

## Business License Discussion

Business Licenses are utilized by over 217 cities and towns within Washington State, as of September of 2023. Managed through the Department of Revenue's licensing system, it gives a City like Medina a free easy to use tool that provides various benefits. These benefits include the following,

- Compliance and Regulation:
  - By requiring licenses, cities can ensure businesses adhere to local laws, health codes, and safety standards, protecting citizens from potential harm and maintaining order within the community.
- Revenue Generation:
  - Licensing fees collected from businesses provide a consistent source of income for the city, which can be used to fund essential services like infrastructure improvements, public safety initiatives, and community programs.
- Business Monitoring:
  - A licensing system allows cities to track business activities, identify potential issues, and respond to concerns more effectively.
- Consumer Protection:
  - By verifying business legitimacy through licensing, cities can help prevent fraudulent activities and build consumer confidence.
- Economic Development:
  - Streamlining the licensing process can encourage entrepreneurship and attract new businesses to the city, leading to job creation and economic growth.
- Targeted Regulation:
  - Different types of businesses can be subject to specific licensing requirements, allowing cities to tailor regulations to the unique needs of each industry.
- Emergency Response:
  - Accurate business information gathered through licensing can aid emergency services in responding to incidents more efficiently.

## What is Needed Today

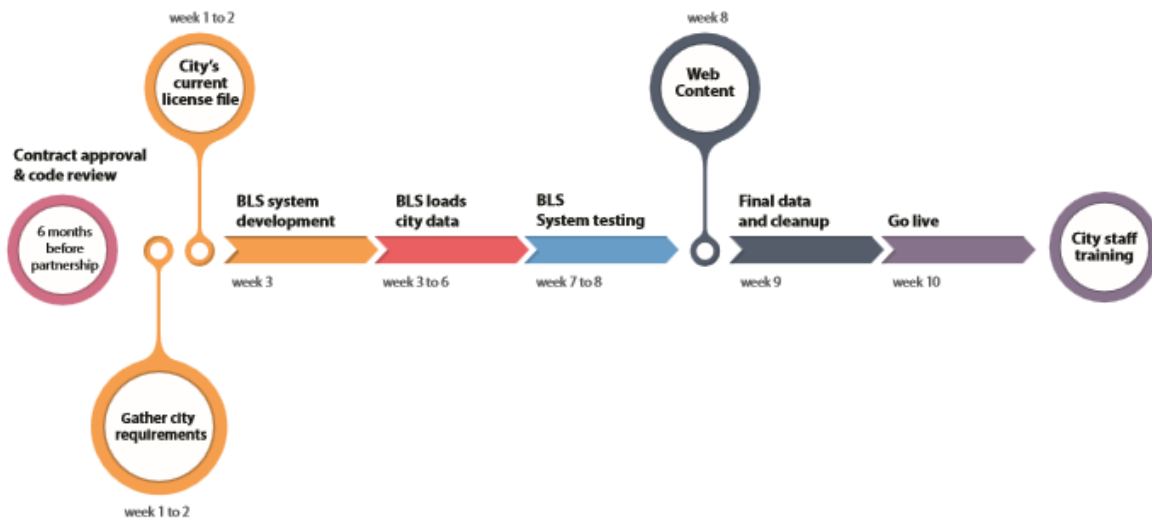
### 1) Select a go live date

The city has two options for when to implement Business Licenses, Q4 2025 or March of 2026. Both these dates have separate timelines for when Medina needs to complete certain action items.

For a Q4 2025 start date, the city would need to provide DOR with the structure and business requirements by the end of April.

For a March 2026 start, the city could wait until later in the summer to finalize the business requirements.

### Sample timeline:



### Legend

city work = ○○○○ BLS work = →→→→

- 2) How will the discussion and decision making be handled?
  - a. Council could delegate the task to Finance Committee.
  - b. A study session or workshop could be scheduled to have a roundtable discussion with the full Council.

## Additional Information

What business licenses do other cities have?

City	New License Fee	Renewal Fee	B&O	Employee Fee?
Bainbridge Is	\$74	same	yes	no
Carnation	\$75	same	no	no
Clyde Hill	\$25	same	no	no
Covington	\$65	same	no	no
Duvall	\$55	same	no	no
Issaquah	\$60	same	yes	no
Kirkland	\$100 + \$130 per FTE	same	no	yes
Mercer Island	\$30	same	yes	no
Mill Creek	\$50 - \$325	same	no	yes
Newcastle	\$31	same	no	no
Sammamish	\$15	same	no	no
Tukwila	\$112 per FTE	same	no	yes
Woodinville	\$39	same	no	no

Does the DOR keep the physical address of companies or just the mailing address?

*Revenue has both types of addresses. Both types are public information.*

*Washington licenses businesses by physical location. It would be typical for a Medina business to have a mailing address of a post office box in Bellevue or a registered agent in Olympia that handles its corporate registration with Secretary of State.*

Do most jurisdictions set their revenue thresholds based on amount of revenue within that city limits or total revenue?

*Our BLS configuration would look at Revenue by business location (essentially what you're saying by "within that city limits").*

What percentage of jurisdictions require business licenses for companies doing business in that jurisdiction but are physical located in another city?

*Basically, all the roughly 220 cities that we support require a non-resident license registration (one exception, but it's small). Some cities trigger that license with a \$2000 income threshold, but others have that significantly higher (example: \$12000 annual income in that city). And, of course, a city could require business to register but decline to charge an annual license fee if it more concerned with regulatory control than potential revenues.*

How do you know who is operating in the city?

*As far as “who” will be operating in the city, when a Business License Application is submitted, normally there will be a general business contact/email collected for the entity. The customer will also provide one or two afterhours contacts on the City and County Addendum so the regulatory body can reach out with questions or concerns.*

*Here are links to our paper [Business License Application](#) and [City and County Addendum](#) if you'd like to take a closer look at those questions.*

*I also wanted to mention that most of the information collected from the application and addendum are available on various reports that our partners can generate on demand. There are some limitations on a business owner's personal information, banking details, ID numbers, etc.*

How can business licenses benefit Public Safety?

*What initially came to mind is some of the questions we ask the customer on the business license application and city/county addendum. For instance, if a customer is working in your jurisdiction, the customer will have to answer if they have any hazardous/toxic materials on site, if they have an emergency alarm monitoring system, they must provide a description of the products or services they plan to provide in Washington, and they'll also provide an afterhours business contact.*

*There is also a report that partners can generate called, "City Fire Department". This report will generate a list of businesses and their business items that a municipality could share with a fire or building department. From this report you'll be able to see the business's products/services they're going to offer and if they have any hazardous or flammable materials kept on premise at the business location.*

BLS will also, track registered taxpayers reporting business in Medina (e.g., contractors), but your city will set compliance standards. You will tell us whether our system will require a Medina non-resident registration in its combined licensing application process. If your council is concerned about getting *revenues* from non-resident businesses, we can set up a system demo for later this year. If Medina just needs tracking on non-resident businesses, a demo isn't necessary and the impact on contractors and similar companies will be negligible.