



City of Kirkland

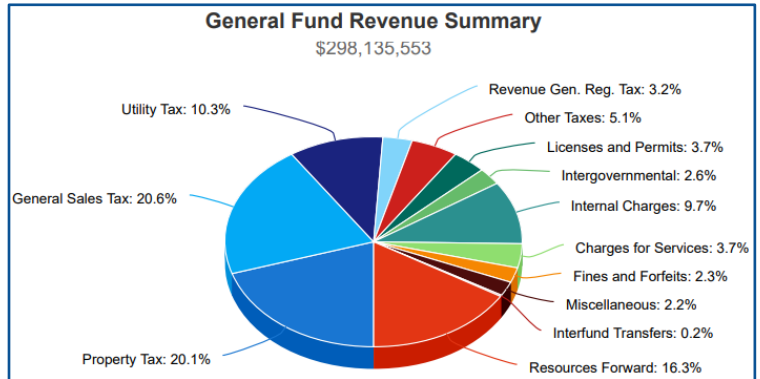
License Fee Supports Business Services

Businesses are an important part of the Kirkland community because they support economic vitality, quality of life, and a safe and clean city. Business license fees help pay for services that businesses need including those provided through the City's Economic Development Program.



Why does the City collect a business tax from business owners?

The City needs a diversified revenue base to remain fiscally sustainable to provide services. Primary revenue sources for the City's General Fund include taxes (e.g. sales, property, utility) and fees (e.g. licenses, permits). Business license fees comprise a little less than 4% of General Fund revenue in 2023-2024. Effective January 1, 2023, the business license fee for each employee has increased from \$105 to \$130 for businesses generating revenue greater than \$20,000. The new fee will generate close to \$1.9 million in 2023-24 to pay for City Services particularly street maintenance.



What services are supported by City tax revenues?

Services that are supported by tax revenue include:

- **Public safety services** that provide for proactive policing and quick fire and police response to emergencies for keeping Kirkland safe.
- **Transportation services** that include building and maintaining safe and efficient roads, sidewalks and bridges, and planning for efficient transportation systems. (Note: A portion of the per employee fee is deposited into the Street Fund to support transportation services).
- **Economic development programs** that provide:
 - Outreach and marketing to attract a variety of businesses and their employees to Kirkland;
 - Business assistance and retention program to help with expansion and marketing; and
 - A voice to businesses in City policy making.
- **Quality of life** amenities such as parks, trails, bikeways, arts, and other programs that make Kirkland a desirable place for business owners and their employees to live and work.
- **Community event management** assists with special events that attract visitors to Kirkland and help make Kirkland a tourist destination.
- **CTR** - Commute Trip Reduction program to encourage reduction of single occupancy vehicle travel to work.

New Business Incentive

New Businesses in the City of Kirkland, with 10 or fewer employees, are exempt from the per employee fee (Revenue Generating Regulatory License – RGRL) for their first year of business. They are only required to pay the basic fee and register all employees.

How does Kirkland's business license fee compare to other cities?

The City's annual business license tax is a base rate plus a "per employee fee." The cities of Seattle and Bellevue impose a Business and Occupation (B&O) tax on gross receipts; Kirkland does not. The chart below compares Kirkland's business taxes with other nearby cities.

Business Size	Business Type	Full Time Employees (FTEs)	KIRKLAND Business License Tax	REDMOND Business License Tax	B&O TAX Effective Jan 1, 2023		B&O TAX BASE
					BELLEVUE	SEATTLE	Estimated Gross Receipts or Square Feet
Small	Retail	4	\$620	\$528	\$ 447	\$ 622	\$280,000
Medium	Services	18	\$2,440	\$2,376	\$ 1,756	\$ 4,697	\$1,100,000
Large	Manufacturing	70	\$9,200	\$9,240	\$ 12,768	\$ 17,760	19,371 sq ft or \$8 million
Large	Wholesale	90	\$11,800	\$11,880	\$ 25,536	\$ 35,520	\$16,000,000

For more information about our Economic Development Programs, please visit www.kirklandwa.gov/business or call 425-587-3014.