



Shelton City Council
Study Session Agenda
March 28, 2023 – 6:00 p.m.
Civic Center & Virtual Platform

A. Call to Order

B. Roll Call

C. Study Agenda

1. Business Licenses and B & O Taxes – Presented by Finance Director Mike Githens

D. New Items for Discussion

E. Adjourn

The City of Shelton is committed to the non-discriminatory treatment of all persons in employment and the delivery of services and resources. If you require accommodation for your attendance at the City Council meeting, please call (360) 432-5103 at least 48 hours in advance of the meeting.



2023 Looking Ahead

(Items and dates are subject to change)

Tues. 4/4 6:00 p.m.	Regular Meeting	<p>Consent Agenda</p> <ul style="list-style-type: none"> Vouchers/Payroll Warrants/Meeting Minutes Presentation Proclamation – Child Abuse Prevention Month Proclamation – Telecommunicators Week <p>Business Agenda</p> <ul style="list-style-type: none"> Resolution No. 1269-0323 Andritz Sole Source for Biosolids Dewatering and Drying Equipment Resolution No. 1270-0323 Purchase & Sale Agreement – 13th Street <p>Action Agenda</p> <ul style="list-style-type: none"> Resolution No. 1264-0223 6-Year TIP Resolution No. 1268-0323 Meadows Edge Notice of Intent to Annex <p>Administration Report</p> <ul style="list-style-type: none"> 	Packet Items Due: 3/24 @ 5:00 p.m.
Tues. 4/11 6:00 p.m.	Study Session	<p>Study Agenda</p> <ul style="list-style-type: none"> Code Enforcement 	Packet Items Due: 4/7 @ noon
Tues. 4/18 6:00 p.m.	Regular Meeting	<p>Consent Agenda</p> <ul style="list-style-type: none"> Vouchers/Payroll Warrants/Meeting Minutes Presentation February Financial Status Report Municipal Court <p>Business Agenda</p> <ul style="list-style-type: none"> <p>Action Agenda</p> <ul style="list-style-type: none"> Resolution No. 1269-0323 Andritz Sole Source for Biosolids Dewatering and Drying Equipment Resolution No. 1270-0323 Purchase & Sale Agreement – 13th Street <p>Administration Report</p> <ul style="list-style-type: none"> 	Packet Items Due: 4/7 @ 5:00 p.m.
Tues. 4/25 6:00 p.m.	Study Session	<p>Study Agenda</p> <ul style="list-style-type: none"> FCS Group Preliminary Water & Sewer Rate Presentation 	Packet Items Due: 4/21 @ noon
Thurs. 4/27 6:00 p.m.	Special Meeting	Spotlight Shelton	N/A
Tues. 5/2 6:00 p.m.	Regular Meeting	<p>Consent Agenda</p> <ul style="list-style-type: none"> Vouchers/Payroll Warrants/Meeting Minutes <p>Business Agenda</p>	Packet Items Due: 4/21 @ 5:00 p.m.

		<ul style="list-style-type: none"> • Action Agenda • Administration Report 	
Tues. 5/9 6:00 p.m.	Study Session	Study Agenda <ul style="list-style-type: none"> • Sidewalks 	Packet Items Due: 5/5 @ noon
Tues. 5/16 6:00 p.m.	Regular Meeting	Consent Agenda <ul style="list-style-type: none"> • Vouchers/Payroll Warrants/Meeting Minutes Presentation • March Financial Status Report • Timberland Regional Library Business Agenda Action Agenda <ul style="list-style-type: none"> • Administration Report 	Packet Items Due: 5/5 @ 5:00 p.m.
Tues. 5/23 6:00 p.m.	Study Session	Study Agenda	Packet Items Due: 5/19 @ noon
Tues. 6/6 6:00 p.m.	Regular Meeting	Consent Agenda <ul style="list-style-type: none"> • Vouchers/Payroll Warrants/Meeting Minutes Business Agenda Action Agenda <ul style="list-style-type: none"> • Administration Report 	Packet Items Due: 5/26 @ 5:00 p.m.
Tues. 6/13 6:00 p.m.	Study Session	Study Agenda	Packet Items Due: 6/9 @ noon
Tues. 6/20 5:45 p.m.	SMPD Meeting	Consent Agenda <ul style="list-style-type: none"> • Vouchers/Meeting Minutes Business Agenda Action Agenda <ul style="list-style-type: none"> • Administration Report 	Packet Items Due: 6/9 @ 5:00 p.m.
Tues. 6/20 6:00 p.m.	Regular Meeting	Consent Agenda <ul style="list-style-type: none"> • Vouchers/Payroll Warrants/Meeting Minutes Presentation • April Financial Status Report Business Agenda Action Agenda <ul style="list-style-type: none"> • Administration Report 	Packet Items Due: 6/9 @ 5:00 p.m.
Tues. 6/27 6:00 p.m.	Study Session	Study Agenda	Packet Items Due: 6/23 @ noon

Other – TBD

- Water and Sewer Fee Schedule Revisions (Ordinance removing rates from SMC)
- Public Hearing Ordinance No. 1990-0522 Amending SMC 17.12

DRAFT

Study Session

March 28, 2023

- **Shelton Municipal Code; Chapter 5.04 Business Licenses**
- **Shelton Municipal Code; Chapter 3.52 Business & Occupation Tax**

Conducting business

- Most individuals or companies that conduct business in Washington State must obtain a state business license from the Business Licensing Service.
- Most cities also require a separate business license in order to legally conduct business within their jurisdiction.

