

CITY OF MILLWOOD

ORDINANCE NO. 554

XXXXXXXXXX XX, 20XX

AN ORDINANCE OF THE CITY OF MILLWOOD, SPOKANE COUNTY, WASHINGTON, AMENDING SECTION 5.02.010 OF THE MILLWOOD MUNICIPAL CODE REGARDING BUSINESS LICENSE REQUIREMENTS AND FEES; AND PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO.

WHEREAS, the City of Millwood (the “City”), Spokane County, Washington is a non-charter code city, by virtue of the Constitution and the laws of the State of Washington; and

WHEREAS, pursuant to chapter 35A.11 RCW, the City Council (the “Council”) may adopt and enforce ordinances of all kinds relating to and regulating its local or municipal affairs and appropriate to the good government of the City; and

WHEREAS, pursuant to chapter 5.02 MMC, the City maintains a business license program and contracts with the Washington State Department of Revenue for administration of the program;

WHEREAS, MMC 5.02.010 provides definitions for the City’s business license program, with such definitions in accordance with the Washington State Department of Revenue requirements for administration of the program; and

WHEREAS, pursuant to MMC 5.02.010, “any person or business whose annual value of products, gross proceeds of sales, or gross income of the business in the city is equal to or less than two thousand dollars (\$2,000.00) (or higher threshold as determined by city) and who does not maintain a place of business within the city shall be exempt from the general business license requirements set forth in the MMC; and

WHEREAS, the out-of-city businesses was increased to \$4,000, effective January 1, 2026, in order to continue to contract with the Washington State Department of Revenue for administration of the City’s business license program; and

WHEREAS, the Council finds it is in the best interests of the City to amend the definition of business in MMC 5.02.010 to increase threshold for out-of-city businesses to \$4,000 for exemption from the general business license requirements set forth in the MMC effective January 1, 2026;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY MILLWOOD DOES ORDAIN AS FOLLOWS:

Section 1. Amendment to Section 50.02.010 MMC – Definitions. Section 5.02.010 of MMC is hereby amended as follows (deleted language ~~stricken~~, added language double-underlined):

"Business" means any kind of vocation, occupation, profession, trade, enterprise, establishment, industry, or commercial venture which complies with all federal, state or local laws or any ordinance or regulation of the city and occupies or maintains a location or site within the city the purpose of managing,

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manufacturing, selling, distributing, storing or providing products, goods or services or any other kind of activity that is conducted for profit or pecuniary benefit. For the purposes of this chapter, "business" also includes: Any dispensary, collective garden or any establishment or activity pursuant to RCW Ch. 69.51A, as may be amended; any marijuana processor, marijuana producer, marijuana retailer, or any establishment or activity pursuant to RCW Ch. 69.50 and/or Chapter 314-55 WAC, as either may be amended; or otherwise engaging in the sale of marijuana or cannabis. The following shall not constitute a "business" for the purpose of this chapter:

- (1) Any instrumentality of the United States, State of Washington or any political subdivision thereof, with respect to the exercise of governmental functions;
- (2) Any person, firm, or corporation which the city is forbidden to license or tax by law;
- (3) Any minor engaging in a de minimis entrepreneurial venture with permission of the property owner, including but not limited to such trade and activities as running a lemonade stand;
- (4) Accredited public or private schools, colleges or universities, as to their education endeavors only; churches and other religious bodies, as to their religious activities only; fraternal organizations and lodges as to their fraternal and lodge activities only; civic and charitable organizations, as to their civic and charitable activities only; but not as to any business activities by these entities;
- (5) Garage, yard and rummage sales;
- (6) Representatives from businesses located outside the city limits calling on licensed businesses within the city limits;
- (7) Individual vendors at fundraising events held by tax-exempt nonprofit organizations described by Section 501(c)(3) (educational and charitable), 501(c)(4) (social welfare), or 501(c)(10) (fraternal societies operating as lodges) of the Internal Revenue Code, when the vending activities are conducted by the individual vendor for a period not exceeding a cumulative total of three days and constitute the vendor's only business activity within the city, and as a condition to participation in the event, the individual vendor pays a lump sum or a portion of the gross revenues to the nonprofit organization; or

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(8) Any person, business or organization engaged in a farmers market, as defined by MMC 17.04.040.

Moreover, any person or business whose annual value of products, gross proceeds of sales, or gross income of the business in the city is equal to or less than two thousand dollars (\$2,000.00) (or higher threshold as determined by city) and who does not maintain a place of business within the city shall be exempt from the general business license requirements in this chapter. The exemption does not apply to regulatory license requirements or activities that require a specialized permit.

Beginning January 1, 2026, the threshold amount is \$4,000 (or higher threshold as determined by city of otherwise required by law). The threshold amount will be adjusted every forty-eight months on January 1, by an amount equal to the increase in the Consumer Price Index (“CPI”) for “West Urban, All Urban Consumers (CPI-U) for each 12-month period ending on June 30 as published by the United States Department of Labor Bureau of Labor Statistics or successor agency. To calculate this adjustment, the current rate will be multiplied by one plus the cumulative four-year (forty-eight month) CPI increase using each 12-month period ending on June 30 of each prior year, and rounded to the nearest \$100. However, if any of the annual CPI increases are more than five (5) percent, a five (5) percent increase will be used in computing the annual basis and if any of the annual CPI decreased during the forty-eight month period, a zero (0) percent increase will be used in computing the annual basis.

"City" means the City of Millwood, Spokane County, Washington.

"Engaging in business" means as follows:

(a) The term "engaging in business" means commencing, conducting, or continuing in business, and also the exercise of corporate or franchise powers, as well as liquidating a business when the liquidators thereof hold themselves out to the public as conducting such business.

