

ATTACHMENT B

CODE

**CITY OF REDMOND
ORDINANCE NO. _____**

AN ORDINANCE OF THE CITY OF REDMOND,
WASHINGTON, AMENDING SECTIONS 5.04.070 and
5.04.080 OF THE REDMOND MUNICIPAL CODE
INCREASING THE BUSINESS LICENSE FEE PROVIDING
FOR REFERENDUM, AND ESTABLISHING AN EFFECTIVE
DATE

WHEREAS, chapter 35A.82 of the Revised Code of Washington
authorizes the City to require business licenses and to impose
business license fees for the purpose of regulation and revenue;
and

WHEREAS, the City of Redmond wishes to increase the business
license fee to keep up with inflation; and

WHEREAS, the City of Redmond approved the creation of a
business tax on December 17, 1996, for the purpose of improving
Redmond's transportation system and transportation demand
management programs; and

WHEREAS, the City of Redmond recognizes the importance of an
effective transportation system, that includes capital projects
and effective management of travel demand and travel choices for
maintaining community well-being and conducting commerce in the
City, and

WHEREAS, the City of Redmond promotes a strong multi-modal transportation system that offers real travel choices, with improved connections both within and through Redmond and between Redmond and the region, and

WHEREAS, the City of Redmond has determined that an increase in the business license fee is necessary in order to provide additional revenue for ongoing operations.

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 Section. Section 5.04.070 and 5.04.080 of the Redmond Municipal Code 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 license under the provisions of this chapter shall submit an application for such license to the finance director. The application shall be made upon forms provided by the finance director.

(1) Determination of whether a business license application is complete for purposes of issuing a business license shall be made by the finance director.

(2) An application for a business license shall be deemed to be abandoned 90 days after the date of application, unless such application has been pursued in good faith or a license has been issued. Expired applications shall forfeit a minimum of [~~\$115.00~~] **\$119.00** in [~~2019~~] **2021** and [~~\$117.00~~] **\$122.00** in [~~2020~~] **2022** of the new application fee.

(B) Commencement of Business Activities. No person shall be 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 acceptance of a business license application by the city shall not be deemed to grant any right or privilege under this chapter, except as otherwise provided by law.

(C) Burden on Applicant. The finance director, or other designated officer, is authorized, but not required, to mail to persons engaging in business forms for applications and/or renewals for licenses, but failure of the person to receive any such form shall 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 operating within the boundaries of Critical Aquifer Recharge Area I and II, shall 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 Chapter 13.07, Wellhead Protection.

5.04.080 Fees - Payment.

(A) Reporting by Hours Method. The annual business license fee is calculated by determining the number of employee hours worked in the City of Redmond during the previous year and then multiplying that figure by [~~\$0.059895 IN 2019~~] **\$0.061979 in 2021**. The City shall allocate [~~\$49.00~~] **\$51.00** out of each [~~\$115.00~~] **\$119.00** received to the general fund and [~~\$66.00~~] **\$68.00** out of each [~~\$115.00~~] **\$119.00** received to transportation capital improvements or transportation demand management projects in [~~2019~~] **2021**. The annual business license fee in

[2020] **2022** is calculated by determining the number of employee hours worked in the City of Redmond during the previous year and then multiplying that figure by ~~[\$0.060937]~~ **\$0.063542**. The City shall allocate ~~[\$50.00]~~ **\$52.00** out of each ~~[\$117.00]~~ **\$122.00** received to the general fund and ~~[\$67.00]~~ **\$70.00** out of each ~~[\$117.00]~~ **\$122.00** received to transportation capital improvements or transportation demand management projects.

(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 shall be 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 shall 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 would need to estimate the number of employee hours that will be worked in the current calendar year.

(6) *Repealed by Ord. 2839.*

(7) *Repealed by Ord. 2839.*

(B) Reporting by FTE Method. A business may choose to calculate its annual license fee based on the number of its full-time equivalent employees. Using this method the annual business license fee is calculated by multiplying the number of full-time equivalent employees during the previous year by ~~[\$115.00 IN 2019]~~ **\$119.00 in 2021** and ~~[\$117.00 IN 2020]~~ **\$122.00 in 2022**. The City shall allocate ~~[\$49.00]~~ **\$51.00** out of each ~~[\$115.00]~~ **\$119.00** received to the general fund and ~~[\$66.00]~~ **\$68.00** out of each ~~[\$115.00]~~ **\$119.00** received to transportation capital improvements or transportation demand management projects in ~~[2019]~~ **2021**. In ~~[2020]~~ **2022**, the City shall allocate ~~[\$50.00]~~ **\$52.00** out of each ~~[\$117.00]~~ **\$122.00** received to the general fund and ~~[\$67.00]~~ **\$70.00** out of each ~~[\$117.00]~~ **\$122.00** received to transportation capital improvements or transportation demand management projects.

