

CODE

CITY OF REDMOND
ORDINANCE NO. _____

AN ORDINANCE OF THE CITY OF REDMOND, WASHINGTON, AMENDING REDMOND MUNICIPAL CODE (RMC) SUBSECTION 5.04.080.F TO IMPLEMENT A ONE-TIME INCREASE TO THE BUSINESS LICENSE MODEL MINIMUM THRESHOLD FOR OUT-OF-CITY BUSINESSES, WITH ADJUSTMENTS TO THE THRESHOLD EVERY FOUR YEARS BASED ON CUMULATIVE INFLATION, AS REQUIRED BY RCW 35.90, MUNICIPAL BUSINESS LICENSING; PROVIDING FOR SEVERABILITY, AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, the 2017 Washington State Legislature passed Engrossed House Bill (EHB) 2005, now codified as Chapter 35.90 RCW, requiring Washington cities and towns with a business licensing program to partner with the Business Licensing Service (BLS) for administration of general business licenses; and

WHEREAS, city staff and Washington State Department of Revenue staff reviewed the business licensing process and procedures set forth in RMC Chapter 5, Business Licenses and Regulations, for required updates; and

WHEREAS, beginning January 1, 2026, the threshold amount for business licensing under RCW 35.90 will be \$4,000, with the threshold to be adjusted every forty-eight months based on the cumulative change in the Consumer Price Index, subject to annual

caps of five percent and floors of zero percent, and rounded to the nearest \$100.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF REDMOND, WASHINGTON, DO ORDAIN AS FOLLOWS:

Section 1. Classification. This ordinance is of a general and permanent nature and shall become a part of the City Code.

Section 2. Amendment of Subsection. RMC 5.04.080.F, Fees - Payment, is hereby amended to read as follows:

5.04.080 FEES - PAYMENT.

F. The minimum fee for any license issued under this chapter is \$153.00 in 2025.

1. *Exemptions.* The following entities may claim an exemption from the City's license application and renewal fees, but if so exempt under this subsection such entities must still register and obtain a City business license under this chapter, unless otherwise indicated.

a. Any nonprofit entity exempt from taxation under a provision of 26 U.S.C. § 501(c), provided they submit a copy of their Internal Revenue Service tax exemption status determination letter.

b. Governmental entities that engage solely in activities which are not exclusively governmental, such as some activities of a hospital or medical clinic.

c. A nonprofit organization operated exclusively for a religious purpose and deemed by the Internal Revenue Service as exempt from Federal taxation under 26

U.S.C. § 501(c)(3), even without the issuance of a tax exemption determination letter, is fully exempt from all requirements of this chapter. Such a religious organization conducting any actual commercial business activity beyond their core religious purpose is fully liable for complying with all licensing requirements of this chapter for such other business activities.

d. Civic groups, service clubs, and social organizations that are not engaged in any profession, trade, or occupation, but are organized to provide civic, service or social activities in the City. Examples of such organizations may include but are not limited to: Soroptimists; Kiwanis; Lions; Rotary; American Legion; children's and adults' athletic organizations; and similar types of groups, clubs or organizations.

e. For purposes of the license by this chapter, any person or business whose annual value of products, gross proceeds of sales, or gross income of the business in the City is equal to or less than ~~[\$2,000]~~ **\$4,000, beginning January 1, 2026,** and who does not maintain a place of business within the City, shall submit a business license registration to the Director or designee, but be exempt from the City license fee therefor. The threshold does not apply to regulatory license requirements or activities that require a specialized permit.

i. The threshold amount will be adjusted every forty-eight months on January 1, by an amount equal to the increase in the Consumer Price Index ("CPI") for "West Urban, All Urban Consumers" (CPI-U) for each 12-month period ending on June 30 as published by the United States Department of Labor Bureau of Labor Statistics or successor agency. To

calculate this adjustment, the current rate will be multiplied by one plus the cumulative four-year (forty-eight month) CPI increase using each 12-month period ending on June 30 of each prior year, and rounded to the nearest \$100. However, if any of the annual CPI increases are more than five (5) percent, a five (5) percent increase will be used in computing the annual basis and if any of the annual CPI decreased during the forty-eight-month period, a zero (0) percent increase will be used in computing the annual basis. The Association of Washington Cities (AWC) will calculate the updated threshold amount and will partner with the Business Licensing Service and the Municipal Research and Services Center (MSRC) to communicate the updated minimum threshold to cities.

Section 4. Severability. If any section, sentence, clause or phrase of this ordinance should be held to be invalid or unconstitutional by a court of competent jurisdiction, such invalidity or unconstitutionality shall not affect the validity or constitutionality of any other section, sentence, clause or phrase of this ordinance.

Section 5. Effective date. This ordinance shall take effect and be in full force on January 1, 2026, provided five days have passed since the date of publication of a summary in the City's official newspaper or as otherwise provided by law.

ADOPTED by the Redmond City Council this _____ day of
_____, 20XX.

CITY OF REDMOND

ANGELA BIRNEY, MAYOR

ATTEST:

CHERYL XANTHOS, MMC, CITY CLERK

(SEAL)

APPROVED AS TO FORM:

REBECCA MUELLER, CITY ATTORNEY

FILED WITH THE CITY CLERK:
PASSED BY THE CITY COUNCIL:
SIGNED BY THE MAYOR:
PUBLISHED:
EFFECTIVE DATE:
ORDINANCE NO.