



Business License Advisory Ad-Hoc Committee

Meeting Minutes of April 8, 2024

Present were member representatives from the City Council to include: Mayor Dave Drotzmann, Councilor David McCarthy, and Councilor Jackie Myers; representatives from the Hermiston Chamber of Commerce to include: Executive Director Val Hoxie, Tami Sinor, and Kris Bennett (who was absent); and representatives from the Hermiston Downtown District to include: Judy Currin-Pederson (arrived at 5:47pm) and Kristi Kopacz. Also present was city staff to include: City Manager Byron Smith, Assistant City Manager Mark Morgan, and City Recorder Lilly Alarcon-Strong. The meeting was opened by Mayor Drotzmann at 5:31pm.

Business License Fee Discussion

Byron presented information (PowerPoint Presentation attached) from previous City Council Meetings to update the Committee on why and how this topic came together and addressed questions from committee members and those they represent, to include:

- What implementation costs will be associated with this license?
 - No additional costs right now.
- Will businesses that didn't register when required be obligated to pay prior registration fees and penalties?
 - No, there will be a period of education and asking businesses to comply prior to enforcement and penalties.
- Why are graduated fees being considered instead of a flat fee?
 - Staff felt that this was fairer for smaller businesses, however, this Committee can recommend a flat fee or something else instead.

(Judy entered at 5:47pm)

Judy spoke regarding business owners who felt that a Business License was unreasonable and would hurt their business to the point of closing their doors.

Tami stated as a business owner who does work throughout the area, she does not feel that a business license is unreasonable as this is required of her in all other cities before she begins work.

Val mentioned that having a business license registration would help with census information and questions the Chamber receives frequently, such as: How many businesses are in Hermiston and what kind of businesses are in Hermiston.

Others agreed stating this would also give entrepreneurs a better understanding of what Hermiston has to offer and what business opportunities are available.

Kristi spoke regarding the shortfall in the General Fund account resulting in this fee and asked how much revenue would be generated from this fee.

Byron explained that the fee's collected would go to the General Fund account, however it is unclear how much revenue would be created as the fee has yet to be established. An annual guesstimate of \$100,000



Business License Advisory Ad-Hoc Committee

Meeting Minutes of April 8, 2024

is currently being used as a placeholder.

Dave stated that all other City fund accounts are balanced and 1/3 of other Oregon cities are in the same financial situation as Hermiston. Dave mentioned that survey results collected from the public asked that local businesses help pay for some of these costs.

Kristi spoke regarding the business owners that do not know about this fee and mentioned the tax breaks Amazon is receiving.

Mark explained that Amazon has not received tax breaks, but instead have paid fees through the Enterprise Zone in lieu of property taxes which have been used to build items such as infrastructure, the north water tower, City Hall, and other one-time expenses instead of taxing residents for these items. However, Amazon will also be paying taxes once this period has expired.

Committee members stated businesses owners do not know about a fee because one has not been established, however business license discussion meetings have been publicized.

Val stated she has heard from Chamber members who understand why the fee is being established and very few business owners are opposed to this; the concern they are posing is regarding the possible price for the license and they recommend a fee of about \$50.00 be established.

Other member stated they have heard from other business owners and feel that a fee of \$85.00 per year is a reasonable amount, as well as placing a cap on the amount a large business pays. There was a question regarding if fees would be increased annually.

Byron stated parameters could be placed on the fee to freeze the amount for a certain time frame; however, like everything else, this fee will also increase over time.

Judy stated there are already fees associated with being a Chamber member and Downtown District member, and the community does not support small local businesses very much; this fee would create another burden and is just too expensive for small businesses. Judy asked how the City would make sure everyone pays their license fee including the popup fruit vendors that seem to be appearing on many street corners.

Byron stated besides educating business owners and vendors, compliance could be reached through code enforcement.

