

AB 6758

Business License Code Amendments

September 2, 2025



Background

- ❑ In 2018, an Association of Washington Cities working group established standard rules for business licensing.
- ❑ Business license administration transitioned to Department of Revenue Business Licensing Service (BLS) in 2019.
- ❑ Annual fee is \$30 for a Mercer Island endorsement.
- ❑ Staff regularly issue local endorsements on new licenses.
- ❑ Informs local business and occupation tax collections.

Background

- ❑ In 2024, an Association of Washington Cities working group updated the 2018 business licensing “model ordinance.”
 1. Minimum threshold for out-of-city businesses.
 2. Framework to increase the minimum threshold.
 3. Additional staff revisions to clarify MICC Chapter 5.01.
- ❑ Updates required by mid-October to meet Jan 1, 2026 State deadline.

Minimum Threshold

- ❑ One-time increase to \$4,000 for businesses from the current \$2,000 minimum threshold.
- ❑ Other changes include:
 - ❑ Threshold increases every four years based on cumulative inflation.
 - ❑ Inflation rate based on annual CPI-U, with 0% floor and 5% ceiling.
 - ❑ Cumulative inflation rounded to the nearest \$100.

Proposed Staff Revisions

Recommended changes to clarify & clean up Chapter 5.01

- ❑ Updated business licensing authority to Finance director.
- ❑ Clarifies all businesses must comply regardless of location.
- ❑ Removes outdated language about business locations, renewals, and master exhibitor's license no longer relevant.
- ❑ Removes references to fee handled by WA State DOR BLS.
- ❑ New section about notification, suspension, revocation, or denial.
- ❑ Updates appeal body to the Hearing Examiner.

Next Steps

- ❑ Staff seeks to answer questions and schedule a second reading of Ordinance No. 25C-22 at the September 16 City Council meeting.
- ❑ Upon adoption, MICC chapter 5.01 will be revised, and staff will notify the State Department of Revenue BLS service of the code amendments.

Staff Recommendation

- ❑ Set Ordinance No. 25C-22 for second reading and adoption at the September 16, 2025 City Council meeting.

Questions

Prepared By

Ali Spietz, Chief of Administration

Matt Mornick, Finance Director

