

ORDINANCE NO. O2025-013

AN ORDINANCE of the City Council of the City of Tumwater, Washington, related to business licenses, amending Chapter 5.04, Business Licenses, of the Tumwater Municipal Code as more particularly described herein.

WHEREAS, in 2017, the Legislature passed EHB 2005 (Ch. 209, Laws of 2017), codified in chapter 35.90 RCW, mandating adoption of uniform business licensing requirements and creating a model business licensing ordinance; and

WHEREAS, the model ordinance established a threshold which allows a business located outside of the City to do a limited amount of work, not to exceed \$2,000, in the City limits before being required to pay Business and Occupation Tax or a fee for a business registration; and

WHEREAS, an update to the business licensing model threshold requires all cities with business licenses, partnered with Washington State Business License Service, to update their licensing threshold from \$2,000 to \$4,000; and

WHEREAS, RCW 35.90.080(1)(c)) requires mandatory changes to be adopted by cities with the same effective date; and

WHEREAS, the Tumwater City Council finds the changes support the health, safety and welfare, and are in the best interest, of the residents of Tumwater, and comply with state legislation requirements;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF TUMWATER, STATE OF WASHINGTON, DOES ORDAIN AS FOLLOWS:

Section 1. Section 5.04.070, Exception – Applicability of provisions and thresholds, of the Tumwater Municipal Code is hereby amended to read as follows:

5.04.070 Exception – Applicability of provisions and thresholds.

This chapter shall not be applicable to:

A. Nonprofit organizations as recognized by the state of Washington and the federal government (i.e., 501(c)(3)). Such organizations are exempt from any fees in this chapter. However, they are not exempted from registering or obtaining a business license with the city of Tumwater.

Attachment A

B. Minors engaged in babysitting, newspaper delivery, lemonade stands, lawn mowing, and similar activities are not required to register and obtain a business license.

C. 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:

1. Meeting with suppliers of goods and services as a customer.
2. Meeting with government representatives in their official capacity, other than those performing contracting or purchasing functions.
3. 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.
4. Renting tangible or intangible property as a customer when the property is not used in the city.
5. Attending, but not participating in a "trade show" or "multiple vendor event." Persons participating at a trade show shall review the city's trade show or multiple vendor event ordinances.
6. Conducting advertising through the mail.
7. Soliciting sales by phone from a location outside the city.

D. A seller located outside the city merely delivering goods into the city by means of a 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 C of this section.

E. 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 \$2,000 and who does not maintain a place of business within the city are exempt from any fees in this chapter. However, they are not exempted from registering or obtaining a business license with the city of Tumwater. The threshold does not apply to regulatory license requirements or activities that require a special permit.

Attachment A

Beginning January 1, 2026, the threshold amount is \$4000. 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.

(Ord. O2018-020, Amended, 09/18/2018; Ord. O2011-018, Amended, 12/20/2011; Ord. O2003-013, Added, 04/01/2003)

Section 2. Corrections. The City Clerk and codifiers of this ordinance are authorized to make necessary corrections to this ordinance including, but not limited to, the correction of scrivener/clerical errors, references, ordinance numbering, section/subsection numbers and any references thereto.

Section 3. Ratification. Any act consistent with the authority and prior to the effective date of this ordinance is hereby ratified and affirmed.

Section 4. Severability. The provisions of this ordinance are declared separate and severable. The invalidity of any clause, sentence, paragraph, subdivision, section, or portion of this ordinance or the invalidity of the application thereof to any person or circumstance, shall not affect the validity of the remainder of the ordinance, or the validity of its application to other persons or circumstances.

Section 5. Effective Date. This ordinance shall become effective on January 1, 2026.

ADOPTED this _____ day of September 2025.

CITY OF TUMWATER

Debbie Sullivan, Mayor

ATTEST:

Melody Valiant, City Clerk

APPROVED AS TO FORM:

Karen Kirkpatrick, City Attorney

Published:_____

Effective Date:_____