

# 11

## Licenses and Permits

# LEARNING OBJECTIVES

- Identify some of the business licenses and permits that pertain to small businesses
- Distinguish among general business licenses, occupational licenses, and machinery licenses
- Identify some of the key industries that require permits
- Identify the sources of and application processes for permits and licenses
- Summarize land zoning and important permits related to the location of a business

# Case Study: Cone Crazy Gets Ready for Inspection

Health Inspection Checklist	
<b>REFUSE AND GARBAGE DISPOSAL</b> <ul style="list-style-type: none"> <li><input type="checkbox"/> Garbage and refuse is promptly and properly removed</li> <li><input type="checkbox"/> Receptacles are emptied regularly</li> <li><input type="checkbox"/> Receptacles are regularly cleaned</li> <li><input type="checkbox"/> Outside receptacles have lids and lids remain closed</li> <li><input type="checkbox"/> Areas around outside receptacles are clean and free of pests</li> </ul>	<b>FOOD STORAGE</b> <ul style="list-style-type: none"> <li><input type="checkbox"/> Food is kept at least six inches off the ground</li> <li><input type="checkbox"/> Food is stored in a clean, dry location that is free of contamination</li> <li><input type="checkbox"/> Containers are properly labeled and dated</li> <li><input type="checkbox"/> Chemicals are kept separate from food</li> <li><input type="checkbox"/> Food is stored using FIFO (first in, first out) method</li> </ul>
<b>FREEZER AND REFRIGERATOR MAINTENANCE</b> <ul style="list-style-type: none"> <li><input type="checkbox"/> Thermometer is easily visible and displays the proper temperature</li> <li><input type="checkbox"/> Temperature of the refrigerator is kept within food-safe range</li> <li><input type="checkbox"/> Food is stored using FIFO method</li> <li><input type="checkbox"/> Food is stored at least six inches off the ground</li> <li><input type="checkbox"/> Refrigerators and freezers are kept clean</li> <li><input type="checkbox"/> All food items are properly labeled and dated</li> </ul>	<b>FOOD PREPARATION</b> <ul style="list-style-type: none"> <li><input type="checkbox"/> Food is protected from cross-contamination</li> <li><input type="checkbox"/> When handling food, staff uses gloves, clean hands, or utensils</li> <li><input type="checkbox"/> Tasting utensils are used once then cleaned</li> <li><input type="checkbox"/> Frozen food is properly thawed</li> <li><input type="checkbox"/> Food is heated to the temperature required to remove all bacteria</li> </ul>
<b>EMPLOYEE HYGIENE</b> <ul style="list-style-type: none"> <li><input type="checkbox"/> Employees wear hairnets</li> <li><input type="checkbox"/> Facial hair is covered</li> <li><input type="checkbox"/> Employees wear no jewelry except simple earrings, plain rings, or watches</li> <li><input type="checkbox"/> Cuts are bandaged and covered</li> <li><input type="checkbox"/> Eating and smoking is done in designated areas only</li> <li><input type="checkbox"/> Employees wash hands after sneezing, coughing, using the restroom, working with raw food, handling money, and switching between stations</li> <li><input type="checkbox"/> Employees wear clean clothes and closed-toe shoes</li> </ul>	<b>SANITATION</b> <ul style="list-style-type: none"> <li><input type="checkbox"/> Washing station is divided into three stations: washing, rinsing, sanitizing</li> <li><input type="checkbox"/> Utensils are protected from dust and contaminants when stored</li> <li><input type="checkbox"/> Small equipment and utensils are cleaned between uses</li> <li><input type="checkbox"/> Sanitizer is mixed to proper concentration</li> <li><input type="checkbox"/> Equipment and food prep areas are clean to sight and touch</li> <li><input type="checkbox"/> Water used for cleaning is heated to a temperature adequate for sanitation</li> <li><input type="checkbox"/> Utensils are allowed to air dry after washing</li> </ul>

Willa knows her shop will periodically be visited by a health inspector. She keeps the walls scrubbed and the cooler cleaned, and she prioritizes proper hygiene and sanitation, but the thermostats on the freezer and refrigerator concern her. If they break, how can she safeguard her product? What will the health inspector think?

