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**1527 Old Mill Road**  
**East Lansing, MI 48823**

April 29, 2020

Ms. Ruth Beier  
Mayor  
City of East Lansing  
410 Abbot Road, Room 100  
East Lansing, MI 48823

Dear Mayor Beier:

We would like to address the agenda item for reducing business license and entertainment fees.

Pursuant to Thomas Fehrenbach's letter provided to Council, City Manager George Lahanas instructed staff regarding a restaurant/entertainment license fee reduction, to evaluate options that would be as fair and equitable as possible. The staff recommendation is to provide a fee waiver of \$2,000 to each licensed restaurant. For example, this means that a majority of businesses would pay no license fees, while another would pay \$17,000. This seems to be anything but fair and equitable. If council was going to provide a fee waiver of any kind, we believe that it should be a percentage of the existing fees charged. This would treat each restaurant equally, and fairly. For these reasons, we feel a more thorough and inclusive review of this issue should be considered and no vote taken at the April 30<sup>th</sup> Council meeting.

We have compiled research on how other cities in Michigan handle this subject. Attached is a spreadsheet that shows the fee structures for licensing businesses, restaurants and entertainment venues in the 16 largest cities in the state (not including E. Lansing). Ten of those 16 cities have no license fees whatsoever, three of them are college towns which have similar restaurant operating environments and capacities. The remaining six charge from \$35 to \$1,347. This is a significant difference from the current range of \$50 to \$19,000 in E. Lansing.

In reviewing the issue of restaurant/entertainment licensing overall, we thought that this may be the time to evaluate the City's approach to licensing on a global scale. This approach may provide a better solution for the benefit of the City of E. Lansing, and the businesses therein.

Currently, we believe there isn't any database maintained of all the businesses by the City of E. Lansing. As a result, the way the City contacts businesses, or a specific segment of businesses, is to issue a press release. Even though press releases are helpful, they don't ensure that important communications from the City reach each business.

Take for example the COVID-19 emergency we find ourselves in. What if the City under its state of emergency needed to contact all medical and dental offices, or all food service establishments (they aren't all restaurants), or all gas stations, or any other category of businesses to convey emergency information. The City doesn't have a way of doing this effectively. Or maybe the City would like to know all firms doing business in the City for income tax purposes, whether they are a corporation with employees or a sole proprietorship. Or how about another ice storm. Businesses would appreciate direct and necessary communications from the city that effects their operations,

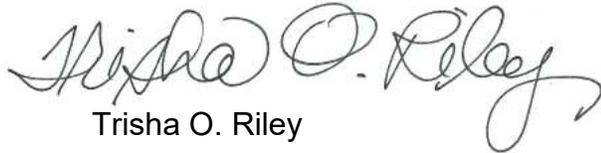
Our suggestion is simple. Eliminate the restaurant/entertainment licenses. In their place implement a business license. Have every firm in the City pay an annual \$100 business license fee. Consider it a clerical fee to establish and maintain the City's business database for communications purposes. If implemented, the current \$90,000 restaurant/entertainment fee revenue would be replaced by \$254,000 in business license fee revenue, an increase of \$164,000. We believe that this would be a nominal fee for businesses to pay to stay connected with the City and allow transparent communications from City officials. This business fee revenue calculation is also shown on the attached spreadsheet.

This proposed business license fee structure would provide immense benefits to the City, while at the same time treating each business equitably and fairly.

Sincerely



Patrick O. Riley



Trisha O. Riley

# Michigan Cities Business License Fee Analysis

	License Type	Annual Cost	Entertainment		Total Annual Cost
			License	Annual Cost	
Ann Arbor	None	0.00	None	0.00	0.00
Battle Creek	None	0.00	None	0.00	0.00
Birmingham	None	0.00	None	0.00	0.00
Flint	Liquor Sales	1,000.00	Dance - Liquor	347.00	1,347.00
Gaylord	None	0.00	None	0.00	0.00
Grand Rapids	None	0.00	Dance Hall	119.00	119.00
Jackson	None	0.00	None	0.00	0.00
Kalamazoo	None	0.00	None	0.00	0.00
Lansing	None	0.00	Cabaret	500.00	500.00
Mt. Pleasant	None	0.00	None	0.00	0.00
Muskegon	Business	35.00	None	0.00	35.00
Pontiac	Business	160.00	None	0.00	160.00
Port Huron	None	0.00	None	0.00	0.00
Royal Oak	None	0.00	None	0.00	0.00
Saginaw	Business	50.00	None	0.00	50.00 (1)
Traverse City	None	0.00	None	0.00	0.00

(1) \$50 - \$150 based on square footage of business

## E. Lansing Business License Alternative

	Bus Lic.	# of Bus *	Revenue
E. Lansing - Opt 1	50.00	2,542	127,100.00
E. Lansing - Opt 2	75.00	2,542	190,650.00
E. Lansing - Opt 3	100.00	2,542	254,200.00

\* Source: U.S. Census Bureau, 2012 Economic Census: Survey of Business Owners in E. Lansing.

The SBO provides the only comprehensive, regularly collected source of information on selected economic and demographic characteristics for businesses and business owners by gender, ethnicity, race, and veteran status. Title 13 of the United States Code authorizes this survey and provides for mandatory responses.

Included are all nonfarm businesses filing Internal Revenue Service tax forms as individual proprietorships, partnerships, or any type of corporation, and with receipts of \$1,000 or more. The SBO covers both firms with paid employees and firms with no paid employees. The SBO is conducted on a company or firm basis rather than an establishment basis. A company or firm is a business consisting of one or more domestic establishments that the reporting firm specified under its ownership or control.