



TO: Elizabeth Pauli, City Manager
FROM: Danielle Larson, Tax & License Manager, Andy Cherullo, Finance Director
COPY: Government Performance & Finance Committee
PRESENTER: Danielle Larson, Tax & License Manager
SUBJECT: Amendments to Subtitle 6B – License Code
DATE: May 6, 2025

PRESENTATION TYPE:

Request for Ordinance

SUMMARY:

Staff is proposing amendments to Tacoma Municipal Code (TMC) Subtitle 6B that will 1) increase the minimum threshold when out-of-city businesses are required to be licensed in compliance with the statewide Business License Model Ordinance, 2) increase regulatory license fees to cover cost of review, inspection and administration of the license, 3) change the title of the Home Occupation license to Residential Business license consistent with Title 13, and 4) clean-up and clarify language throughout the subtitle.

BACKGROUND:

In 2018, cities were required to develop a statewide Business License Model Ordinance for business licensing which cities adopted effective January 1, 2019. The ordinance includes a mandatory definition of “engaging in business” and a minimum threshold (or occasional sale) exemption to establish when out-of-city or transient businesses are required to be licensed. In 2018 the minimum threshold was established at \$2,000.

Regulatory license fees are required to be set at an amount that covers the administration and regulation of the licensed activity as opposed to being a revenue generating fee. The fees are reviewed and updated periodically as the cost of regulating the licensed activity shifts.

ISSUE:

Business License Minimum Threshold

The minimum threshold established in the model ordinance was reviewed and updated by a work group of cities in 2024 with a required adoption date of January 1, 2026. The primary change in the update would make a one-time increase to a higher threshold of \$4,000 for out-of-city businesses from the current \$2,000 threshold. Every four years thereafter, the threshold will have an automatic increase based on a cumulative inflation rate using a Consumer Price Index.

Regulatory License Fees

After a review of regulatory license fees and associated costs which include review of the application, inspections and follow up with the applicant, the proposed amendments include the following changes to license fees to adequately cover the cost of administration and regulation of the activity:



License Type	Count of 2024 License	Fee Current	Fee Proposed	Fee Increase/ (Decrease)
GARAGE AUTO/MARINE VESSEL PARTS	23	50	100	50
GARAGE STORAGE AND PARKING LOTS	58	50	100	50
GARAGE VEHICLE PART RECYCLE FACILITY	0	100	150	50
GARAGE SERVICE STATION	123	100	170	70
GARAGE REPAIR	93	100	170	70
HAZARDOUS MATERIALS RENEWAL	16	90	100	10
HAZARDOUS MATERIALS	1	150	100	(50)
HOME OCCUPATION (RESIDENTIAL BUSINESS)	744	75	100	25
LIVE/WORK AND WORK/LIVE	0	75	100	25
OIL & GAS DELIVERY VEHICLES	24	100	200	100
FOR HIRE DRIVER LICENSE REPLACEMENT	0	5	10	5
FOR HIRE DRIVER BIENNIAL	25	50	75	25
FOR HIRE VEHICLE LICENSE	15	75	100	25
SPECIAL EVENT VENDORS	17	5	10	5

General Clean Up in Subtitle 6B

- Added definition for “mailing” providing 3 additional days for notices to be considered delivered when sent via USPS.
- Added language reinforcing responsibilities of property owners engaged in rental business activity.
- Updated “applicant” to “licensee” throughout the license chapters as defined in TMC 6B.10.
- Added exemptions to 6B.20 Annual Business License for activity the city is prohibited from licensing.
- Updated the name of the Home Occupation License to Residential Business License consistent with recent Title 13 amendments.
- Added denial reasons to 6B.170 – Door-to-Door Solicitors consistent with other personal licenses.

ALTERNATIVES:

The proposed amendments include mandatory changes due to the State Business License Model Ordinance. The license fee changes are needed to appropriately cover the cost of administration and regulation of the licensed activity.

FISCAL IMPACT:

The proposed amendments to the regulatory license fees will be an approximate \$40,000 annual increase to the general fund.

RECOMMENDATION:

Staff is recommending the proposed amendments to Subtitle 6B to 1) increase the minimum threshold when out-of-city businesses are required to be licensed in compliance with the statewide Business License Model Ordinance with an effective date of January 1, 2026, 2) increase regulatory license fees to cover cost of review, inspection and administration of the license with an effective date of August 1, 2025, 3) change the title of the Home



Occupation license to Residential Business license consistent with Title 13, and 4) clean-up and clarify language throughout the subtitle.