The Committee discussed ways to move forward with establishing a fee where business owners felt heard. It was decided that Val and Judy would push out a survey created with the help of Daniel Wattenburger from PacWest to Chamber and Downtown District members. Those survey results would be presented at the next meeting for review and action to move forward.



Business License Advisory Ad-Hoc Committee

Meeting Minutes of April 8, 2024

Public Comment

Doug Primmer (1085 W. Madrona Ave)- Stated he feels that a business license fee would be beneficial in emergency situations where, at times, no one knows how to get a hold of a business owner because there isn't a listing that can be shared with emergency staff. If the Committee recommended a fee of \$85.00 per year, that would be the equivalent of \$7.03 per month which is a very low amount for businesses.

Roy Barron (1045 SW 10th St)- Thanked community members for being willing to participate in this Committee and asked that the Committee be mindful to not burden small businesses and make sure that bigger businesses pay their fair share.

Josh Roberts (1709 NE 6th Pl)- Asked that the Committee not rush into making a decision but consider that an annual fee of \$85.00 per year is the equivalent of \$0.33 per day. Although every dollar is precious, and no one wants to pay additional fees or taxes it must be done, and the band-aid needs to be ripped off.

Next Meeting

Dave asked that if Committee members or the public have other ideas or ways to approach this fee to please present those ideas to the Committee at the next meeting. The City Council is expecting to receive a proposal from this Committee, and although they value the public's and Committee's input, they do have the ultimate say.

Val thanked the City for being thoughtful about listening to business owners and allowing them to participate in this discussion and recommendation in this way.

Lilly stated she will send out another Doodle Poll to schedule a meeting once survey results have been collected from the Chamber and Downtown District as previously agreed upon.

Adjournment

There was no other business, and Dave adjourned the meeting at 6:39pm.



Business License Fee

- Review the History
- Discuss Various Fee Structures
- Next Steps



Business License Fee

- Discussion of a Business License Fee started in August 2023 (mentioned in news articles online)
- Business License Fee Ordinance adopted January 22, 2024 (Fee to be adopted by resolution)
- Ordinance is now Effective
- Intention was to have the fee effective January 1, 2025



Fee Research History

- All Fees Using Certain Cities
 - Baker City
 - The Dalles
 - Klamath Falls
 - La Grande
 - Ontario
 - Pendleton
 - Roseburg
- Why These Cities?
- We did look at others.



Fee Research History

- Three General Models (with multiple variations)
 - Flat Fee (Roseburg/Klamath/The Dalles)
 - Different Fees for Different Business Types (Baker/La Grande/Ontario)
 - Graduated Fees Based on Employee Count (Pendleton)
- Why graduated fees?



Proposal

• Hermiston Proposed

Businesses WITH a Permanent Location WITHIN City Limits	
1. Base Fee – Includes 0-5 Full-Time Equivalent (FTE) Employees	1. \$85.00
2. 6-49 FTE Employees	2. Base + \$15.00 per Employee over 5
3. 50+ FTE Employees	3. \$1,000.00
Businesses WITHOUT a Permanent Location WITHIN City Limits	
1. Base Fee- Includes 0-5 Hermiston FTE	1. \$100.00
2. 6-49 FTE Hermiston Employees	2. Base + \$20.00 per Employee over 5
3. 50+ FTE Hermiston Employees	3. \$1,200.00

• Pendleton Actual

Businesses WITH a Permanent Location WITHIN City Limits	
Base Fee – Includes 0-5 Full-Time Equivalent (FTE) Employees	\$105.00
6-49 FTE Employees	Base + \$21.00 per Employee over 5
50+ FTE Employees	\$1,050.00
Businesses WITHOUT a Permanent Location WITHIN City Limits	
Base Fee- Includes 0-5 Hermiston FTE	\$165.00
6-49 FTE Hermiston Employees	Base + \$21.00 per Employee over 5
50+ FTE Hermiston Employees	\$1,050.00



Discussion

Next Steps?

Where Life is Sweet