



City of Tacoma

City Council Action Memorandum

TO: Elizabeth Pauli, City Manager
FROM: Danielle Larson, Tax & License Manager, Finance Department
Andy Cherullo, Finance Director
COPY: City Council and City Clerk
SUBJECT: Ordinance – Subtitle 6B License Code Clean Up – June 24, 2025
DATE: June 9, 2025

SUMMARY AND PURPOSE:

An ordinance amending various chapters in Tacoma Municipal Code Subtitle 6B to:

- 1) increase the minimum threshold before an out-of-city business is required to be licensed;
- 2) increase regulatory license fees effective August 1, 2025 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:

The Finance Department's Tax & License Division recommendation is based on the City's requirement to comply with the State Business License Model Ordinance. Additionally, after a review of Subtitle 6B there are recommended updates to license fees and clean-up of language throughout the subtitle.

The Government Performance and Finance Committee voted unanimously on June 3, 2025, to move this proposal forward to the full City Council.

COMMUNITY ENGAGEMENT/ CUSTOMER RESEARCH:

This Ordinance primarily clarifies and corrects code language where appropriate which does not directly affect any business owners or taxpayers. The increase to the minimum threshold for out-of-state businesses provides relief to businesses located outside of the City who sell minimal services or products in the city.

2025 STRATEGIC PRIORITIES:

Equity and Accessibility: *(Mandatory)*

Review of the Tax & License code on regular intervals allows staff to use equity and bias training to review the code through an equity lens. While many sections pertain to requirements on businesses and administrative functions, reviewing these through an equity lens allows for removal or changes to code language that would impact the City's equity and anti-racist efforts.

Economy/Workforce: *Equity Index Score: Moderate Opportunity*

Increase positive public perception related to the Tacoma economy.

Livability: *Equity Index Score: Moderate Opportunity*

Increase positive public perception of safety and overall quality of life.



ALTERNATIVES:

Alternative(s)	Positive Impact(s)	Negative Impact(s)
Take no action to adjust regulatory license fees.	Lower fees for the businesses required to obtain a regulatory license.	The cost for City staff to review, inspect and administer the regulatory license structure would not be adequately covered.

STAFF/SPONSOR RECOMMENDATION:

Staff recommends Council pass the amendments included in the Ordinance to:

- 1) increase the minimum threshold before an out-of-city business is required to be licensed;
- 2) increase regulatory license fees effective August 1, 2025 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.

FISCAL IMPACT:

There will be an estimated annual increase to the General Fund revenues of \$40,000.

Fund Number & Name	COST OBJECT (CC/WBS/ORDER)	Cost Element	Total Amount
0010 General Fund	106500	various	\$ (40,000)
TOTAL			

What Funding is being used to support the expense?

Are the expenditures and revenues planned and budgeted in this biennium's current budget?

YES

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Are there financial costs or other impacts of not implementing the legislation?

YES

If the license fees are not adjusted, the cost of reviewing, inspecting and administering the regulated business activity will not be adequately covered.

Will the legislation have an ongoing/recurring fiscal impact?

YES

Will the legislation change the City's FTE/personnel counts?

No