

RESOLUTION NO.

WHEREAS, the City's strategic priorities include advancing economic mobility through promoting a resilient local economy of small businesses; and

WHEREAS, a 2025 report found that out of more than 20 cities across the United States, Austin is the most procedurally challenging city, requiring 105 unique steps, and one of the most expensive cities, costing nearly \$9,000 in regulatory fees alone, to start a fully compliant restaurant; and

WHEREAS, when City processes and policies for small businesses are shaped by the Small Business Administration's definition of a small business, which include businesses that have up to 500 employees and millions of dollars in annual receipts, it can lead to microbusinesses being subjected to processes created with larger, well-resourced businesses in mind; and

WHEREAS, establishing a classification for microbusinesses will allow the City to appropriately tailor policies, processes, and programs to this form of entrepreneurship; and

WHEREAS, onerous local regulatory barriers can be death by a thousand cuts for microbusiness entrepreneurs, resulting in them closing before they ever open; and

WHEREAS, the City's strategic priorities also include advancing equitable access to city services while promoting efficiency; and

WHEREAS, subjecting microbusinesses to outsized permitting and licensing requirements and processes can result in unnecessary costs for both the entrepreneur and the City; and

25 **WHEREAS**, microbusinesses meaningfully contribute to the local economy
26 and the City's character, increase resiliency and serve as a catalyst for creativity
27 and cultural expression; **NOW, THEREFORE**,

28 **BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:**

29 The City Manager is directed to prepare an amendment to City Code that
30 would establish a microbusiness classification for businesses having 20 or fewer
31 employees. The definition should also include a recommendation on a cap on annual
32 revenue for microbusinesses.

33 **BE IT FURTHER RESOLVED:**

34 The City Manager is further directed to prioritize expanding economic
35 pathways for microbusinesses to thrive in Austin as part of Austin Economic
36 Development's Economic Roadmap work, with a focus on ways to right size City
37 permitting and licensing requirements to reduce barriers to opening or expanding a
38 microbusiness.

39 **BE IT FURTHER RESOLVED:**

40 The City Manager is further directed to explore the creation of an Emerging
41 Business Fee Waiver Program which will waive certain fees associated with
42 opening or expanding a qualifying microbusiness with the goal of increasing
43 access for under-resourced local entrepreneurs, supporting the creation of
44 microbusinesses, and allowing microbusinesses the opportunity to earn revenue
45 before paying City fees.

46 The program should be structured as a two-tiered fee waiver program, the
47 first of which should waive fees related to obtaining and retaining business-related
48 annual permits and licenses including, but not limited to, non-construction/remodel

commercial space and property-related fees like zoning verification and certificate of occupancy fees.

The second tier should waive fees related to constructing, remodeling, or adapting properties for a microbusiness's commercial use, new commercial construction and remodel building fees, food enterprise construction and remodel fees, and site plan and site exemption fees.

BE IT FURTHER RESOLVED:

The City Manager is further directed to develop eligibility criteria for the program, which should include:

- The businesses must be local, meaning that at the time of application to the program, it either maintains its principal place of business operations within City limits, operates as a home occupation from an Austin residence, or has executed a binding lease or purchase agreement for commercial space within City limits with an occupancy date no later than 365 days after application.
- The business must be a microbusiness with 20 or fewer employees.
- The business must be a first-time recipient of fee waivers through the program.
- For Tier 1, the business must be incorporated within the year.
- For Tier 2, the business must be economically disadvantaged.

BE IT FURTHER RESOLVED:

The City Manager is further directed to propose a way to integrate the application for this program into existing permit or licensing applications in an effort to minimize additional paperwork or steps for the entrepreneur.

BE IT FURTHER RESOLVED:

The City Manager is further directed to work with City departments including, but not limited to, Austin Economic Development, Austin Development Services, Austin Planning, Austin Fire, Austin Water, Austin Transportation and Public Works, and Austin Public Health to identify potential fee waivers for each tier that may be applied to expenses associated with opening, expanding, and/or operating a microbusiness.

BE IT FURTHER RESOLVED:

The City Manager is further directed to propose maximum fee waiver amounts per application for each tier and an overall cap on the total program amount.

BE IT FURTHER RESOLVED:

The program shall serve as a dynamic laboratory to test where the City can sustainably reduce and waive fees and simplify requirements for microbusinesses and shall include:

- Data collection and active management: Impact on microbusiness creations, expansions, and continued operations; microbusiness entrepreneur sentiment towards the City; City process operations; City revenue directly and indirectly generated from microbusinesses.
- Program calibration: Evaluation of the program's outcomes to refine standards for a potential regular program, focusing on creating a sustainable, narrowly tailored program that makes meaningful impact for microbusinesses who need the support the most.

BE IT FURTHER RESOLVED:

The City Manager is further directed to report back to Council by November of 2026 with any recommended amendments to the City Code necessary to establish this program, the recommended fees and fee amounts eligible for waivers, and a comprehensive implementation plan.

ADOPTED: _____, 2026 **ATTEST:** _____
Erika Brady
City Clerk