



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

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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 Business License Renewal 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. 2025-110-006

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



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## **CFO FISCAL IMPACT STATEMENT NO. 2025-110-006**

**SUBJECT:** Fiscal Impact of the Proposed Renewal Business License Reform Ordinance Amendment

**PREPARED BY:** Office of the CFO – Office of Budget

**DATE ISSUED:** June 27, 2025

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### **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 Ordinance to Amend Chapter 28 of the 2019 Detroit City Code, *Licenses* (the “Renewal Business License Reform 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 Renewal Business License Reform Ordinance would have a **negative fiscal impact** on the City budget.

- 5.1. Background: Currently, under Chapter 28 of the 2019 Detroit City Code, *Licenses*, all business licenses issued by the Business, Safety Engineering, and Environmental Department (BSEED) are valid for one year. The ordinance amendment would extend the duration of a business license from one year to two years. Businesses would have to

renew their licenses every *other* year versus annually. This reform would not apply to rental hall, medical marijuana, or sexually oriented businesses.

The types of businesses required to obtain a license include gas stations, consumer services (tattoo or massage parlors), amusement (amusement parks, arcades, etc.), and lodging (hotels, motels, etc.). BSEED issued and renewed 2,598 business licenses and received \$1,945,645 in revenue year-to-date in FY 2025.

The proposed ordinance would also allow BSEED to grant 12-month provisional business licenses. An applicant can apply for the provisional license through BSEED. The Department can approve the provisional license for a regular City business license if they find that the business can operate in a safe, healthful, and sanitary manner. Provisional licenses cannot be renewed.

- 5.2. Fiscal Impact: The Renewal Business License Reform Ordinance would have a **negative fiscal impact** on the City budget. Under the current ordinance, FY 2026 General Fund BSEED revenue across all business licenses is projected at \$2,203,000. Historically, annual business license renewals subject to the proposed ordinance amendment make up roughly 48% of annual BSEED General Fund business license revenue. By changing the renewal fee from annual to biannual, BSEED business licenses would experience a roughly 24% annual General Fund revenue loss, with a projected \$530,000 decrease in revenue in FY 2026. This impact is based on the revenue projections reflected in the City budget and does not assume a change in the overall volume of current business license activity.

The fiscal impact of the proposed 12-month provisional business licenses is indeterminate. The provisional licenses and biannual renewal fee reforms would positively impact overall business activity. An increase in annual business license activity would partially offset the revenue losses from the proposed biannual fee change. However, any changes resulting from the proposed ordinance to the current volume of business license activity cannot be determined at this time.

#### City of Detroit

#### FIS - Renewal Business License Reform 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
<b>Total, City Budget Revenue Projections</b>	<b>\$ 2,203,000</b>	<b>\$ 2,247,000</b>	<b>\$ 2,292,000</b>	<b>\$ 2,338,000</b>
Business License Fees under Proposed Ordinance Change	\$ 1,673,000	\$ 1,707,000	\$ 1,742,000	\$ 1,777,000
<b>Total, Proposed Revenue Projections Under Proposed Ordinance Change</b>	<b>\$ 1,673,000</b>	<b>\$ 1,707,000</b>	<b>\$ 1,742,000</b>	<b>\$ 1,777,000</b>
<b>Total, Net Revenue Loss Impact on Four-Year Financial Plan</b>	<b>\$ (530,000)</b>	<b>\$ (540,000)</b>	<b>\$ (550,000)</b>	<b>\$ (561,000)</b>

#### APPROVED



Donnie Johnson

Acting Deputy CFO/Budget Director