



*Where Life is Sweet*

Mayor and Members of the City Council  
**STAFF REPORT**  
For the Meeting of January 22, 2024

**Title/Subject**

Ordinance No. 2352 – Adopting a Business License Fee

**Summary and Background**

The City of Hermiston has not had a Business License Fee up to this point in its history. It is a common fee for many cities in Oregon and throughout the country. This fee grants a business the right to do business within the City of Hermiston.

The proposed ordinance is a combination of the League of Cities model ordinance and items from other Oregon cities including the City of Pendleton.

To address questions that came up during the January 8, 2024 meeting the following definitions were added:

- “Employee” for the purposes of computing the business license fee, the term “Employee” includes the owner as well as his/her spouse if also engaged in the business.
- “Full-time equivalent employee” means the total number of hours worked by all employees working within the City of Hermiston divided by two thousand eighty hours, which equals the number of full-time equivalent employees working within the city.

**Tie-In to Council Goals**

N/A

**Fiscal Information**

Even though the fee schedule is not to be adopted within this proposed ordinance, I wanted to show the proposed fee schedule here because there seemed to be a lot of confusion over what this fee schedule might look like. Below is the proposed fee schedule:

Businesses WITH a Permanent Location WITHIN City Limits	
1. Base Fee – Includes 0-5 Full-Time Equivalent (FTE) Employees	1. \$85.00
2. 6-49 FTE Employees	2. Base + \$15.00 per Employee over 5

3. 50+ FTE Employees	3. \$1,000.00
Businesses WITHOUT a Permanent Location WITHIN City Limits	
1. Base Fee- Includes 0-5 Hermiston Full-Time Equivalent (FTE) Employees	1. \$100.00
2. 6-49 FTE Hermiston Employees	2. Base + \$20.00 per Employee over 5
3. 50+ FTE Hermiston Employees	3. \$1,200.00

The proposed Business License Fee schedule is estimated to add to general fund revenue \$100,000 per year.

**Alternatives and Recommendation**

Alternatives

1. Adopt Ordinance No. 2352 without modification.
2. Adopt Ordinance No. 2352 with minor modifications.
3. Direct staff to make major changes to Ordinance No. 2352 and return at a later date.

Recommended Action/Motion

Adopt Ordinance No. 2352 without modification.

**Submitted By: Byron D. Smith**