

Business License Standardization Act



The Business License Standardization Act is intended to make doing business with cities and towns easier by streamlining the process of renewing business licenses. This bill meets the goal of the business community to standardize practices across the state and the goal of cities to be more business-friendly. The legislation will put standard practices in place for the following:

Due Date

- A business license year will be May 1 – April 30. For construction projects, the license will expire upon completion of the project.
- The tax will be due on April 30 each year. A penalty will be assessed for taxes paid after this due date.

Application

- Cities will accept the standardized business license application in addition to its own.

Definition of gross and calculation

- Gross income is defined as gross receipts/revenues from the performance of services and from the sale, lease or rental of goods or other property in the ordinary course of business without reduction for cost of goods sold or other business deductions and with no deductions.
- The business license tax will be calculated based on gross income from the business' preceding 12 months or the business' preceding fiscal year. For new businesses, the tax will be projected from the monthly gross in the current year.

Business license class schedule

- Cities will adopt the standardized business class schedule produced by the Municipal Association based on the profitability of business sectors as calculated by using IRS statistics.
- A municipality can create sub-classifications for certain industries or sectors based on specific considerations of enhanced or disproportional demands from a subclass on municipal services.
- The Municipal Association must revise and submit the Standardized Business License Class Schedule to the Revenue and Fiscal Affairs Office by December 31 of even years. Cities must adopt the schedule every odd year.

Portal

- The Municipal Association will create a central portal to allow businesses to renew their business license taxes online.

Revenue neutral

- Cities can not receive a revenue windfall during the first year of the bill's implementation.

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