



**OFFICE OF THE
CHIEF FINANCIAL OFFICER
OFFICE OF BUDGET**

Coleman A. Young Municipal Center
2 Woodward Avenue, Suite 1106
Detroit, Michigan 48226

Phone 313•224•6260
www.detroitmi.gov

June 27, 2025

Honorable Detroit City Council
Coleman A. Young Municipal Center
2 Woodward Avenue
Detroit, MI 48226

Re: Fiscal Impact of Fiscal Impact of the Proposed Food Service License Repeal Ordinance
Amendment

Dear Council Members:

Please see attached Fiscal Impact Statement prepared by the Office of Budget for the above referenced item, pursuant to CFO Directive 2018-101-029: Fiscal Impact Statements. Upon review, please do not hesitate to contact me to discuss it further.

Best regards,

Donnie Johnson
Acting Deputy CFO / Budget Director

Att: CFO Fiscal Impact Statement No. 2025-110-007

cc: Tanya Stoudemire, CFO
John Naglick, Jr., Chief Deputy CFO/Finance Director
Malik Washington, City Council Liaison
David Whitaker, Director-Legislative Policy Division



Coleman A. Young Municipal Center
2 Woodward Avenue, Suite 1100
Detroit, Michigan 48226

Phone: 313 -628-2535
Fax: 313 -224-2135
www.detroitmi.gov

CFO FISCAL IMPACT STATEMENT NO. 2025-110-007

SUBJECT: Fiscal Impact of the Proposed Food Service Business License Repeal Ordinance Amendment

PREPARED BY: Office of the CFO – Office of Budget

DATE ISSUED:

1. AUTHORITY

- 1.1. State of Michigan Public Act 279 of 1909, Section 4s(2)(d), as amended by Public Act 182 of 2014, states the Chief Financial Officer (“CFO”) shall submit in writing to the Mayor and the governing body of the City his or her opinion on the effect that policy or budgetary decisions made by the Mayor or the governing body of the City (“City Council”) will have on the City’s annual budget and its four-year financial plan.
- 1.2. CFO Directive No. 2018-101-029 Fiscal Impact Statements states that the CFO shall issue Fiscal Impact Statements (“FIS”) for pending or enacted decision items with a significant fiscal impact on the City, as determined by the CFO, to provide financial information to the Mayor and the City Council as they consider action on proposed local policy or budgetary decision items.

2. PURPOSE

- 2.1. To provide financial information to the Mayor and the City Council as they consider the effect of the proposed ordinance to amend Chapter 19 of the 2019 Detroit City Code, *Food* (the “Food Service Business License Repeal Ordinance”).

3. OBJECTIVE

- 3.1. This FIS serves as the report on the fiscal impact of the proposed on the City’s annual budget for FY 2026 and four-year financial plan for FY 2026 – FY 2029 (the “City budget”).

4. SCOPE

- 4.1. This FIS is not intended to convey any statements nor opinions on the advisability of the proposal, except for those components that have or may have a fiscal impact on the City budget.
- 4.2. This fiscal impact analysis is based on the proposed as described below in Section 5 of this FIS. Should the proposal change prior to final approval, an updated FIS may be issued.

5. STATEMENT

Conclusion: The Food Service Business License Repeal Ordinance would have a **negative fiscal impact** on the City budget.

- 5.1. Background: Currently, Chapter 19 of the 2019 Detroit City Code, *Food*, requires owners of food establishments, including mobile food establishments and vending machines, to obtain a Michigan food service license through the Detroit Health Department and a food

service business license from the Buildings, Safety Engineering, and Environmental Department (BSEED).

The proposed Ordinance would amend Chapter 19 of the 2019 Detroit City Code, *Food*, by repealing the requirement for food service establishments to obtain a food service business license from the BSEED Business License Center. Food service establishments are still required to obtain a Michigan food service license through the Detroit Health Department.

The Health Department had 1,990 applications and renewals of food service licenses, generating about \$900,000 of revenue in FY 2025 year-to-date. The schedule of fees for food service licenses ranges from \$60 to \$575, depending on the type and size of the establishment.

BSEED issued and renewed 2,598 licenses, with 619 being food services licenses, in FY 2025 year-to-date. The schedule of fees for food service business licenses ranges from \$100 to \$381, charged annually, depending on the type and size of the food establishment.

- 5.2. Fiscal Impact: The Food Service Business License Repeal Ordinance would have a **negative fiscal impact** on the City budget. For BSEED, there would be a negative revenue impact. Under the current ordinance, FY 2026 General Fund BSEED revenue across all business licenses is projected at \$2,203,000. Historically, food service business licenses make up roughly 10% of annual BSEED General Fund business license revenue. As shown in the following table, the proposed ordinance would result in a projected \$220,000 annual revenue loss anticipated in FY 2026.

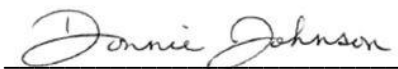
For the Health Department, the ordinance would not have a negative revenue impact, since the department will still issue Michigan food service licenses independent from BSEED. The repeal of the BSEED Food Service Business license may positively impact overall business activity, thus potentially increasing General Fund revenue within the Health Department. However, any changes resulting from the proposed ordinance to the current volume of food service license activity cannot be determined at this time.

City of Detroit

FIS - Food Service Business License Repeal Ordinance

	FY 2026	FY 2027	FY 2028	FY 2029
Current Business License Fees (BSEED) General Fund Revenues	\$ 2,203,000	\$ 2,247,000	\$ 2,292,000	\$ 2,338,000
Total, City Budget Revenue Projections	\$ 2,203,000	\$ 2,247,000	\$ 2,292,000	\$ 2,338,000
Business License Fees under Proposed Ordinance Change	\$ 1,983,000	\$ 2,022,000	\$ 2,063,000	\$ 2,104,000
Total, Proposed Revenue Projections Under Proposed Ordinance Change	\$ 1,983,000	\$ 2,022,000	\$ 2,063,000	\$ 2,104,000
Total, Net Revenue Loss Impact on Four-Year Financial Plan	\$ (220,000)	\$ (225,000)	\$ (229,000)	\$ (234,000)

APPROVED



Donnie Johnson

Acting Deputy CFO/Budget Director