



TO: Elizabeth Pauli, City Manager
FROM: Danielle Larson, Tax & License Manager, Finance Department
 Andy Cherullo, Finance Director
COPY: City Council and City Clerk
SUBJECT: Amending Ordinance # 28910 – December 12, 2023
DATE: November 27, 2023

SUMMARY AND PURPOSE:

An ordinance amending Ordinance #28910 to include the exhibit with the amendments to the Municipal Code language with an effective date of November 13, 2023.

BACKGROUND:

Ordinance #28910 was passed on October 31, 2023, amending Title 6 of the Municipal Code, relating to Chapters 6B.10 – General License Provisions and 6B.20 – Annual Business License to 1) decrease the late filing penalty on business license fees, 2) strengthen license requirements and enforcement tools and 3) clarify administrative provisions of the licensing code. The exhibit that included the amendments to the code language was inadvertently left out of the ordinance.

COMMUNITY ENGAGEMENT/ CUSTOMER RESEARCH:

All licensed businesses will be notified of the changes to the penalty structure with the annual license renewals which occurs in December.

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.

Livability: Equity Index Score: Moderate Opportunity

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

Explain how your legislation will affect the selected indicator(s).

To ensure the City has clear and transparent administrative provisions for business licensing and effective enforcement tools to use when necessary.

ALTERNATIVES:

Alternative(s)	Positive Impact(s)	Negative Impact(s)
1. Retain current license penalty structure	Additional revenues to the General Fund	Higher late filing penalties are not business friendly and may have a greater fiscal impact to businesses when paying late



2. Choose a lower percentage or no percentage at all for the license penalty	Less fiscal impact to businesses paying license fees after the due date	Could deter businesses from paying on time or at all with no penalty. Decrease in revenues to the General Fund.
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STAFF/SPONSOR RECOMMENDATION:

Staff recommends Council pass the Ordinance amending Ordinance #28910 to include the exhibit with the amendments to the Tacoma Municipal Code language with an effective date of November 13, 2023

FISCAL IMPACT:

There will be an estimated decrease to the General Fund in 2024 of \$200,000 if the license penalty is amended from 50% to 20%. Additionally changing the tier 1 license fee from \$37.50 to \$37 decreases the estimated revenue to the General Fund by \$2,000.

Fund Number & Name	COST OBJECT (CC/WBS/ORDER)	Cost Element	Total Amount
1. 0010 - Interest/Penalty on Business License	106500	4321950	(200,000)
2. 0010 - Annual Business License Fee	106500	4321100	(2,000)
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
The decrease to Interest/Penalty on Business License is included in the mid-modification to the budget for 2024

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

YES

Will the legislation have an ongoing/recurring fiscal impact?

YES

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

NO