

Let's consider the impact on Medina and local business



WHY PURSUE LICENSES?

- ☐ Licenses provide staff with a more complete understanding of who operates businesses within city limits.
- ☐ With this information, Medina can better communicate with local businesses.
- ☐ Simplified regulation of Medina City Code across various industries, with a defined process for approval/denial of licenses.
- ☐ Ability to isolate sales tax allocation for work done within Medina.
- ☐ Better resource management across city staff, parks, streets, and development services.

WHAT IS THE PROCESS?

- ☐ July of 2024 - The Department of Revenue held a presentation and discussion with the Council.
- ☐ September of 2024 – Council directed staff to start the process with the Department of Revenue.
- ☐ March of 2025 – Council directed Finance Committee to solidify business requirements to provide to the Department of Revenue.
- ☐ May of 2025 – Council participated in a works session on Business Licenses and gave direction to staff to help prepare the draft ordinance.
- ☐ June of 2025 – City Attorney will bring the licensing ordinance to Council for feedback and discussion.
- ☐ July of 2025 – City staff will bring back the updated ordinance for consideration and possible action.
- ☐ March of 2026 – Businesses will be required to hold a Medina endorsement, after the “Go Live” date of October 26, 2026.
- ☐ December of 2026 – Businesses will be required to renew their Medina endorsement, which will be required on an annual cadence going forward.

HOW WILL WE NOTICE AND EDUCATE?

- ☐ An information page will be posted on the website.
- ☐ An article will be included in the summer newsletter.
- ☐ Flyers will be distributed to residents.
- ☐ Will require licenses for all permitted work in the city, and for all city contractors.
- ☐ Staff will notify all businesses with an active tax account located in Medina.

BUSINESS LICENSE REQUIREMENTS

WHO WILL BE REQUIRED TO GET A LICENSE?

- ☐ Medina will look to take an umbrella approach, requiring Business Licenses for all business done within city limits with limited exemptions.
- ☐ Businesses will be required to get separate endorsements for each business activity. An example of this would be if a resident runs both an accounting firm and a dog walking business out of the same address.
- ☐ Exemptions will include Charitable or Religious Institutions, Government Entities, Lemonade Stands or Other Minor Run Small Income Businesses.
- ☐ If you own rental property or rental properties in Medina, you will be required to get a license.

Business License Types



- ☐ A **General Business License** is a broad type of license issued by a state or local government that grants a business the legal right to operate within a specific jurisdiction.
- ☐ A **Non-Resident Business License** allows businesses located outside a specific city or state to conduct business within that jurisdiction.
- ☐ A **Home Occupancy Business License**, also known as a home-based business license, is required for operating a business from your residence. This license ensures that the business activity complies with local regulations and doesn't disrupt the neighborhood.
- ☐ A **Rental Business License** is required for businesses renting real property, including residential dwellings and commercial buildings. One license covers all properties owned by the same legal entity.

WHAT ARE THE LICENSING PROCEDURES?

- ☐ When a business applies for a Medina License for the first time, the City will review the application before approval. When renewing a license, it will be set to auto approval.
- ☐ If a business changes its business activities, it will be required to go through the approval process again before a new endorsement is given.
- ☐ Any licenses that are not renewed within 120 days of expiration will be terminated automatically.
- ☐ The City has a right to deny, suspend, or revoke a Business License, which can be appealed. A few examples of reason a Business License could be denied/suspended/revoked are:
 - **Failure to comply with city ordinances:** A business may be denied a license if it doesn't meet requirements related to health, building, fire, or safety regulations.
 - **Zoning violations:** Operating a business in a location prohibited by zoning ordinances can lead to license denial.
 - **Criminal convictions:** A criminal history may make it difficult to obtain a business license.
 - **Failure to pay taxes or assessments:** Not paying business taxes or special assessments can also result in a license denial, suspension or revocation.
 - **Misrepresentation in the application:** Fraud or false information in the application may be grounds for denial, suspension or revocation.
 - **Failure to provide required information:** If the applicant doesn't provide necessary information, the city may deny the application.

WHAT INFORMATION DO BUSINESSES PROVIDE?

- Business Name
- Address
- Unique Business Identifier (UBI)
- First Date of Business
- Business Activity
- Revenue and Tax Information
- Number of Employees
- Whether the Physical Address is a Residence
- Exterior/Interior Modifications needed for the business
- If a contractor is a General or Specialty Contractor
- If they are providing a Utility Service
- Whether their business handles Hazardous Materials
- Whether or not they have an Emergency Alarm Service

WHEN DO YOU NEED TO RENEW?

- ☐ The First Renewal Date will require renewal no later than **12/31/2026**, with annual renewals after the first Renewal Date.

WORK SESSION TOPICS – DIRECTION GIVEN

1) Fee Type and Amount

- ☐ At the May work session, the Council provided direction to staff to move forward with a \$100 origination and renewal fee structure for Medina, for all eligible businesses that are over the \$4,000/year revenue exemption threshold.
- ☐ The fee would be the same for all types of businesses, including General, Home Occupancy and non-resident.
- ☐ Below are some examples of other Business License Fees in our area.

2) Should we charge Late Renewal Fees?

- ☐ At the May work session, the Council gave direction to staff not to move forward with any late or non-compliance related fees regarding Business Licenses.
- ☐ Please note, the below RCW lists the potential for a delinquency fee to be charged by the Department of Revenue, for failure to renew or terminate an endorsement.

- ☐ [RCW 19.02.085](#)(1) Licensing fees—Business license delinquency fee—Rate—Disposition.

- (1) To encourage timely renewal by applicants, a business license delinquency fee is imposed on licensees who fail to renew by the business license expiration date. The business license delinquency fee must be the lesser of one hundred fifty dollars or fifty percent of a base comprised of the licensee's renewal fee minus corporate licensing taxes, corporation annual report fee, and any interest fees or penalties charged for late taxes or corporate renewals. The business license delinquency fee must be added to the renewal fee and paid by the licensee before a business license is renewed. The delinquency fee must be deposited in the business license account.

3) Defining Business Activity as it Relates to Rental Properties

Language from the draft ordinance

- Any person renting or making available for rent to the public any dwelling unit located within the City limits of Medina is only required to obtain one license for all rental business activity conducted in the City, but shall register each dwelling unit with the City of Medina and include a statement certifying that each dwelling unit complies with RCW 59.18.060, as adopted by the state, and does not present conditions that endanger or impair the health or safety of the tenants. The registration required herein shall include information on the owner and, as applicable, the property manager, including contact information, including a phone number and email address for the owner and property manager.

ESTIMATED COST ANALYSIS – WHAT IS THE BREAK-EVEN POINT?

Medina estimates that the annual revenue brought in by Business Licenses will be \$28,400. This is by taking the estimated 355 operating businesses and rental units within Medina, if 80% keep up to date with licensing at \$100/renewal.

Estimated Annual Hours for Staff: 150 Hours - \$10,080 at exempt rate

This includes the application review process, business noticing, and potential code enforcement

Estimated Business Noticing Costs: \$4,000/year

Implementation Costs: \$12,000

The graph below shows the comparison of revenue and expenditure at different license fees. Please note the implementation costs projected above are split over a four-year period.

