



Staff Report – Ordinance No. 25-014 2026 Business License Update

August 18, 2025 Council Regular Meeting

Ordinance No. 25-014 2026 Business License Update
Presenter: Cathy Huber Nickerson, Finance Director
Time Estimate: 10 minutes

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BACKGROUND: This presentation is to apprise City Council of the 2026 business license changes required under RCW 35.90. The City of Camas adopted a business license in 2019 (Ord. 19-005) using the model ordinance as prescribed under RCW 35.90, which included a \$2,000 minimum threshold for out-of-city businesses doing business within City limits to obtain a license without a fee. The statute stipulates that the minimum threshold recommended under this model language cannot be updated more frequently than every four years, with review every four to five years to see if the level still makes sense.

In 2023, AWC conferred a work group to look at the out-of-city business threshold and weigh a variety of options like a one-time increase to a higher threshold, an automatic increase by inflation, and a periodic increase by inflation. In March 2025, after working with cities and the business community, AWC provided a finalized model ordinance for all cities to adopt by January 1, 2026.

By statute, business license changes are required to be adopted and submitted to the Washington Department of Revenue 75 days before they take effect, however, with this change impacting the entire Department of Revenue Business Licensing user base of more than 220 cities, DOR has requested that cities submit changes sooner to allow sufficient time for the necessary programming to the online system.

SUMMARY: The main change in the update would make a one-time increase to a higher threshold to \$4,000 for out-of-city businesses from the current \$2,000 threshold, effective January 1, 2026.

Other changes include:

- Every four years thereafter, the threshold would have an automatic periodic increase based on cumulative inflation.

- The rates of inflation would be calculated using the Consumer Price Index-U (CPI-U) Western for June of each year compared to the previous year for the previous four years.
- The rate of inflation would be calculated as zero in any year in which inflation was negative and capped at 5% per year or 20% over four years if inflation exceeded those amounts.
- To make the threshold easier to administer, the cumulative inflation amount would be rounded to the nearest \$100.

BENEFITS TO THE COMMUNITY: The increased thresholds allowing for licensing without a fee for out-of-city businesses has the potential to increase the number of businesses interested in expanding into the City.

POTENTIAL CHALLENGES: None are noted.

BUDGET IMPACT: There would be an immaterial impact to the City's budget.

RECOMMENDATION: Staff recommends that Council approves Ordinance 25-014.