(1) *Repealed by Ord. 2546.*

(2) *Repealed by Ord. 2546.*

(3) *Repealed by Ord. 2546.*

(4) *Repealed by Ord. 2546.*

(5) *Repealed by Ord. 2546.*

(6) The number of full-time equivalent employees shall be based on the sum of the full-time employees in the four quarterly reports submitted to the Washington State Department of Labor and Industries for the previous year divided by four.

(7) It shall be the responsibility of the employer to determine the number of full-time equivalent employees working within the city from these reports. Businesses that did not file quarterly reports with the Washington State Department of Labor and Industries shall determine the number of full-time equivalent employees working in the city and demonstrate, if required, to the satisfaction of the finance director, that the number of full-time equivalent employees is correct.

(8) For businesses with employees who work less than 1,920 hours per year (the work hour figure used by the Washington Department of Labor and Industries) the total number of hours worked by all such employees during the four quarters

of the previous year shall be added together and divided by 1,920 to determine the full time employee equivalency.

(9) Employers without a full year history would need to estimate the number of full-time equivalent employees that will work in the city for the current calendar year.

(10) *Repealed by Ord. 2839.*

(11) *Repealed by Ord. 2839.*

(C) If at any time during the year it appears that the number of employee hours worked or if using the FTE method the number of employees was under-reported at the time of application or renewal, an additional license fee and a penalty on the additional license fee shall be due. The penalty shall be equal to twenty 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 shall be calculated based upon the number of employee hours worked or the number of full-time equivalent employees within the city, but in no event shall the license fee be less than the minimum fee set forth in this chapter.

(E) Businesses doing business in the city that have no employees physically working within the city shall pay the minimum license fee required under this chapter.

(F) The minimum fee for any license issued under this chapter shall be [~~\$115.00 IN 2019~~] **\$119.00 in 2021** and [~~\$117.00 IN 2020~~] **\$122.00 in 2022.**

(1) Exemptions. The following entities may claim an exemption from the license or renewal fee, but if exempt under this subsection such entities shall register under this chapter.

(a) Any entity exempt from taxation under 26 U.S.C. Sec. 501(c)(3), upon furnishing proof to the finance director of its nonprofit status.

(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 business operated exclusively for a religious purpose that files with the city a copy of its current IRS 501(C)(3) exemption certificate issued by the Internal Revenue Service.

(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 and who does not maintain a place of business within the city, shall submit a business license registration to the director or designee. The threshold does not apply to regulatory license requirements or activities that require a specialized permit.

(G) The annual license fee shall become due and payable on January 1st of each calendar year. The business license fee shall not be prorated for any part of any year.

(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 or the number of employees. 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 calendar year or one prior calendar year.

(I) Payment made 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.

(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 3. Severability. Should any section, subsection, paragraph, sentence, clause or phrase of this chapter be declared unconstitutional or invalid for any reason, such decision shall not affect the validity of the remaining portion of this chapter.

Section 4. Effective Date. This ordinance is subject to referendum as set forth in RCW 35.21.706. Any duly qualified person may file a referendum petition with the City Clerk within seven (7) days after the passage of this ordinance. In the event such a petition is filed, the City Clerk shall, within ten (10) days confer with the petitioner regarding the form and style of the petition, secure an accurate, concise and positive ballot title from the City Attorney, and assign an identification number to the petition. Thereafter, the petitioner shall have thirty (30) days within which to gather signatures from not less than 15 percent of the City's registered voters as of the last municipal general election upon petition forms which contain the ballot title and

the full text of the measured to be referred. In the event that no referendum petition is filed, this ordinance shall take effect on and after the 1st day of January, 2021, and after publication of an approved summary thereof consisting of the title.

ADOPTED by the Redmond City Council this ____ day of _____, 2020.

CITY OF REDMOND

ANGELA BIRNEY, MAYOR

ATTEST:

CHERYL XANTHOS, MMC, CITY CLERK

(SEAL)

APPROVED AS TO FORM

JAMES HANEY, CITY ATTORNEY

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