

**NOTICE OF PROPOSED NEW OR INCREASED FEES  
RELATED TO BUSINESS LICENSING**

The City of Flagstaff hereby gives notice pursuant to A.R.S. § 9-499.15 that it proposes to amend the City Code to adopt new or increased fees related to local business license and transaction privilege tax license fees.

The City Council will consider whether to amend the City Code to adopt new or increased fees at the following date and time and location:

**Tuesday, January 2, 2018 at 6:00 p.m.  
City Council Chambers  
211 W. Aspen Avenue  
Flagstaff, Arizona 86001**

A first reading of an ordinance to approve the changes may occur on this date. A second reading of an ordinance to approve the changes may occur at the next public meeting of the City Council on Tuesday, January 16, 2018 at 6:00 p.m. in City Council Chambers.

The City Council may approve, disapprove, or modify the proposed fees at that time.

Please contact Sandy Corder, Revenue Director, (928) 213-2252 if you have any questions.

Submitted by: Sandy Corder

This notice is posted on the homepage of the City website on Thursday, November 2, 2017. This notice has been distributed to other social media accounts and electronic communication tools of the City at least 60 days prior to January 2, 2018.

Posted and distributed by: Jessica Drum, Communications Manager (928) 213-2061.

Link:

Schedule of Proposed Fees and Written Report

## City of Flagstaff

### Fee schedule of Proposed New or Increased Fees Related to Business Licensing

License	Current Rate	Annual Fees Collected FY17	Proposed Rate	Annual Fees Projected
<b>Occupational Business</b>	\$20 per year	\$32,400	Eliminate	
<b>Peddlers/Solicitors</b>	\$20 per year	(Inc. in OB)	Eliminate	
<b>Transaction Privilege Tax</b>	\$46 1 x application	\$24,713	\$38/business/year	\$240,616
<b>Business</b>	N/A	N/A	\$8 per year	\$56,992
<b>Total</b>		<b>\$57,113</b>		<b>\$297,608</b>

The City of Flagstaff (City) currently requires an Occupational Business License (OBL) to engage in 35 types of occupations, and five (5) kinds of whole sale operations. Many businesses do not engage in taxable activities. For example, taxable income from services, such as certified public accounting, is generally not taxed. If a business is required to have a local transaction privilege tax ("TPT") license, they are not required to have an OBL. The City currently also has separate permitting regulations for peddlers and solicitors. This type of permit applies to any business going door to door.

City staff is proposing to require all business locations to be licensed, benefiting in more comprehensive business data, which the City is frequently requested to provide. The City's current OBL is \$20. This fee has not increased for at least 15 years. City staff is proposing to eliminate the OBL and replace it with a Business License (BL) at an annual fee of \$8. This new Business License would cover all business locations within the City of Flagstaff.

The City currently charges a one-time local TPT license fee of \$46, which is collected by Arizona Department of Revenue (ADOR). There currently is no renewal fee. City staff is proposing an annual renewal fee for the local TPT license, in the amount of \$38. These fees help pay City staff, as well as for the costs of local tax administration that are charged by ADOR to the City. Previously, TPT license holders were exempt from the Occupational Business License. With this change, all businesses with a location in Flagstaff will be required to have a Business License.

The FY 2018-19 budget anticipates that City will owe \$150,000 to ADOR for local tax administration and that staffing costs will be approximately \$148,600 for the associated services, totaling around \$298,600 per year for the City. City staff is proposing changes that may reduce paperwork, adopt exemptions from business licensing consistent with state law, and/or avoid duplicative licenses.

For questions, comments, or concerns, please contact Sandy Corder, Revenue Director at (928) 213-2252 or email [scorder@flagtaffaz.gov](mailto:scorder@flagtaffaz.gov)