POULSBO CITY COUNCIL AGENDA SUMMARY

CONSENT AGENDA ITEM NO. 8.a

MEETING DATE: August 20, 2025

AGENDA ITEM	Ordinance No. 2025-14 - Business License Model Threshold Update
EXHIBITS	2026 Business License Model Threshold Update 2025-14 - Business License Update
STAFFED BY	Fernandez
ESTIMATED TIME	1 min

SUMMARY STATEMENT

Last year AWC worked with a group of cities to propose an update to the 2018 business license minimum threshold for out-of-city businesses. After feedback from the business community, the updated 2026 model is now available for adoption by cities by January 1, 2026.

The main change in the update would make a one-time increase to a higher threshold to $4000 for out-of-city businesses from the current $2,000 threshold, effective January 1, 2026.

Other changes include:

- Every four years thereafter, the threshold would have an automatic periodic increase based on cumulative inflation.
- The rates of inflation would be calculated using the Consumer Price Index-U (CPI-U) Western for June of each year compared to the previous year for the previous four years.
- The rate of inflation would be calculated as zero in any year in which inflation was negative and capped at 5% per year or 20% over four years if inflation exceeded those amounts.
- To make the threshold easier to administer, the cumulative inflation amount would be rounded to the nearest $100.
- Cities would retain the local option of requiring a no-fee registration for out-of-city businesses below the threshold and the local option of imposing a higher threshold than the model minimum threshold.

Under the model ordinance statute, cities must adopt the change with the same effective date. In addition, cities that partner with the state's Business License Service need to update their ordinance in time to provide 75-days' notice to the Department of Revenue of the change.

In 2017, the City Council adopted a threshold of $2,000 for both in-city and out-of-city businesses. The City Council also required that all businesses apply for business license, so that we know who is doing business in the city. The updated ordinance raises the threshold to $4,000 for both in-city and out-of-city businesses, and then incorporates the recommended automatic periodic increases based on cumulative inflation.

The City Attorney has reviewed the ordinance and approves it to form.

The ordinance must be adopted by October to provide the 75-day notice to the Department of Revenue.

WORKSHOP DATE:	August 13, 2025

IMPACTS

Expenditure Required? No	Included in Budget? No Amount: N/A

SAMPLE MOTION:

Move to adopt Ordinance No. 2025-14, an ordinance of the City of Poulsbo, Washington, relating to Business Licensing Requirements and incorporating the Business License Model Threshold Update.