

Business License By-Law Review Process

Background

The *Municipal Act S.O. 2001, c. 25* permits municipalities the authority to license businesses. Specifically, Sec. 10 (1) states “a single-tier municipality may provide any service or thing that the municipality considers necessary or desirable for the public” and Sec. 10 (2) states “a single-tier municipality may pass by-laws respecting....Business Licensing”.

Business licensing systems are designed to balance protection of consumers and of the quality of neighbourhood life and place, with the creation of business owner accountability for the proper identification, inspection and regulation of the business so as to ensure that the City's municipal land use regulations, building and fire codes, health regulations, and all other relevant community safety requirements are adhered to. The current City of Greater Sudbury Business Licensing 2004-350 and Registration 2004-355 By-laws were enacted in 2004 based on the needs of the day. Since that time, the community and its needs for business licensing have changed considerably, particularly as it relates to how businesses are operated and how the sharing economy has changed the nature of some service based businesses.

Under the current Licensing By-Law, the City processes between 1,300 and 1,400 applications and renewals annually. Inspections are required whenever there is a new application, change of ownership or as otherwise required in the By-Law. An example of how business licensing currently works is illustrated in the process undertaken to license a new Convenience Store. Upon receipt of the application, Fire Services, Building Services, Sudbury and District Health Unit (SDHU) would attend on site to complete inspections and Zoning would be reviewed to ensure that the location fits the character of the neighbourhood, as legally defined in planning documents. Factors such as parking, noise, access and egress to both the building and property, availability of accessible washrooms and appropriate fire separation from neighbouring buildings are just some of the factors reviewed in this process.

It has been noted by both the business community and CGS staff that the current licensing regime needs to be streamlined and the current the fee structure simplified while ensuring applications and renewals adequately recover costs associated with inspections and licensing. Key performance indicators provided from participation in the Municipal Benchmarking Network Canada (MBNC) show that operating costs of providing this service by the City of Greater Sudbury are far less than Municipal comparators. For 2016, the City of Greater Sudbury average operating cost per Business License issued was \$47 per license. With one Municipality reporting a cost of \$67 per license issued, the City of Greater Sudbury is far below an operating cost per license that ranges between \$122 and \$387. With a total of 3,001 business licenses issued in 2016, the City of Greater Sudbury issued approximately 1,858.2 business licenses per each 100,000 residents, which was third highest within a total of twelve (12) municipal comparators.

The City of Greater Sudbury is unique among similar sized municipalities in that in addition to a licensing regime, we require registration from businesses who are not required to

have a business license and this two tier system is ineffective. Consumer protection, safety and quality of life and place may not be well served when service based businesses such as hotels, restaurants and bed and breakfasts; hair salons, tattoo parlours and estheticians or swimming pools and water slides are not inspected and regulated as completely as they might be.

Sharing Economy and Municipal Business Licensing

Advancements in technology and use of the internet have contributed to a diverse economic landscape where in many cases, a number of business transactions may no longer take place within a traditional store front. As part of this review of business licensing, staff will consider advancements in technology and the development of the sharing economy and how it relates to business in the municipality. The Ontario Chamber of Commerce has acknowledged the need for regulations and has asked that cities *“ensure that any new laws and regulations be modern, forward looking, easy to comply with and allow for future innovation”*. Consideration of new models, including a model that contemplates the sharing economy and that reflects regulatory environments to accommodate the sharing economy is important. There is a need for consistency between traditional licensing regimes and those associated with the sharing economy, which can be defined as *“an activity facilitated by digital platforms where people rent their skills (such as, driving or computer skills) and make their resources (such as properties or cars) available for money—has the potential to play an increasingly important role in the Canadian economy.”*

For example, a recent search on AirBnB found thirty-five (35) properties listed in the Greater Sudbury area, with another nine (9) available through VRBO (Vacation Rentals by Owner) and a variety of short-term and vacation rental opportunities on Kijji. Short term rentals like those offered through AirBnB are not currently regulated through business licensing at the City of Greater Sudbury and it is something that many other municipalities are actively regulating or actively considering regulating. As part of the review, staff will consider the negative impact that short term home rentals may have on a neighborhood such as noise and parking.

Marijuana Legalization Municipal Business Licensing

Under the proposed the Cannabis Act, the Government of Canada is looking to legalize the production, distribution, sale and possession of cannabis across Canada. If it is approved by Parliament, the bill could become law before July 2018.

The City of Greater Sudbury Zoning By-law 2010-100Z, defines a medical marijuana production facility and scripts regulatory requirements for the same. Staff will consider the regulatory framework and the ramifications for municipalities with respect to zoning, production, distribution, and enforcement and whether there is a need to introduce business licensing requirements as a means to support the guiding principles of the Business License By-law.

The project charter for the Business License Review is attached for the information of Council and the Community. The project charter sets out detailed goals, process and timelines for the project.

References

Stats Can <http://www.statcan.gc.ca/daily-quotidien/170228/dq170228b-eng.htm>

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<https://www.canada.ca/en/services/policing/justice/legalization-regulation-marijuana.html>

www.airbnb.ca

<http://www.statcan.gc.ca/tables-tableaux/sum-som/l01/cst01/labr85e-eng.htm>

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