

ORDINANCE O-4911

AN ORDINANCE OF THE CITY OF KIRKLAND RELATING TO THE CITY'S BUSINESS LICENSING REQUIREMENTS AND AMENDING SECTION 7.02.065 OF THE KIRKLAND MUNICIPAL CODE REGARDING BUSINESS LICENSES AND REGULATIONS.

WHEREAS, in 2017, the State enacted chapter 35.90 RCW to simplify the administration of municipal general business licenses, requiring the City to administer its business license application process through the Department of Revenue (DOR) portal; and

WHEREAS, RCW 35.90.080 requires the City to adopt a model ordinance on general business requirements that is developed through the Association of Washington Cities; and

WHEREAS, the model ordinance was reviewed and amended in 2024 to change the business license threshold for out-of-city businesses that conduct business in the City, and the City is required to adopt the amended ordinance by January 1, 2026.

NOW, THEREFORE, the City Council of the City of Kirkland do ordain as follows:

Section 1. KMC 7.02.065, and the corresponding portions of Ordinance O-4888 § 1 (2024), is amended as follows, with new text shown in underline and deleted text shown in ~~strikethrough~~:

7.02.065 Exemptions.

Except as otherwise specifically provided in this chapter, the following persons or entities are exempt from licensing under this chapter but, if exempt under this section, such entities must file on a form provided by the city a certification demonstrating that they meet one of the following exemptions:

(a) Organizations approved to be nonprofit by the state of Washington, which include the following: a tax-exempt nonprofit corporation described by Section 501(c)(3), (4), or (10) of the IRC; or a nonprofit organization that would qualify for tax exemption under these codes except that it is not organized as a nonprofit corporation; or a nonprofit organization that does not pay its members, stockholders, officers, directors, or trustees any amounts from its gross income, except as compensation to any person for services rendered, and does not engage in a substantial amount of political activity (RCW 82.04.3651).

(b) A governmental entity that engages solely in the exercise of governmental functions. Activities that are not exclusively governmental, such as some of the activities of a hospital or medical clinic, are not exempt under this chapter.

(c) A nonprofit business operated exclusively for a religious purpose, upon furnishing proof to the finance and administration department of its nonprofit status. For the purposes of this chapter, the activities that are not part of the core religious functions are not exempt.

(d) Civic groups, service clubs, and social organizations that are not engaged in any profession, trade, calling, or occupation, but are organized to provide civic, service, or social activities in the city. Examples of such organizations may include but are not limited to: Soroptimists; Kiwanis; Lions; Rotary; American Legion; children's and adults' athletic organizations; and similar types of groups, clubs, or organizations.

(e) Homeowners' associations that engage solely in the exercise of functions that are not taxable. Revenues from activities that are subject to tax and are in excess of twenty thousand dollars are not exempt under this chapter.

(f) Political campaigns.

(g) Any person or business whose annual value of products, gross proceeds of sales, or gross income of business conducted in the city is equal to or less than ~~\$2,000 two thousand dollars~~ and who does not maintain a place of business within the city. Beginning January 1, 2026, the threshold amount is \$4,000. 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.

(h) Any person or business who is not required to register with the Washington State Department of Revenue pursuant to RCW 82.32.030(2)(a), (2)(b), and (2)(c).

(i) A business that can demonstrate to the satisfaction of the director that it is exempt due to preemption by state or federal law.

Section 2. If any provision of this ordinance or its application to any person or circumstance is held invalid, the remainder of the ordinance or the application of the provision to other persons or circumstances is not affected.

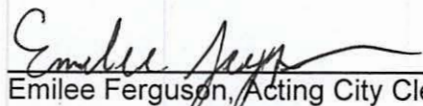
Section 3. This ordinance shall be in force and effect five days from and after its passage by the Kirkland City Council and publication, as required by law.

Passed by majority vote of the Kirkland City Council in open meeting this 6th day of August, 2025.

Signed in authentication thereof this 6th day of August, 2025.

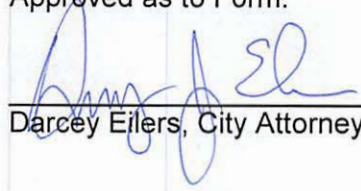

Kelli Curtis, Mayor

Attest:


Emilee Ferguson, Acting City Clerk

Approved as to Form:

Publication Date: August 11, 2025


Darcey Eilers, City Attorney