

# Okanagan-Similkameen Mobile Business Licence Pilot Project

**Interim Report**

**September 2008**

# Okanagan-Similkameen Mobile Business Licence Pilot Project: Interim Report

On January 1, 2008, 17 municipalities in the Okanagan-Similkameen implemented a 12-month Mobile Business Licence Pilot Project. The pilot project built on the success of the pre-existing intermunicipal licensing system in the North Okanagan, expanding it to include an additional 11 municipalities. This report reviews the Mobile Business Licence Pilot Project, as of August 2008, to determine if the Mobile Business Licence has reduced red tape for small business owners and increased compliance for municipalities.

## Background

Before the implementation of the pilot project, mobile businesses were required to obtain a business licence from their home municipality, as well as a non-resident business licence from each municipality in which they operated. The cost of non-resident business licences varied by municipality.

Under the Mobile Business Licence Pilot Project, the 17 municipalities agreed to allow non-resident mobile businesses to operate in participating municipalities under a single Mobile Business Licence. The Mobile Business Licence costs \$150 annually and is purchased from the business' home municipality. The revenue generated from sales of Mobile Business Licences is retained by the issuing municipality, and municipalities share information on licences issued through a limited access website and an Excel-based database hosted by the Province of British Columbia.

Participating Municipalities		
▶ Armstrong	▶ Salmon Arm	▶ Osoyoos
▶ Enderby	▶ Summerland	▶ Peachland
▶ Coldstream	▶ Oliver	▶ Princeton
▶ Spallumcheen	▶ Westside	▶ Penticton
▶ Vernon	▶ Lake Country	▶ Keremeos
▶ Lumby	▶ Kelowna	

## Anticipated Benefits

In 2007, five intermunicipal mobile business licence agreements existed in the province: Victoria Capital Region, Cowichan Valley, North Okanagan, North-West Vancouver, Courtenay-Comox and Trail Region. Based on the experience of these municipalities, it was anticipated the Okanagan-Similkameen Mobile Business Licence Project would have a number of advantages.

- ▶ For municipalities: less paperwork and greater compliance.
- ▶ For businesses: reduced time and cost, and simplified expansion into new markets.
- ▶ For residents: more choice of contractors and service providers.

Other specific expectations for the pilot project included the following:

- ▶ No overall revenue loss for the region, though there may be some shifting of revenue among municipalities, and
- ▶ An increase in compliance of approximately 10 per cent (above the baseline of 1,168 businesses which held multiple licences in 2007).

<b>Mobile Business Licence Sales 2007 and 2008</b>		
<b>Licences Sold</b>	<b>Jan – Aug 2007*</b>	<b>Jan – Aug 2008</b>
a) Non-resident licences**	1,889	Unknown
b) Intermunicipal licences	501	1,922
<b>Total:</b>	<b>2,390</b>	<b>1,922</b>
Businesses with more than one licence	1,168	1,922
Total revenue from mobile business licence sales ***	\$325,221	\$500,006
* Excludes data for Spallumcheen ** Held by 667 businesses *** For 2008, does not include non-resident licences		

## Sales and Revenue of Mobile Business Licences

The table above provides sales and revenue information for mobile businesses for January to August 2007, and the same period for 2008. While the information is for a portion of a year, it provides a fairly accurate indicator because most municipalities issue licences beginning in January. In addition, the majority of Mobile Business Licences were sold during the first three months of 2008, increasing consistently since that time by approximately one per cent per week.

As a business owner can now buy one Mobile Business Licence to operate in multiple municipalities instead of multiple non-resident licences, it was anticipated the overall number of licences sold would decrease. Information on the number of non-resident licences sold will not be available for comparison purposes until the end of 2008. However, as indicated in the table above, it is likely fewer non-resident business licences will be sold in 2008.

At the inception of the pilot project, a 10 per cent increase in compliance was projected; this number has increased by 64 per cent, considerably more than anticipated. This increase is likely due to the combined effects of greater compliance and increased economic activity in the region.

From January to August 2007, there were 1,889 non-resident business licences (held by 667 businesses), and 501 intermunicipal licence holders in the North Okanagan. These licences generated revenue of \$325,221. From January to August 2008, 1,922 Mobile Business Licences were sold generating revenue of \$500,006. These revenue figures will likely increase when sales of non-resident licences are known. The current revenue figures support the expectation that there would be no overall revenue loss for the region.

## Reducing Time and Cost

Fourteen municipal administrators and 11 businesses were surveyed to gauge the general reaction to the Mobile Business Licence Pilot Project and the degree to which it is achieving the objective of reducing time and cost.

## Businesses Holding a Mobile Business Licence

Eleven Mobile Business Licence holders were randomly selected and interviewed by telephone. The response from business was very positive. Regardless of how many municipalities they operate in, the businesses consistently noted that the Mobile Business Licence made it easier for them to do business. Specific examples of how the Mobile Business Licence simplified business include:

- ▶ Only having to deal with one licensing municipality,
- ▶ Less paperwork,
- ▶ Ease in complying with the licensing requirements of multiple municipalities,
- ▶ Cost effectiveness, and
- ▶ The ability to take jobs in a larger geographic area.

## Municipal Administrators

An email with five survey questions was sent to all 17 participating municipalities, requesting their assistance in gathering information for the report. Responses were received from 14 of the 17 municipalities.

An overall positive impression of the pilot project was reported by 79 per cent of responders. According to 57 per cent of responders, it requires the same amount of effort as their previous system.

Municipalities identified the following items they would like to see addressed:

- ▶ Clarify certain definitions, such as “storefront”.
- ▶ Pro-rate Mobile Business Licences purchased during the calendar year.
- ▶ Review the use of the term “Mobile Business Licence” since it causes some confusion over what is a mobile business (e.g., mobile vendors working only in one municipality are requesting a Mobile Business Licence).
- ▶ Issuing more than one Mobile Business Licence to a business when they purchase more than one type of base business licence.

The Steering Committee, consisting of municipal representatives, will review these items and determine what, if any, changes may be appropriate.

## Conclusion

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.

### **For more information**

This report was prepared by the Ministry of Small Business and Revenue in co-operation with the participating municipalities.

For more information on the Mobile Business Licence, please contact:

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[www.sbr.bc.ca/resource-centre/business.htm](http://www.sbr.bc.ca/resource-centre/business.htm)