



Business License Fees

City of Tacoma | Finance Department

City Council Meeting
October 18, 2022
ITEM # 12



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BACKGROUND



- Business license fees were last increased in 2017
- From 2012 - 2017 the fees were:
 - \$25 for annual gross income less than < \$12,000
 - \$90 for annual gross income of \$12,000 or more
- In 2017 the fees increased to:
 - \$110 for annual gross income between \$12,000 and \$250,000
 - \$250 for annual gross income over \$250,000

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OVERVIEW



| Proposed License Tiers | | | | |
|------------------------------|---------------------------|---------------------------|----------------------|--------------------|
| Gross Income Thresholds | Estimated # of Businesses | Percent of Total Business | Proposed License Fee | Amount of Increase |
| Under \$12,000 | 4,900 | 16% | \$25 | \$0 |
| Between \$12,000 - \$250,000 | 12,500 | 42% | \$130 | \$20 |
| Between \$250,001 - \$1M | 9,800 | 33% | \$300 | \$50 |
| Between \$1M - \$5M | 2,000 | 7% | \$1,000 | \$750 |
| Over \$5M | 775 | 3% | \$1,500 | \$1,250 |
| Total | 30,000 | 100% | | |

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OVERVIEW



| Nearby Cities | | B&O Cities | |
|-------------------|--------------|------------------|-------------|
| Fife (FTE) | \$50-750 | Aberdeen | \$25 |
| Gig Harbor | \$40 | Auburn | \$103 |
| Lakewood | \$60 | Bellevue | \$100 |
| Fircrest | \$75 | Bellingham | \$40 |
| Ruston | \$40 | Bremerton | \$75 |
| DuPont (FTE) | \$75 | Burien (FTE) | \$180-350 |
| Federal Way (FTE) | \$81 - 9,501 | Des Moines | \$75-100 |
| University Place | \$50 | Everett | \$90 |
| Milton (FTE) | \$101 -1,213 | Hoquiam | \$50 |
| Puyallup (FTE) | \$0-500 | Ilwaco | \$125 |
| Lacey | \$25 | Issaquah | \$60 |
| SeaTac | \$100-9,500 | Kelso | \$50 |
| | | Kent (FTE) | \$259-759 |
| | | Long Beach | \$125 |
| | | Longview | \$50 |
| | | Pacific | \$50-150 |
| | | Renton | \$43-150 |
| | | Seattle(current) | \$59- 2,613 |

*FTE: FULL TIME EMPLOYEE

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OVERVIEW



| Taxable Earnings (Gross Income) | Total Number of Licenses | Current Fee | Current Annual Revenue | Inc in Fee | New Annual Fee | Annual Increase in Revenue | Biennial Increase in Revenue |
|---------------------------------|--------------------------|-------------|------------------------|------------|----------------|----------------------------|------------------------------|
| < \$12K | 4,900 | \$ 25 | \$ 122,875 | \$ - | \$25 | \$ - | |
| Btw \$12K - \$250K | 12,550 | \$ 110 | \$ 1,380,940 | \$ 20 | \$130 | \$ 251,000 | \$ 502,000 |
| Btw \$250K - \$1M | 9,800 | \$ 250 | \$ 2,444,000 | \$ 50 | \$300 | \$ 490,000 | \$ 980,000 |
| Btw \$1M - \$5M | 2,000 | \$ 250 | \$ 495,000 | \$ 750 | \$1,000 | \$ 1,500,000 | \$ 3,000,000 |
| > \$5M | 750 | \$ 250 | \$ 193,750 | \$1,250 | \$1,500 | \$ 937,500 | \$ 1,875,000 |
| Totals | 30,000 | | \$ 4,636,565 | | | \$ 3,238,500 | \$ 6,567,000 |



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