

Mobile Business Licence for all Municipal Governments in British Columbia

Introduction:

Since 2006 British Columbia's provincial government has taken progressive steps in easing the regulatory burden on businesses. In Canada, B.C. is leading the way in de-regulation and is used as an example on what can be done in other Canadian provinces and territories. At the 2006 Union of British Columbia Municipalities (UBCM) Convention, Premier Gordon Campbell challenged local governments to develop a single business licence framework, becoming the first jurisdiction in Canada where businesses can operate freely anywhere in their province. The Ministry of Small Business and Revenue was charged with leading the Single Business Licence Initiative and was working closely with UBCM, the Ministry of Community Services and key stakeholders to develop a model that streamlines business licensing processes, while retaining municipalities' powers to set local standards for businesses operating within their boundaries.

The Premiers challenge was predicated on a recommendation made by the Premiers Task Force on Community Opportunities (which was comprised of 6 local government representatives and two business representatives) who in 2006 stated that *"local governments need to take steps to streamline and harmonize licensing regulations, initiate inter-municipal and region-wide approaches to business licensing."*

This recommendation has further been supported by the Small Business Roundtable who in 2007 called on the government to *"focus on saving time for business by streamlining and simplifying the regulatory environment for small business. This can be accomplished by continuing to implement BizPaL and a single business licence across the province."*

It is important to note that with the exception of the Premiers Task Force on Community Opportunities all the recommendations on this issue, including recommendations by the BC Chamber, CFIB and other business organizations have called for a single business licence program for the entire province.

However, these calls were met with resistance from local governments which was typified by a resolution presented to the Union of BC Municipalities in 2007 which expressed concern over loss of revenue, loss of autonomy and ultimately over their ability to govern. The recommendation then called on the Provincial Government to *"abandon the Single Business Licence Initiative and allow local governments to continue to issue and regulate business licences in each of their own communities."* While this recommendation did not become official policy of UBCM it clearly demonstrated a level of hostility to the concept of a single business licence within local government.

Following the concerns expressed by local government the Provincial Government moved away from the introduction of a single business licence and beginning January 1, 2008 introduced a 12 month Mobile Business Licence pilot project (MBL) in the Okanagan- Similkameen area.

The MBL allowed mobile businesses (e.g. contractors, trades businesses, photographers and caterers etc.) to operate across participating municipalities. Businesses within the participating municipal

boundaries benefit by purchasing one licence to do business in all participating municipalities. Mobile businesses still purchase a business licence for their main location but instead of obtaining multiple licences for outlying municipalities, only one licence is needed. Local municipal governments in the participating areas benefit by lowered administration costs to process one licence and increased revenue due to more licences being acquired.

The summarized interim progress results of the Okanagan-Similkameen Mobile Business Licence Project are best described by this paragraph from the Ministry of Small Business and Revenue's interim report: *Overall, it seems the Mobile Business Licence Pilot Project is on track to successfully meet its goals of making it easier to do business in the Okanagan-Similkameen. Businesses report the Mobile Business Licence is cost-effective and convenient; municipalities report the Mobile Business Licence has not increased the administrative workload and has increased revenue. There was expressed support for expansion of the Mobile Business Licence. Not surprisingly, businesses varied as to whether they would be willing to pay more for an expanded Mobile Business Licence. There has been a regional revenue gain of over \$160,000. This is due to the strong uptake of Mobile Business Licences, with an increase of more than 750 Mobile Business Licences sold over the 2007 baseline. This can be attributed to increased compliance and the increase of regional economic activity. After the first year of operation, a more detailed analysis will be undertaken to determine what proportion of the increase is attributable to each factor.* A final report with details of the financial benefits of the Mobile Business Licence Project is available on-line through the Ministry of Small Business and Revenues' web-site.

There were consultations with many communities and stakeholders across B.C. before embarking on the pilot project and resultant pros and cons were recorded and measured. To date the pros far outweigh the cons and the Mobile Business Licence pilot project has been used as an example of how to successfully apply this program in other areas of BC. Several local municipalities bordering the pilot project have recently adopted the Mobile Business Licence model too and thereby increased the existing boundaries within which businesses can operate under one licence. Implementing Mobile Business Licences could be a more streamlined and cost-effective way for municipal governments in all of British Columbia to operate.

