2009
Marietta	\$58.00	2002
Cobb County	\$55.00	2010
Johns Creek	\$50.00	2009
Sandy Springs	\$75.00	2010

# U.S. MUNICIPALITY BENCHMARKING



U.S. Municipality Benchmarking		
Municipality	Administrative Fee	Methodology
Atlanta	\$75.00	Gross Revenues/# of Employees/Business Type
Seattle, WA	\$2,000.00	Tiered by Gross Revenue
Denver, CO	\$25.00 - \$400.00	Business Type
Memphis, TN	\$15.00	Flat Fee
Philadelphia, PA	\$300.00	Flat Fee (Lifetime)
Phoenix, AZ	\$24.00 - \$600.00	Type of Business
San Francisco, CA	\$79.00 - \$31,965.00	Tiered by Gross Revenue/Business Type
Indianapolis, IN	\$200.00 - \$377.00	Business Type
Richmond, VA	Varies	Tiered by Gross Revenue/Business Type
San Diego, CA	\$34.00 for a business with twelve (12) employees or fewer. \$125.00 plus \$5.00 per employee for a business with thirteen (13) employees or more	# of Employees
St. Louis, MO	\$200.00 - \$37,500	# of Employees
New Orleans, LA	\$50.00 - \$6,200	Gross Revenues/Business Type
Milwaukee, WI	\$10.00 - \$850.00	Business Type
Los Angeles	Varies	Gross Revenues/Business Type

# BENCHMARKING CHALLENGES



Because each municipality is different, a market comparison of fees is used as secondary decision-making tool, rather than a tool for establishing an acceptable price point for services for the following reasons:

- Each jurisdiction and its fees are different, and many are not based on actual cost of providing services. For example, some jurisdictions provide subsidies for various permits/licenses to encourage development.
- The same “fee” with the same name may include more or fewer steps or sub-activities. In addition, jurisdictions provide varying levels of service and have varying levels of costs associated with providing services such as staffing levels, salary levels, indirect overhead costs, etc.
- Jurisdictions may complete a fee analysis on an irregular basis, which may lead to inconsistency in comparative analysis.

# FINANCIAL REVIEW



	<b>Costs</b>
Annual Direct Salary Costs	\$ 3,306,160
Annual Indirect Operating Costs	625,070
Capital Costs (Amortized)	214,728
<i>Estimated Deficit for Cost Recovery</i>	<b><u><u>\$ 4,145,958</u></u></b>

	<b>Units</b>
General Business License	21,000
Professional License	8,500
Alcohol License	1,800
Non-Profit License (Exempt)	1,300
<i>Total Units</i>	<b><u><u>32,600</u></u></b>

## Cost Recovery - Financial Review

Units	Proposed Admin Fee	Cost Recovery
32,600	\$ 125	<b>\$ 4,075,000</b>

\*Presupposes 100% compliance rate

# GEORGIA IMMIGRATION LAW PENALTIES – HB87



The Georgia Attorney General has the power to bring actions against “any public official, agency head or employee who violates the immigration law, including the following actions:

- A civil fine of up to \$10,000 for each violation;
- Removal of a city official from office or a city employee from employment;
- Revocation of qualified local government status;
- Criminal charges of a high and aggravated misdemeanor against the agency head and up to twelve (12) months in prison;
- Directing funds to a municipality by the state placed under adverse consideration in future years which harms the city’s ability to obtain grants and state appropriations.

† *The City of Atlanta was fined \$1,000 in 2017 for non-compliance with SAVE requirements.*