



Where Life is Sweet

Mayor and Members of the City Council
STAFF REPORT
For the Meeting of February 24, 2025

Title/Subject

Discussion of Business License Ordinance and Non-profit Exemption

Summary and Background

On January 6, 2025, Pastor F. Dean Hackett sent an email to me regarding concerns he had related to our recently adopted business license ordinance and its application to churches doing business within the city limits of the City of Hermiston. City staff forwarded that message to all of the city council. At the same time, the city attorney reviewed the concerns expressed in the email. On January 10, 2025, I responded to the email with an offer to meet and discuss his concerns in person. I also expressed that city staff did not feel what was adopted was unconstitutional as he asserted in his message.

Following that initial exchange Pastor Hackett communicated with city staff a few times. He initially scheduled a meeting to discuss the topic and then cancelled the meeting. He also communicated to the City's Faith Based Advisory Committee about his question. On February 4, 2025, I was invited to attend the City's Faith Based Advisory Committee by its chair. I explained to them the reasons for adopting the business license fee. As we discussed those reasons, there was some interest from the committee in some of the data that could be generated by the business license fee even in relation to non-profit's participation.

Ultimately, Pastor Hackett attended the February 10, 2025, council meeting and expressed his opinions in person to the council. At that meeting, the city council voted to add this subject to a future agenda and so we are here at this meeting discussing the topic.

There are two portions of the ordinance that I would like to focus on. First the purpose in section 119.01 Purpose which states:

This chapter is enacted, except as otherwise specified, to:

(A) Ensure that each business is conducted in compliance with applicable federal, state, and local laws, regulations and ordinances and in a manner comporting with the public health, safety and general welfare;

(B) Secure revenue to assist in defraying the city's cost of administering and enforcing its laws and ordinances and the city's provision of certain municipal services; and

(C) Obtain valuable information for emergency responders, planning and building personnel, and economic development.

The second portion is in section 119.05 Exemptions. Paragraph H includes the provision that a license must be obtained but that non-profits would be exempt from paying the fee. Below is the specific language:

The following are exempt from the licensing requirement:

. . .

(H) The following must obtain a business license but are exempt from payment of the license fee:

- (1) Any entity registered with the Oregon Secretary of State as a not-for-profit corporation*
- (2) Any business exempt from paying local business license fees or taxed by federal or state constitution or law.*
- (3) Any business exempt from paying property tax.*

Tie-In to Council Goals

N/A

Fiscal Information

N/A

Alternatives and Recommendation

Recommended Action/Motion

None from staff, but open to council direction.

Submitted By:

Byron D. Smith