



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 – Title 6 – Amendments – October 24, 2023  
**DATE:** October 6, 2023

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**SUMMARY AND PURPOSE:**

An ordinance amending Title 6 of the Municipal Code, relating to Chapters 6B.10 – General License Provisions and 6B.20 – Annual Business License, 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 and relating to general clean-up of language throughout Title 6.

**BACKGROUND:**

The Finance Department’s Tax & License Division recommendation is based on a comprehensive review of Title 6. An extensive review is conducted approximately every five years to ensure code language is clear in application, up to date with current practice and administratively workable. Additionally Substitute Ordinance #28838 that was passed in December 2022 added two new business licensing tiers and increased business license fees in 2023 and 2024, substantially increasing the amount of penalty assessed on business license fees paid after the due date.

**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. Expansion of the criminal background check to include federal and state results will be communicated to applicants as new license applications are submitted.

**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).**

Ensuring the City can conduct a federal background check on Door-to-Door Solicitor, Security Personnel and Taxi Driver license applicants allows the City to review background results of applicants as they relate to the business



activity prior to issuing a license as outlined in Title 6.

**ALTERNATIVES:**

Presumably, your recommendation is not the only potential course of action; please discuss other alternatives or actions that City Council or staff could take. Please use table below.

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.

**STAFF/SPONSOR RECOMMENDATION:**

Staff recommends Council pass the Ordinance to 1) decrease the penalty on license fees when paid after the due date, 2) strengthen license requirements and enforcement tools and, 3) clarifying administrative provisions of the licensing code and relating to general clean-up of language throughout Title 6.

**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)
<b>TOTAL</b>			

**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



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

**No**