

CODE

**CITY OF REDMOND
ORDINANCE NO. _____**

AN ORDINANCE OF THE CITY OF REDMOND,
WASHINGTON, AMENDING REDMOND MUNICIPAL CODE
(RMC) SUBSECTIONS 5.04.070.A, 5.04.080.A, and
5.04.080.F, UPDATING THE BUSINESS LICENSE FEE
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, following city fiscal policy, the business license fee for 2026 will be increased by the budgeted Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the Seattle/Tacoma/Bellevue region of 4.00%;

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 5.04.070.A, Procedures for issuance of license, is hereby amended to read as follows:

5.04.070 PROCEDURES FOR ISSUANCE OF LICENSE.

A. Formal Application Required. Every person required to procure a City business license under the provisions of this chapter must submit an application for such license to the Business Licensing Service. The application must include all information required for all licenses requested, the total fees due for all licenses, and the application handling fee required by RCW 19.02.075.

1. The City Finance Director will determine whether the application may be approved for license issuance.

2. An incomplete application for a business license will be deemed abandoned 120 days after the date of submittal, and be administratively withdrawn, unless such application has in the interim been pursued in good faith to be completed. Applicants who have had their application administratively withdrawn will forfeit a

minimum of [~~\$153.00 IN 2025~~] **\$160.00 in 2026** of the new application fee submitted.

B. Commencement of Business Activities. No person is entitled or authorized to engage in business within the City until such time as the Finance Director has approved the issuance of a business license pursuant to the terms of this chapter. The mere acceptance of a business license application.

C. *Burden on Applicant.* The Finance Director, or other designated officer or service, is authorized, but not required, to mail to persons engaging in business forms for applications and/or renewals for licenses. Failure of the person to receive any such form does not excuse the person from making application for and securing the license required by this chapter.

D. *New License Applications Meet the Requirement for Hazardous Materials Questionnaire Submittal.* Applications for new business licenses, including home businesses, and mobile businesses proposed to operate within the boundaries of Critical Aquifer Recharge Area I and II, must be reviewed by the City of Redmond Director of Public Works, or his or her designee, for regulatory status related to hazardous materials handling and may require submittal of additional

information related to hazardous materials handling. Applications for business license renewals may require submittal of additional information related to hazardous materials handling, by the City of Redmond Director of Public Works, or his or her designee, in accordance with the requirements under RMC Chapter 13.07, Wellhead Protection.

Section 3. Amendment of Subsections. RMC 5.04.080.A and RMC 5.04.080.F, Fees - Payment, are hereby amended to read as follows:

5.04.080 FEES - PAYMENT.

A. Reporting by Hours Method. The annual business license fee in [~~2025~~] **2026** is calculated by determining the number of employee hours (1,920 hours) worked in the City of Redmond in the previous year and multiplying that figure by [~~\$0.079688 IN 2025~~] **\$0.083333 in 2026**. The resulting dollar amount must be rounded to the nearest cent. The City shall allocate [~~\$66.00~~] **\$69.00** out of each [~~\$153.00~~] **\$160.00** received to the general fund and [~~\$87.00~~] **\$91.00** out of each [~~\$153.00~~] **\$160.00** received to transportation capital improvements or transportation demand management projects in [~~2025~~] 2026.

1. Repealed by Ord 2546.

2. Repealed by Ord 2546.

3. Annual employee hours are calculated based on the sum of the four quarterly reports submitted to the Washington State Department of Labor and Industries for the previous year.

4. It is the responsibility of the employer to determine the number of hours worked within the City from these reports. Businesses that did not file quarterly reports with the Washington State Department of Labor and Industries must determine the number of hours worked within the City and demonstrate, if required, to the satisfaction of the Finance Director, that the number of employee hours worked is correct.

5. Employers without a full year history must estimate the number of employee hours that will be worked in the current year.

6. *Repealed by Ord 2839.*

7. *Repealed by Ord 2839.*

B. *Repealed by Ord 3033.*

C. If at any time during the year it appears that the number of employee hours worked was under-reported at the time of application or renewal, an additional license fee and a penalty on the additional license fee is due. The penalty is equal to 20 percent (20%) per annum of the additional fee,

plus any accounting, legal, or administrative expenses incurred by the City in determining the under-reporting or in collecting the tax and penalty.

D. The license fee for a business required to be licensed under this chapter and not located within the City's corporate limits is also calculated based upon the number of employee hours who worked within the City, as described in subsection (A), but in no event may the license fee due be stated as less than the minimum fee set forth in subsection (E) of this section.

E. Businesses doing business in the City that have no employees physically working within the City must pay the minimum license fee required under this chapter.

F. The minimum fee for any license issued under this chapter is [~~\$153.00 IN 2025~~] **\$160.00 in 2026.**

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 \$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.

g. The annual license fee is due on or before the license expiration date.

h. A licensee may request that the City refund that portion of the annual business license overpaid on the basis that the business miscounted the number of employee hours worked. The request must be in writing and the City must receive the request and all supporting payroll documentation no later than 60 days after the end of the licensee's fiscal year in which the error was made. If the Finance Director is satisfied that the business paid an excess business license fee, then the City will refund the excess fee paid by the business during either the current license year or no further than one prior license year past.

i. Payment made directly to the City by check shall not be deemed a payment of the fee unless and until the same has been honored in the usual course of business, nor

shall acceptance of any such check operate as an acquittance or discharge of the fee unless and until the check is honored. Any person who submits a business license fee payment by check to the City pursuant to the provisions of this chapter shall be assessed a NSF fee set by the Finance Director if the check is returned unpaid by a bank or other financial institution for insufficient funds in the account or for any other reason. Payment by check submitted to the Business Licensing Service will be subject to applicable rules adopted by the Washington State Department of Revenue.

j. If any person required by the terms and provisions of this chapter to pay a license fee for any period fails or refuses to do so, the person shall not be granted a license for the current period until the delinquent license fee, together with penalties, has been paid in full. Any license fee due and unpaid under this chapter and any penalties thereon shall constitute a debt to the City and may be collected in court proceedings in the same manner as any other debt in like amount, which remedy shall be in addition to all other existing remedies.

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 become effective January 1, 2026, provided five days have passed since the date of publication of a summary thereof, 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.