

**STAFF REPORT**  
**City of Lancaster**

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Date: December 9, 2008  
To: Mayor Parris and Council Members  
From: Barbara Boswell, Finance Director  
Subject: **Business License Fee Waiver for Qualified Home Based Businesses**

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**Recommendation:**

Adopt **Resolution No. 08-100**, a Resolution of the City Council of the City of Lancaster, establishing a fee waiver for qualified home based business licenses issued under the City's business license ordinance.

**Fiscal Impact:**

The fee waiver will result in a decrease in business license fee revenues. While it is not possible to estimate how many businesses will be eligible for the fee waiver, it is anticipated that the impact will be minor.

**Background:**

City staff has conducted research and evaluated data in an effort to create the best approach to take with regards to business license fees for home based businesses with less than \$3,000 in gross revenues annually. With the goal of remaining the most business friendly city, and to provide excellent service to businesses operating within our community, it is proposed that after one year of operation, and during the business license renewal period only for any year thereafter, any home based business that reported a loss or net profits under \$3,000 on their Federal 1040 Schedule C tax form (or applicable Federal Tax Form) may submit an application for waiver of business license fees. The reduced business license fee would allow qualified businesses to pay the processing fee only. To be eligible for this fee reduction, fees would have to be paid on or prior to the due date and a completed and signed Federal tax return would be required to be submitted with the application for consideration of the reduced business license fee. During the first year of operation, all businesses will be required to obtain a business license at the full cost prior to conducting business activities within the City, as they are currently required to do.

No adjustments to our business license system would be required and no additional costs would be incurred to the City to implement this change.

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**Attachment:**

Resolution No. 08-100