# Business Licenses

- Indicate a business can operate legally
- Indicate a business has met key standards for practice
- Indicate a business is financially compliant
- Generally issued at the local or state level
- Failure to obtain required licenses/permits can mean:
  - Fines
  - Restricted business activities
  - Forced shuttering of business

**BUSINESS LICENSE**  
By authority of the City

License has been granted to: Smashed Banana Gifts  
123 Peel Lane  
Anytown, USA

License Commencing JANUARY 1 and Ending: DECEMBER 31

Commencement Date \_\_\_\_\_ Approval Signature \_\_\_\_\_  
Office of the Mayor

# Type of Licenses

- General business licenses
  - Required in many states
  - Indicate business is legal to operate
  - Acquire from local and state municipal offices
- Occupational business licenses
  - Professional or industry-specific licenses
  - Confirm business operator has proper education, clinical experience, and safety/sanitary assurances
  - Key industries where required:
    - Medicine
    - Education
    - Salons
    - Massage therapy
    - Architecture

# Types of Licenses (cont.)

- Operator's business licenses
  - Often required for operating large equipment
  - Examples: Commercial driver, drone operator, pilot
- Federal business licenses
  - For businesses operating across state lines, airwaves, and airspace
  - Examples:
    - Railway
    - Bus/ground transportation
    - Media broadcasting
    - Commercial fishing
    - Boating

# Types of Licenses (cont.)

- Sales tax licenses
  - Allow the business to collect sales tax on transactions
  - Used at state and local levels
  - Needed generally in retail; other industries, too
- Health and environmental licenses
  - Often needed when human or environmental safety is paramount
    - Nursing homes, assisted living centers
    - Daycares
    - Laundromats
    - Auto body shops

# Business Permits

Ensure a business...

- ...complies with health and safety standards
- ...will deal fairly with customers
- ...is allowed to operate as a legal business entity

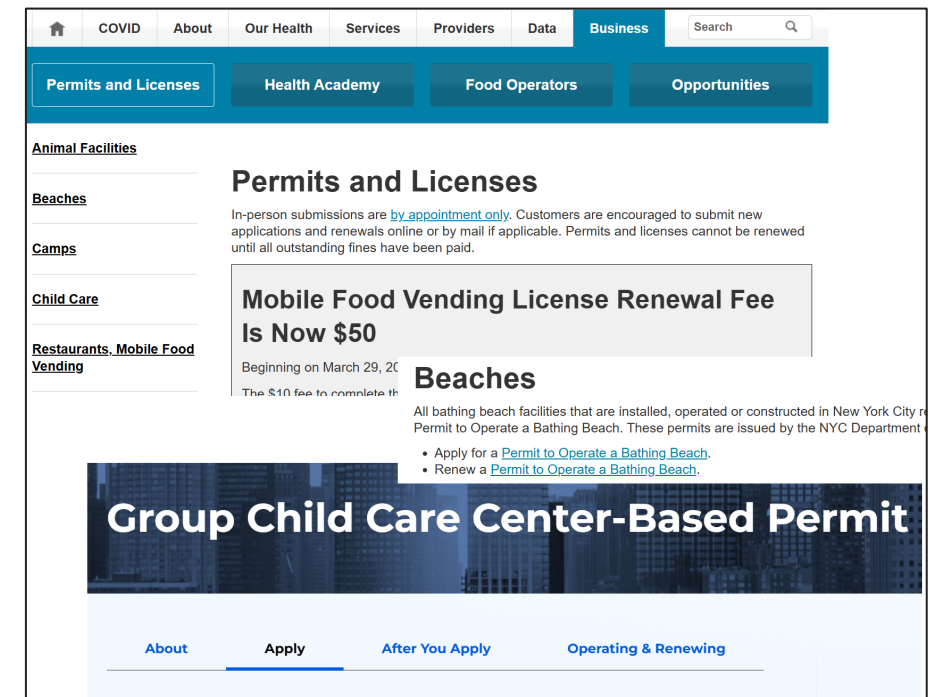


TIP! [“5 Licenses and Permits Needed for Your Home-Based Business”](#)



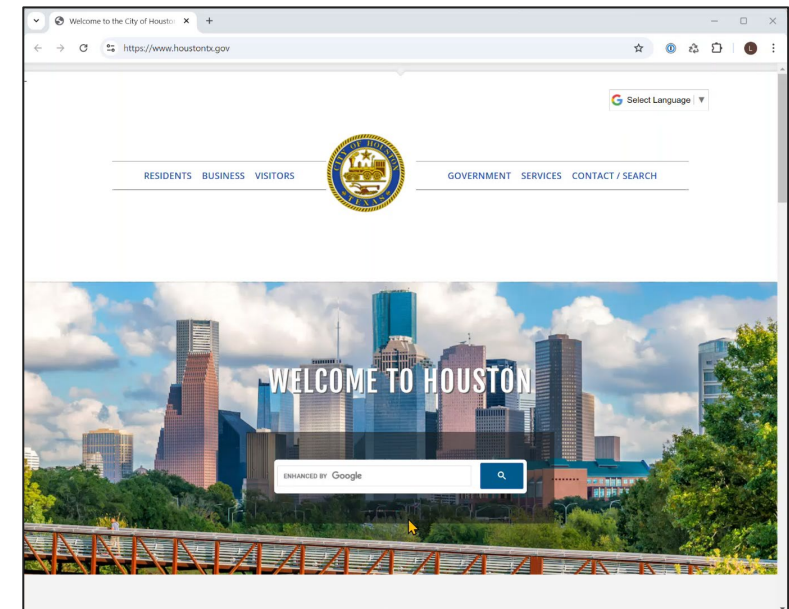
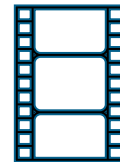
# Does My Business Need a Permit?

