



TO: T.C. Broadnax, City Manager
FROM: Danielle Larson, Tax & License Manager, Tax & License
Andy Cherullo, Finance Director
COPY: City Council and City Clerk
SUBJECT: Ordinance – Amending Tacoma Municipal Code 6B.10 and 6B.20 – March 4, 2014
DATE: February 5, 2014

SUMMARY:

Amending Title 6 of the Tacoma Municipal Code (TMC) to clarify when a license is required and align administrative provisions in the tax and license codes.

STRATEGIC POLICY PRIORITY:

Amending Title 6 to clarify when a license is required of a business and to align the administrative provisions in the license code with the tax code encourages and promotes an open, effective, results-oriented organization.

BACKGROUND:

State legislation adopted in the 2003 session required the 39 cities with local B&O taxes to adopt a city B&O tax model ordinance. As a result of the model ordinance, Title 6 of the Tacoma Municipal Code was divided into two Subtitles; 6A – Tax Code and 6B – License Code. An administrative provision section was created for the individual subtitles.

ISSUE:

When the subtitles were created some of the administrative provisions from the tax code did not transfer to the license code yet policies and practices have continued to treat license and tax similarly in many situations. The TMC should be updated to reflect the current administration of licenses.

The following sections are being added or amended:

1. Director to make rules – gives the authority to create rules that explain license code sections more thoroughly
2. Cancellation of penalties – gives the same authority to cancel late penalties on licenses consistent with tax penalties under certain circumstances
3. Statute of limitations on assessments and refunds – provides a look back period for licenses to four years plus the current year which aligns with the tax code.
4. Delinquent license fees – gives authority to collect, write-off or waive license fees consistent with tax due when appropriate.

The amendments also include clarification that one business license per location is required except for the activity of renting real property and requiring rental property owners to register their properties with the City to be consistent with the provisional rental license requirements and other minor language clean-up.

ALTERNATIVES:

If the recommended changes are not made the administration of the license and tax codes will remain inconsistent with each other.



RECOMMENDATION:

City staff recommends the City Council adopt amendments to 6B.10 and 6B.20. The amendments will bring administrative provisions into alignment between the tax and license codes where appropriate and provide consistency for staff and businesses.

FISCAL IMPACT: No Fiscal Impact.