



MEMORANDUM
January 14, 2019

Subject: BUSINESS LICENSE ORDINANCE AMENDMENTS PHASE 2

Staff Recommendations:

1. Exempt in City businesses with less than \$12,000 in gross receipts, require registration for all businesses.
2. Amend exemption for outside City limit businesses with less than \$12,000 in gross receipts to those businesses with less than \$2,000 in gross receipts. Require registration for all businesses for ease of administration and tracking.
3. Amend the definition of non-profit to be the same as the state of Washington:
From the State website: What is a qualifying nonprofit organization?

Qualifying nonprofit organizations must be:

- A tax-exempt nonprofit corporation described by §501(c)(3), (4), or (10) of the IRC; or
 - A nonprofit organization that would qualify for tax exemption under these codes except that it is not organized as a nonprofit corporation; or
 - A nonprofit organization that does not pay its members, stockholders, officers, directors, or trustees any amounts from its gross income, except as compensation to any person for services rendered and does not engage in a substantial amount of political activity. (RCW 82.04.3651)
4. Late fees (KMC 7.02.190):
 - a. Current practice is
 - i. After due to 29 days – 10% or \$25, whichever is greater
 - ii. 30-59 Days – 50% or \$50, whichever is greater
 - iii. 60 or more days – 100% or \$100, whichever is greater
 - b. Redmond – 50% of the fee after due date, then 100% after 30 more days
 - c. Bellevue – similar for specialty licenses
 - d. Recommended Options
 - i. No Changes
 - ii. 10% Penalty Fee increase per month and add interest monthly (1% per month)
 - iii. 10% Penalty Fee and add interest monthly (1% per month)

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5. Homeowners Associations: Exempt those that are run by volunteers and only care for the neighborhood. Require licenses from all those run by management companies, have paid staff and all condominium associations.
6. Political Campaigns – require registration, fees and licensing.
7. Housekeeping items such as exempting no fee businesses (i.e. government) from the requirement to obtain a license for each location (KMC 7.02.040(b)).
8. Short term rental provisions – no changes
9. Other items?

Next Steps:

1. To Finance and Administration Committee January 29, 2019
2. To City Council February 19, 2019