The success of the pilot project builds on evidence in other jurisdiction in the province who have shown the benefits of such a model. Prior to the pilot project intermunicipal business licence agreements existed in: Victoria Capital Region, Cowichan Valley, North Okanagan, North-West Vancouver, Courtenay-Comox and Trail Region.

In each of these jurisdictions the Mobile Business Licence has also shown similar results to the MBL pilot project: for local governments there is a reduction in paperwork accompanied by greater compliance, for business it results in reduced time, cost and simplified expansion into new markets while for residents it leads to more choice of contractors and service providers.

How it began:

David Duke, a business licence inspector for 25 years in Saanich (within the Capital Regional District, Vancouver Island), was a driving force behind the changes to the business licensing structure on Vancouver Island. Year after year his main complaint from businesses was that they had to purchase a separate licence for each local municipality with different standards in each area. One of David's first presentations stated that: *In the fall of 1997, the Municipality of Saanich began discussions with the Ministry of Small Business, Tourism and Culture on Saanich's potential involvement in the OneStop Business Registration Program (OSBR). The goal of this province-wide program was to reduce the ever increasing "red tape" associated with small business startup. Research indicated the Trail/Rosland area had an inter-municipal license agreement and this was used for the resulting Capital Regional District program.* David took the business community's concerns to the local municipalities to enter into agreement on a Single Mobile Business License system and 13 municipalities choose to support his efforts in taking the steps necessary to implement the change over to a Single Mobile Business Licence model. This project took 5 years to implement and was so well received that to date there are 3 districts on Vancouver Island that use Mobile Business Licences; North Island, Central Island and Greater Victoria.

The CRD structure was set up so the proceeds received by a local municipality for a Mobile Business Licence would stay with that municipality. Another tool for success of the CRD project was standardization of the business licence fees. This simplified the administration time for processing and streamlined the registration time for businesses. The businesses working outside their area still had to comply by the rules in those outlying municipalities and pay for additional permits e.g. building, electrical etc. Often businesses would buy their supplies for operating in the outlying areas too and the revenue from those purchases would benefit communities throughout the boundary areas. When the MBL was first implemented old habits of not purchasing licences at all were still in place. It took about one year for businesses to grasp of the benefits of a Mobile Business Licence and begin purchasing licences to operate in outlying municipalities. The resultant financial returns for local municipalities exceeded expectations and the one step process with which mobile businesses could now set up operations was and still is widely preferred over the old system. The prospectus for this project was an initial loss in revenue but the results was a gain in revenue as many more applicants were now signing up for licences.

Conclusion:

The benefits to local governments, business and residents of a Mobile Business Licence have been supported by the feedback and financial success of the Okanagan-Similkameen MBL Project and by Mobile Business Licence programs already in place. Yet despite these clear benefits we have failed to see other regions of the province introduce similar programs, this is unacceptable and increases costs for local government and for business which ultimately result in higher costs for the taxpayers in the community.

The Provincial Government have made a firm commitment as part of its Straightforward BC initiative that *"for business, this means you spend less time complying with government requirements, and more time expanding your business and creating jobs. For citizens, this means quicker access to the services and information you need."* The introduction of Mobile Business Licence programs in all

regions of the province would address both of these goals. The Chamber believes that even in the absence of support from local governments the Provincial Government has a responsibility to act in the interests of business and residents and set a clear timeframe for regions to develop a Mobile Business Licence and any failure to meet this timeframe will result in the imposition of a Mobile Business Licence.

The Chamber also believes that the introduction of Mobile Business Licence programs that cover the entire province is only an interim step towards the original stated goal which is a single, provincial licensing program for all business.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. develop clear timeframes for defined regions to introduce Mobile Business Licence programs;
2. ensure that should any business fail to meet these timeframes a mandatory Mobile Business Licence will be introduced by the Provincial Government;
3. recognize that mobile business licence programs are an interim step and develop a plan, including timelines, for the introduction of a provincial business licence program and;
4. work with local municipal governments to standardize terminology and procedures used when implementing Mobile Business Licence Programs

SUBMITTED BY THE KAMLOOPS CHAMBER OF COMMERCE