



STAFF REPORT

Title: Business Licensing Concerns

Meeting Date: March 19, 2019

Executive Summary:

Administration was requested to provide an overview of concerns relating to licensing and regulation of businesses and home-based businesses. These concerns originate from various perspectives and more recently a letter from Cold Lake Regional Chamber of Commerce. The background is intended to provide Council with a summary of what administration has been hearing from the community.

Background:

The City has been made aware of concerns regarding businesses potentially operating without the required Business Licenses and City permits. In particular, concerns have been raised, with respect to home-based businesses.

Concerns From the Public

Administration occasionally receives inquiries from the public seeking confirmation that a particular business has a valid business licence. Typically, when staff receive an inquiry asking if a particular business has a licence, they will enter the given business name into the system and advise if there is a licence under the given name. In the event that no licence is found, staff will advise that no licence was found under that name, however the business may be incorporated and, therefore, licensed under a different name than the name that is publicly used in their advertising. The intent is to avoid damaging the reputation of a business that may, in fact, be licensed. The current configuration of the City's business license software only searches by the business name, licence number or account number. The information is only limited by the inputs of what is requested for by the public (in accordance to the Bylaw and the application forms) and inputted by the staff.

There are a number of challenges inherent to answering questions regarding business licences:

- It is common practice for businesses to operate under a different name than the actual legally-incorporated name which is provided on the licence application. As an example, a business advertises itself, and, is publicly known as "John Doe Contracting", whereas the legally incorporated entity is "123456 Alberta Ltd." which is the name on the business licence and in the licensing system.



- Businesses commonly fail to notify the City when they change their name, address, contact information or cease operation, hence, the information the City has on file may not be current.
- Many small or home-based businesses only advertise through social media, which can make it difficult to obtain contact information if a complainant is unable to provide contact information. Social media advertising presents a further challenge as the content that is displayed varies from one individual to another based on their personal settings and preferences, so an advertisement seen by one individual may not show up for someone else. Additionally, staff currently do not have access to social media sites, such as Facebook, at their workstations.
- Advertisements listed on social media, Kijiji or Infomall are not limited to Cold Lake, but encompass persons operating in other jurisdictions such as the M.D. of Bonnyville, Town of Bonnyville or even the Towns of St. Paul, Ashmont or Elk Point.
- Persons operating home businesses from premises on 4-Wing fall under Federal jurisdiction and are not required to hold a business licence unless physically operating off of the base, within the City's jurisdiction.

Where a business is found to have no licence, and contact information is available, staff will typically attempt to contact the business to advise that permits and a licence are required if they are operating within the City. Upon contacting businesses that may be operating without a licence, Administration often receives the following types of responses:

- The business is located in the M.D. and does not operate in the City;
- The business is no longer operating;
- The business only operates from premises on 4-Wing;
- The business was previously licensed, but is no longer doing work within the City

Once contact has been made, staff advise the business owner of the requirement to obtain a licence, if they are doing business within the City. However, unless the City has actual proof that the business is or has been conducting business within the City limits without a licence, little further action can be taken.

In cases where it is determined that a business may be operating without a licence, Administration is limited in the amount of information that can be provided to a complainant, other than to acknowledge that the City will follow up with the business owner. Any investigation or communication with the business is essentially a confidential matter between the City and the business and is, therefore, subject to the FOIP Act. Additionally, any investigation or enforcement action the City takes has the potential to evolve into a legal matter, hence Administration does not provide details to a third party.



Administration has perceived a change in the tone of the inquiries that have been received over the past several years. Previously, the inquiries seemed to primarily be coming from residents wanting to ensure a business was licenced before conducting business with them. In the past several years since the economic downturn, Administration has perceived that inquiries are more frequently coming from competing businesses. The City's intent with any investigation or enforcement action is to educate and to gain compliance, whereas some complainants give the impression that they expect the City will shut down the offending business. There is also an apparent misconception that, by virtue of issuing a business licence, the City is responsible for confirming that the business owner holds the necessary credentials or qualifications to carry out whatever trade they may be involved in. The Bylaw does not require credentials to be provided, except in cases where a particular occupation requires a Provincial or Federal Licence.

Concerns From Licence Applicants

Administration frequently receives inquiries from persons wishing to start a business and has an information brochure and application package available online (attached). Many applicants, particularly for home-based businesses express a number of concerns:

- Many applicants express concern that the process is unnecessary and cumbersome;
- Home-based business applicants frequently express frustration that the home-based licence (\$150) is double the cost of a commercial licence (\$75);
- Applicants who rent their place of residence often express concern about the requirement for the property owner to provide consent;
- Applicants often express concern that the City will report them to Revenue Canada if they obtain a business licence;
- Many smaller home-businesses express concern that the cost of the development permit and business licence exceeds what their business makes;
- Staff frequently receive concerns that the license fees are not pro-rated, given that the licenses expire at the end of the calendar year. This is a common concern when people are applying for the first time, part way through the year.

Moving Forward

Administration has been working on an updated Business Licence Bylaw, given that the current Bylaw was adopted in 2005. Among the proposed updates would be a mandatory requirement for businesses to declare their publicly advertised name on their business licence, in addition to their legal corporate name. A review of the licence fees



will also be conducted and a comparison with other jurisdictions provided. From Administration's research there is great variability in fees from one jurisdiction to another. The draft bylaw also includes provisions to reduce the licence fee for new applications, based on what quarter of the year an application is submitted.

In an attempt to be proactive, it is also recommended that the City periodically advertise a reminder of the requirement to hold a business licence if doing business within the City. The advertising could be done via newspaper and social media. The City currently sends a reminder (attached) with the annual licence renewals advising businesses to ensure that they contact the City if contemplating a move, if their ownership changes or if they cease to operate.

Further administration is reviewing the opportunity to provide a software link of active to business licences to the City's website with c/w a search engine. This will provide enhanced customer service and assist in queries being received by staff.

Alternatives:

None.

Recommended Action:

For Information.

Budget Implications (Yes or No):

No

Submitted by:

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