- Where to get more information:
  - Department of Health
  - State-specific sites
    - Example: New York's Online Permitting and Licensing (OPAL)
- Required in many industries:
  - Beaches
  - Campgrounds
  - Carnivals
  - Catering services



# My Business Needs a Permit. Now What?

- Each state is different
- Check with your local and state municipal offices
  - Example: Houston



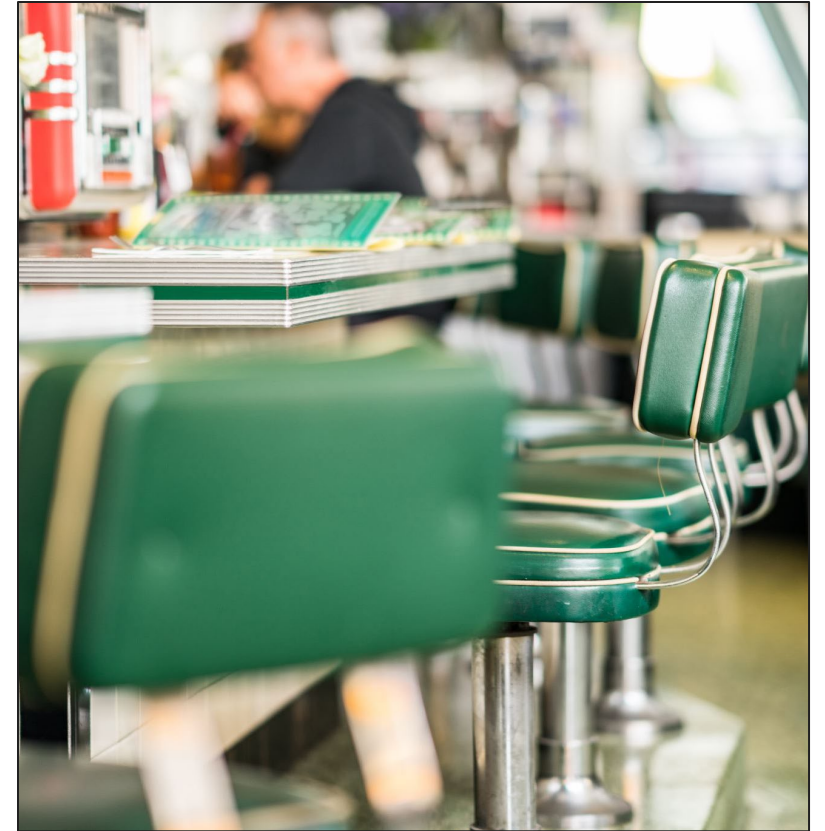
# Zoning and Other Permit Considerations

- Towns, villages, cities, and hamlets have different zoning requirements and restrictions
- Residential zones:
  - Single-, multi-family housing
  - Duplexes
  - Condominiums
  - Work-from-home restrictions
  - Farm animal allowances
  - Large vehicle parking allowances



# Types of Zones

- Commercial zones
  - Retail shops
  - Restaurants
  - Medical offices
- Many types of commercial zones
  - Nightclubs
  - Taverns
  - Hotels
  - Non-industrial warehouses
  - Government offices



# Types of Zones (cont.)

- Industrial zones
  - Relate to industry type
    - Light industrial
    - Airports
    - Shipping ports
    - Heavy industrial
      - Automotive and chemical manufacturing
  - With some exceptions, heavy manufacturing cannot operate in commercial zones and industrial operations cannot occur in residential zones





# Types of Zones (cont.)

- Agricultural zones
  - For farmland, orchards, livestock, and produce
  - Account for fertilization and run-off channeling (minimal dwellings)
- Rural zones
  - Further zoning for livestock
- Historic zones
  - Named by [National Register of Historic Places](#)
  - Areas must be maintained within boundaries set by registry



# Types of Zones (cont.)

- Mixed-use zones
  - Often delineated by individual communities
  - Local zoning boards determine allowances



**TIP!** If you want to do business in an area with a zoning requirement you don't meet, you can request a **VARIANCE**. Minimally, this requires notifying surrounding businesses and residences of your plan and applying to the zoning board.

# CHAPTER SUMMARY

- Business licenses and permits prove a business is a legal entity and meets industry standards for operations.
- Primary business licenses are occupational (for specific professions), general (most common), and operator.
- Some industries requiring permits include vending machines, childcare, carnivals, and catering services.
- Local municipalities, in person or online, can assist the small business owner with the application processes for permits and licenses.
- Zoning regulations protect residences, surrounding businesses, and the environment; zoning types include residential, industrial, commercial, agricultural, historic, rural, and mixed use.