(b) This section sets forth examples of activities that constitute engaging in business in the city, and establishes safe harbors for certain of those activities so that a person who meets the criteria may engage in de minimus business activities in the city without having to pay a business license fee. The activities listed in this section are illustrative only and are not intended to narrow the definition of "engaging in business" in subsection (1). If an activity is not listed, whether it

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constitutes engaging in business in the city shall be determined by considering all the facts and circumstances and applicable law.

(c) Without being all inclusive, any one of the following activities conducted within the city by a person, or its employee, agent, representative, independent contractor, broker or another acting on its behalf constitutes engaging in business and requires a person to register and obtain a business license.

(i) Owning, renting, leasing, maintaining, or having the right to use, or using, tangible personal property, intangible personal property, or real property permanently or temporarily located in the city.

(ii) Owning, renting, leasing, using, or maintaining, an office, place of business, or other establishment in the city.

(iii) Soliciting sales.

(iv) Making repairs or providing maintenance or service to real or tangible personal property, including warranty work and property maintenance.

(v) Providing technical assistance or service, including quality control, product inspections, warranty work, or similar services on or in connection with tangible personal property sold by the person or on its behalf.

(vi) Installing, constructing, or supervising installation or construction of, real or tangible personal property.

(vii) Soliciting, negotiating, or approving franchise, license, or other similar agreements.

(viii) Collecting current or delinquent accounts.

(ix) Picking up and transporting tangible personal property, solid waste, construction debris, or excavated materials.

(x) Providing disinfecting and pest control services, employment and labor pool services, home nursing care, janitorial services, appraising, landscape architectural services, security system services, surveying, and real estate services including the listing of homes and managing real property.

(xi) Rendering professional services such as those provided by accountants, architects, attorneys, auctioneers, consultants, engineers, professional athletes, barbers, baseball clubs and other sports organizations, chemists,

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consultants, psychologists, court reporters, dentists, doctors, detectives, laboratory operators, teachers, veterinarians.

(xii) Meeting with customers or potential customers, even when no sales or orders are solicited at the meetings.

(xiii) Training or recruiting agents, representatives, independent contractors, brokers or others, domiciled or operating on a job in the city, acting on its behalf, or for customers or potential customers.

(xiv) Investigating, resolving, or otherwise assisting in resolving customer complaints.

(xv) In-store stocking or manipulating products or goods, sold to and owned by a customer, regardless of where sale and delivery of the goods took place.

(xvi) Delivering goods in vehicles owned, rented, leased, used, or maintained by the person or another acting on its behalf.

(d) If a person, or its employee, agent, representative, independent contractor, broker or another acting on the person's behalf, engages in no other activities in or with the city but the following, it need not register and obtain a business license.

(i) Meeting with suppliers of goods and services as a customer.

(ii) Meeting with government representatives in their official capacity, other than those performing contracting or purchasing functions.

(iii) Attending meetings, such as board meetings, retreats, seminars, and conferences, or other meetings wherein the person does not provide training in connection with tangible personal property sold by the person or on its behalf. This provision does not apply to any board of director member or attendee engaging in business such as a member of a board of directors who attends a board meeting.

(iv) Renting tangible or intangible property as a customer when the property is not used in the city.

(v) Attending, but not participating in a "trade show" or "multiple vendor events". Persons participating at a trade show shall review the city's trade show or multiple vendor event ordinances.

(vi) Conducting advertising through the mail.

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(vii) Soliciting sales by phone from a location outside the city.

(e) A seller located outside the city merely delivering goods into the city by means of common carrier is not required to register and obtain a business license, provided that it engages in no other business activities in the city. Such activities do not include those in subsection (4).

The city expressly intends that engaging in business include any activity sufficient to establish nexus for purposes of applying the license fee under the law and the constitutions of the United States and the State of Washington. Nexus is presumed to continue as long as the taxpayer benefits from the activity that constituted the original nexus generating contact or subsequent contacts.

"Person" means and includes any individual, partnership, limited liability partnership, joint venture, corporation, professional service corporation, limited liability company, association, organization or other entity of whatsoever nature.

Section 2. Repeal. All ordinances, resolutions, laws, and regulations, or parts thereof in conflict with this ordinance are, to the extent of said conflict, hereby repealed.

Section 3. Severability: If any section, sentence, clause, or phrase of this Ordinance should be held to be invalid or unconstitutional by a court of competent jurisdiction, such invalidity or unconstitutionality shall not affect the validity or constitutionality of any other section, sentence, clause or phrase of this Ordinance.

Section 4. Effect: This Ordinance shall be in full force and effect from and after its adoption and five (5) days after its publication or a publication of a summary of this Ordinance in the official newspaper of the City.

PASSED BY THE COUNCIL OF THE CITY OF MILLWOOD THIS ____ DAY OF _____ 2025.

CITY OF MILLWOOD,
Spokane County, Washington

Kevin Freeman, Mayor

ATTEST:

City Clerk

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STATE OF WASHINGTON)

)ss:

County of Spokane)

_____, being first duly sworn on oath deposes and says:

I am the Clerk of the City of Millwood, Washington, and the foregoing ordinance entitled “AN ORDINANCE OF THE CITY OF MILLWOOD, SPOKANE COUNTY, WASHINGTON, AMENDING SECTION 5.02.010 OF THE MILLWOOD MUNICIPAL CODE REGARDING BUSINESS LICENSE REQUIREMENTS AND FEES; AND PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO” is the true and correct copy of the City of Millwood’s Ordinance numbered _____ and that the same was posted and published according to law.

City Clerk

SUBSCRIBED AND SWORN TO BEFORE ME THIS ____ DAY OF _____, 2025.

Printed Name
Notary Public in and for the State of
Washington
My Commission expires _____