



Business License Fees

City of Tacoma Finance Department

Economic Development Committee
September 26, 2023



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Background



Substitute Ordinance #28838 passed in December 2022

- Added two new license tiers
- Increased license fees for all tiers except the lowest tier which remained a \$25 fee
- Directed the Economic Development Committee to work with stakeholders and make recommendations to the full City Council by September 30, 2023, regarding future fees and tiers

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Background



Gross Income*	2022 Fee	2023 Fee	2024 Fee
Less than \$12,000	\$25	\$25	\$37.50
\$12,000 - \$250,000	\$110	\$130	\$190
\$250,001 - \$1,000,000	\$250	\$300	\$435
\$1,000,001 - \$5,000,000	\$250	\$1,000	\$1,500
Over \$5,000,000	\$250	\$1,500	\$2,000

**Gross income is total worldwide income from business activities inside or outside of Tacoma, and regardless of business location.*

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Stakeholder Outreach



Stakeholder Feedback:

- **Public Safety** – stop the vandalism, window breaking, car prowls and lack of safety in the areas around their businesses
- **Homelessness** – reducing the impact on businesses, employees, and customers
- **Permitting and Zoning** – speed up, simplify, and reduce the fees
- **Economic Development** – work in coordination to support and grow businesses
- **Housing for their Workforce** – workers need access to affordable housing.

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Stakeholder Outreach: other key messages

- **Communication** – there is a desire for more communication with the City and the business community would like to provide their voice to finding solutions to issues impacting the City.
- **Customer Service** – the businesses said that the customer service that they receive from the City departments with which they mostly interact is very good.
- **Support for Businesses** – they would like City revenues to be directed towards services that directly support the businesses and the community around them (such as the Business Improvement Area (BIA), public safety, building permits, and economic development).
- **Stability & Predictability** – businesses desire stability and predictability from the City via its policies and services.

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Recommendation

- EDC needs to make a recommendation to the City Council by September 30, 2023, regarding business license fees for 2025 and beyond
- Staff recommends no changes to the 2025 or 2026 license fees and tiers
- Late 2025/Early 2026 staff will come back to EDC to make recommendations for potential business license fee changes for the 2027/2028 biennium

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