

MEDINA BUSINESS LICENSES

Coming to Medina, starting October 2nd 2025

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.
- June of 2025 – City Attorney will bring the licensing ordinance to Council for consideration and possible action.
- August of 2025 – City staff will submit to the Department of Revenue any exempted businesses.
- October of 2025 – Businesses will be required to hold a Medina endorsement, after the “Go Live” date of October 2, 2025.
- 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.

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 typically 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.

WHAT DECISIONS ARE STILL TO BE MADE?

1) Fee Type and Amount

- The current staff recommendation for a fee structure for the City would be a flat amount of \$100 for both the origination and renewal fee 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, Non-Resident, and potentially Rentals.
- Below are some examples of other Business License Fees in our area.

City	New License Fee	Renewal Fee	B&O	Employee Fee?
Bainbridge Is	\$74	same	yes	no
Bellevue	\$115	None	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
Seattle	\$71 - \$3,126	same	yes	no
Tukwila	\$112 per FTE	same	no	yes
Woodinville	\$39	same	no	no

2) Should we charge Late Renewal Fees?

- Medina's staff recommends imposing a penalty fee on license delinquency of more than 30 days. The recommended fee would be \$50 and must be paid alongside the renewal fee for an endorsement renewal to be approved.

- 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.

Note: BLS will not collect additional penalty fees on behalf of the City, therefore, the City would need to collect these itself

3) Defining Business Activity as it Relates to Rental Properties

- Staff recommendation is to require a rental unit endorsement for all property management companies and LLCs, but not for property owned and rented by an individual.
- For Rental endorsements, some cities require everyone renting/leasing a unit(s) to have a rental endorsement, and some do not. It may be helpful for Medina to look at the city endorsement page on DOR's [website](#). This link to our city endorsements will give you a better understanding of the differences between cities/counties and how they regulate their rental businesses.
- Examples of cities that have a rental endorsement and what their definition of a rental unit is:
 - North Bonneville: Landlords that are renting or leasing real property such as a house, apartment or duplex permanently or temporarily located in the city for 30 days or more.
 - Tieton: Landlords that own, rent, lease, maintain, or have the right to use, or using, tangible personal property, intangible personal property, or real property permanently or temporarily located in the city and generating any income.
 - Kettle Falls: If your business has three or more rentals, a rental business endorsement is required. Landlords that own, rent, lease, maintain, or have the right to use, or using, tangible personal property, intangible personal property, or real property permanently or temporarily located in the city and generating any income. For more information, contact the city directly.
 - Mountlake Terrace: Landlords that offer residential rental units, home rentals, duplexes, apartments, and accessory dwelling units (ADUs will have an additional permit with the city). When a landlord registers for a business license only the rental business office location is required to be licensed.