City of Shelton

Shelton city license

Requirements and fees

∨ General business license	\$50
∨ Nonprofit businesses	\$0
∧ Non-resident businesses	Variable

If your business is physically located outside city limits, but conducts business within city limits, your license fee is determined by gross annual income earned within this city's limits:

Origination fee:

Reported gross annual income	License fee
\$0 through \$2,000	\$0
Above \$2,000	\$50

Renewal fee:

Reported gross annual income	License fee
\$0 through \$2,000	\$0
Above \$2,000	\$50

Issue-model ordinance

- What constitutes a business within the City limits of Shelton?
- Most cities follow model business license ordinances*: ***For example*** -
- Engaging in business"
- (1) 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.
- *Model business license threshold ordinance options provided by AWC based on RCW 35A.82.020

Issue-model ordinance

- (2) 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 constitutes engaging in business in the City shall be determined by considering all the facts and circumstances and applicable law.

Issue-model ordinance

- (3) 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.
- (a) 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.
- (b) Owning, renting, leasing, using, or maintaining, an office, place of business, or other establishment in the City.

Issue-brought up in Shelton

- If you own bare land that you lease to others to conduct business, do you own a business?
- If you own bare land that you lease to others to conduct some type of business, do you owe B & O tax? Would the businesses you lease to pay B & O tax?

Shelton - SMC 5.04

Business Licenses

5.04.030 Definitions

A. Unless exempt by this chapter, every person engaging in business shall obtain a general business license from the city before commencing business. This license shall be nontransferable.

B. No person shall conduct any business within the city of Shelton, either directly or indirectly, for which a license is required by law, without first procuring a valid license to conduct such business, regardless whether the person's business is physically located outside the city.

Shelton - SMC 3.52 & 5.04

Business Definitions

3.52.030

C. “Business” includes all activities engaged in with the object of gain, benefit, or advantage to the taxpayer or to another person or class, directly or indirectly.

Ordinances related to B&O taxes, exemptions, deductions, and administrative provisions can be found in 3.52 and 3.10

All businesses are subject to B&O tax unless exempted by SMC. Business with gross receipts of less than \$20,000 annually or \$5,000 quarterly are not subject to B&O tax.

City of Longview

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:

(a) 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.

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

(c) Soliciting sales.

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

(e) 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.

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

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

(h) Collecting current or delinquent accounts.

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

(j) 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.

(k) Rendering professional services such as those provided by accountants, architects, attorneys, auctioneers, consultants, engineers, professional athletes, barbers, baseball clubs and other sports organizations, chemists, psychologists, court reporters, dentists, doctors, detectives, laboratory operators, teachers, and veterinarians.

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

(m) 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.

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

(o) 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.

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

City of Port Townsend

The following definitions shall apply to all chapters of this title, unless the context of the chapter indicates otherwise:

- A. “Business” means a professional, trade, occupation, or activity carried on for a livelihood or engaged in with the object of gain, benefit, or advantage to the participant or to another person or class, directly or indirectly, for profit, but excludes the following:
1. Municipal, state, or federal agencies or employees;
 2. A person employed in the city by a person engaged in business in the city, if the employer is licensed pursuant to this chapter to conduct a business in the city; and
 3. A person transacting and carrying on a business that is exempt from city licensure under federal or state constitutional or other law.

City of Fife

A. “Business” includes all activities, occupations, pursuits or professions located and/or engaged in within the city with the object of gain, benefit or advantage to the licensee or another person or class, directly or indirectly, and shall include not-for-profit organizations. Each business location and each business name shall be deemed a separate business. The term “business” shall include the letting for rent or lease for residential occupancy four or more residential dwelling units with the city.

SMC 3.52

Business and Occupation Tax

3.52.030 Definitions

C. “Business” includes all activities engaged in with the object of gain, benefit, or advantage to the taxpayer or to another person or class, directly or indirectly.

D. “Business and occupation tax” or “gross receipts tax” means a tax imposed on or measured by the value of products, the gross income of the business, or the gross proceeds of sales, as the case may be, and that is the legal liability of the business.

SMC 3.52

Business and Occupation Tax

3.52.030 Definitions

M.3. 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:

- a. 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.
- b. Owning, renting, leasing, using, or maintaining an office, place of business, or other establishment in the city.