



# CITY OF HARRISONBURG CITY MANAGER

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TO: Eric Campbell, City Manager  
FROM: Wesley Russ, Assistant City Attorney  
DATE: November 1, 2021  
RE: Proposed Amendments to Title 12, Chapter 1 of the City Code – Business, Professional and Occupational Licenses

## **Summary:**

A number of amendments are proposed to the City's Business, Professional and Occupational Licenses (BPOL) ordinances to bring them in line with the state code.

## **Background:**

### **1. Fees and rates of license taxes**

The most significant of the proposed amendments is to Section 12-1-10. Cities are authorized to impose local licenses taxes based on gross receipts, with the thresholds for application dependent upon the most recent Census data.

Currently, the City imposes a flat, tiered license fee on businesses with gross receipts below \$50,000.00. Businesses with gross receipts of \$50,000.00 or more are required to pay the appropriate license tax on gross receipts.

Under the proposed amendments, the final license fee tier will cover businesses with gross receipts below \$100,000.00. Businesses with gross receipts of \$100,000.00 or more will be required to pay the appropriate license tax on gross receipts.

This change only affects businesses with gross revenue between \$50,000 and \$100,000, who would begin to pay the same annual fee of \$50 as businesses with \$25,001.00 to \$50,000.00 in gross receipts under the current ordinance.

Based on 2020 data, City staff estimate that the lost revenue to the City will be approximately \$65,000.

### **2. Fees related to the sale of alcohol**

Additionally, the amendments incorporate changes to the authorized fees on local licenses related to alcoholic beverages. Some license types have been combined into a single license, and the maximum fees have been adjusted for a number of licenses. The proposed amendments incorporate lower fees wherever the state has reduced the maximum local fee. The proposal does not reflect any amendments where the City is authorized to increase fees, or impose fees that have not previously been imposed.

Should City Council wish to increase any fees beyond the levels proposed or impose fees not previously imposed, those changes should be reflected in the motion adopted by City Council.

Raising these fees where authorized or imposing fees not currently imposed would generally result in nominal increases in revenue. For example, increasing the on-premises beer and wine license fee from \$90 to \$150 would raise approximately \$6,230 in revenue.

The following licenses could be imposed or increased:

LICENSE TYPE	CURRENT FEE	MAXIMUM FEE
Wholesale beer	\$150	\$250
Retail off-premises beer and wine	\$90	\$150
Retail on-premises beer and wine for hotels, restaurants, and clubs	\$90	\$150
Mixed beverage caterer	None	\$500
Mixed beverage limited caterer	None	\$100
Limited mixed beverage restaurant license (allows sale of a limited variety dessert wines, liqueurs mixed with coffee, and similar drinks)	None	\$100 to \$400, based on restaurant capacity
Bed and breakfast	None	\$40
Museum	None	\$10
Annual mixed beverage special events	None	\$300
Confectionery (sale of chocolates and other candies containing a limited volume of alcohol)	None	\$20
Various per-day ABC licenses (banquets, club events, tastings, etc.)	None	\$5 to \$20, depending on the specific license

### 3. Penalties

The proposed amendments would also add a penalties section setting out the criminal penalties for failure to comply with the BPOL regulations.

**Key Issues:** Changes to the fees and rates are required to comply with the Code of Virginia

**Environmental Impact:** N/A

**Fiscal Impact:** Estimated \$65,000 revenue decrease due to increased gross receipts threshold

**Prior Actions:** N/A

**Alternatives:**

- (a) Adopt ordinance amendments as presented
- (b) Adopt the ordinance amendments with additional changes

**Community Engagement:** N/A

**Recommendation:** Staff recommends alternative (a)

**Attachments:**

1. Redlined copy of Title 12, Chapter 1 – Business, Professional and Occupational Licenses

**Review:**

*The initiating Department Director will place in Legistar, in sequence of transmittal, the names of each department that must initial their review in order for this item to be placed on the City Council agenda. The completion of review only addresses the readiness of the issue for Council consideration. This does not address the recommendation for approval or denial of the issue.*