

ORDINANCE 1548

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF GIG HARBOR, WASHINGTON, RELATING TO BUSINESS LICENSING; AMENDING CHAPTER 5.01 OF THE GIG HARBOR MUNICIPAL CODE TO ESTABLISH A REVISED FEE-FREE THRESHOLD FOR BUSINESSES LOCATED OUTSIDE CITY LIMITS; PROVIDING FOR SEVERABILITY AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, in 2017 the Washington State Legislature passed Engrossed House Bill 2005 requiring all cities with business licenses to administer their business licensing through the State's Business Licensing System ("BLS") and requiring cities to adopt model business license language with a minimum threshold and a definition of "engaging in business", codified at chapter 35.90 of the Revised Code of Washington; and

WHEREAS, the city presently administers its business licensing through the State's BLS; and

WHEREAS, the city has adopted general business license regulations at Chapter 5.01 of the Gig Harbor Municipal Code; and

WHEREAS, the city council desires to amend Chapter 5.01 of the Gig Harbor Municipal Code to adopt the model business license language for compliance with state law and other minor changes necessitated by such adoption; and

WHEREAS, in 2025 the Dept. of Revenue amended the business license model ordinance to require that businesses located outside city limits with less than \$4,000 in gross proceeds should not be charged a business license fee by the city;

NOW THEREFORE, The City Council of the City of Gig Harbor, Washington, do ordain as follows:

Section 1. GHMC 5.01.100 Licenses for businesses located outside city limits – Amended. Section 5.01.100 of the Gig Harbor Municipal Code is hereby amended as follows:

5.01.100 Licenses for businesses located outside city limits; threshold for fee-free license

A. Any person or business located outside the city which engages in business within the city limits, unless included in the exemptions in GHMC 5.01.030, shall obtain a business license.

B. 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 shall submit a business license application to the city license officer, but need not pay a license fee to the city. This threshold does not apply to regulatory license requirements or activities that require a specialized permit.

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.

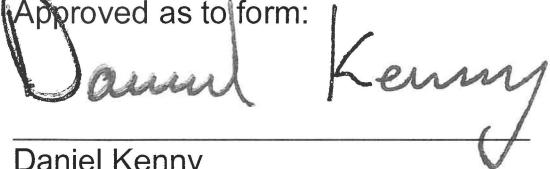
Section 2. Severability. If any section, sentence, clause or phrase of this Ordinance should be held to be unconstitutional by a court of competent jurisdiction, such invalidity or unconstitutionality shall not affect the validity or constitutionality of any other section, sentence, clause or phrase of this ordinance.

Section 3. Correction of Errors. The city clerk and codifiers of the 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 4. Effective Date. This ordinance shall take effect and be in full force five (5) days after passage and publication of an approved summary consisting of the title.

ADOPTED by the City Council of the City of Gig Harbor at a regular meeting thereof, held this 11th day of August, 2025.

Approved as to form:

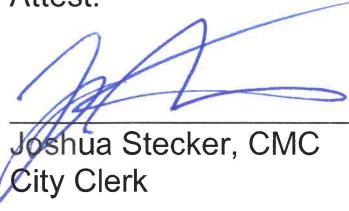
Daniel Kenny

Daniel Kenny
City Attorney

Mary K. Barber

Mary K. Barber
Mayor

Attest:

Joshua Stecker, CMC
City Clerk