

ORDINANCE NO. C-36330

An ordinance establishing a local program for assisting landlords and tenants in Spokane; enacting a new chapter 10.57 and new sections 07.08.157 and 07.08.158; and amending sections 07.08.139, 08.01.160, 08.01.195 and 08.02.0206 of the Spokane Municipal Code.

WHEREAS, the City of Spokane desires to codify regulations supporting housing security to reduce homelessness and to establish standards and enforcement mechanisms as they relate to rental housing within the municipal boundaries of the City of Spokane; and

WHEREAS, the City of Spokane desires to continue its long-term efforts to maintain healthy, vibrant and diverse neighborhoods within the City of Spokane; and

WHEREAS, the City of Spokane desires to balance the needs of landlords, tenants, and the City of Spokane to ensure a safe, healthy, and thriving rental housing market within the City's municipal boundaries; and

WHEREAS, providing housing for Spokane's residents directly impacts quality of life at the most basic level, and therefore requires regulations to ensure that this commercial venture is equitably undertaken for the mutual benefit of providers and consumers; and

WHEREAS, the City of Spokane desires to support increased housing security for current and future residents within the City of Spokane as a benefit to the overall public welfare of the City; and

WHEREAS, the City of Spokane desires to implement common-sense, baseline standards for the rental of residential real property in Spokane, and to streamline and make more affordable the process of obtaining rental housing by establishing portable background checks, tenant relocation, and landlord mitigation programs; and

WHEREAS, Washington State law and the Spokane Municipal Code ("SMC") already require owners and operators of rental residential properties to secure a business license; and

WHEREAS, the City of Spokane desires to use the general fund revenue generated from general business licenses and unit fees connected to the residential rental business sector to invest in improvements in this sector which is likely to increase overall general fund revenues and support the public welfare of the City; and

WHEREAS, Washington State law and the SMC already authorize the City's Code Enforcement Department to inspect residential properties within the City for compliance with state and municipal safety and habitability standards with the consent of the resident or by court order; and

WHEREAS, the City of Spokane desires to provide additional resources to Code Enforcement for dedicated inspectors and to the Office of Civil Rights, Equity and Inclusion for a dedicated housing navigator to increase inspections, regardless of complaints, to identify and remedy unsafe and uninhabitable residential conditions regardless of a resident's willingness to risk making a formal complaint; and

WHEREAS, Washington State allows landlords to recover the cost of the first background check they secure but does not authorize them to charge a tenant for a second background check; and also allows for a portable background check option; and

WHEREAS, the City of Spokane desires to reduce the costs of background checks to tenants by supplying portable background checks at no cost to the landlord; and

WHEREAS, the City of Spokane desires to utilize funds authorized under SMC [Section 08.07C](#) to fund the housing related services of tenant relocation and legal services for qualified tenants; and

WHEREAS, the City of Spokane desires to utilize funds under SMC [Section 08.07C](#) to fund the housing related services of rental property damage mitigation for those landlords that work with programs that provide housing support to low income individuals.

NOW THEREFORE, the City of Spokane does ordain:

Section 1. That there is enacted a new chapter 10.57 of the Spokane Municipal Code to read as follows:

Chapter 10.57 Regulation of Residential Rental Housing

Section 10.57.010 Purpose and Intent

- A. The purpose of this chapter is to establish regulations supporting housing security to reduce homelessness and to establish standards and enforcement mechanisms as they relate to rental housing within the municipal boundaries of the City of Spokane. It is the intent of the Spokane City Council to continue its long-term commitment to maintain healthy, vibrant and diverse neighborhoods within the City of Spokane. The regulations contained in this chapter balance the needs of all community members to ensure safe, healthy, and thriving rental housing within the City's municipal boundaries. The City recognizes that the renting of residential property is a commercial venture that supplies the basic human need of adequate shelter. Providing housing for Spokane's residents directly impacts quality of life at the most basic level, and therefore requires regulations to ensure that this commercial venture is equitably undertaken to meet the shelter needs of City residents. This chapter attempts to ensure housing security for current and future residents and the owners of rental residential properties within the City of Spokane by providing clear expectations and bridging gaps that current state laws and market conditions have created.

- B. In an effort to discharge that responsibility, the Spokane City Council has determined that it is necessary to implement baseline standards for the rental of residential real property in Spokane, and to streamline and make more affordable the process of obtaining rental housing by establishing portable background checks, tenant relocation, and landlord mitigation programs.
- C. Washington state law and the Spokane Municipal Code already require owners and operators of rental residential properties to secure a business license and the City of Spokane intends to use the revenues from those license fees that would otherwise accrue to the general fund to support tenants and landlords in specific initiatives that will benefit landlords and tenants and increase the supply of habitable residential rental housing.
- D. Washington Law and the Spokane Municipal Code already authorizes Code Enforcement to inspect residential properties within the City for compliance with state and municipal safety and habitability standards with the consent of the resident or by court order. The City intends to provide additional resources to Code Enforcement for dedicated inspectors to increase inspections regardless of complaints to identify and remedy unsafe and uninhabitable residential conditions regardless of a resident's willingness to risk complaining. The City further intends to provide resources to create a position of rental housing navigator to support landlords and tenants in resolving conflicts between each other and City administration in achieving the goals of this chapter.

Section 10.57.020 Business Licensing and Registration

- A. Pursuant to Chapter 08.01 SMC, owning, renting, or leasing real property located in the City of Spokane constitutes engaging in business in the City and requires an annual business license and registration.
- B. The annual fee for registering the activity of renting residential real property shall be the standard annual fee described in SMC 08.02.0206(A) plus an additional \$25 per residential rental unit per year for each residential rental unit owned by the same legal entity in excess of twenty-five residential rental units. Landlords offering below market cost rentals to low income tenants may seek a waiver of the \$25 annual fee by registering with the City's affordable rental housing incentive program that will be developed by the Department of Community, Housing and Human Services.
- C. By way of applying for or renewing a City of Spokane business license, owners of residential rental housing units are required to register every rental unit and its street address located in the City of Spokane annually and certify that each property meets the requirements of RCW 59.18.060, except for situations in which the property owner lives in the same building in which the property owner

also rents no more than two units within the same building. Owners of a home who rent out an unattached accessory dwelling unit on their property must register that rental unit, even if the owner resides in the main house on that same property. A property management company may apply for and secure the required business license on behalf of a residential rental property owner.

- D. Property owners or their property managers shall provide each tenant a digital link to a web page developed and hosted by the City of Spokane Office of Civil Rights Equity and Inclusion that includes a voter registration form, a change of address form, and a tenant information packet about tenant rights and responsibilities. The City shall to the extent reasonably possible make this web page language accessible for the languages most frequently spoken in Spokane.

Section 10.57.030 Record Maintenance

- A. Any entity or individual operating rental housing shall annually provide to the city through an online portal operated by Code Enforcement a comprehensive list of individual units under their ownership, including the relevant addresses, whether market rate or below market rate, and whether occupied or unoccupied.
- B. Any entity or individual operating rental housing shall maintain all move-in and move-out inspection records for at least three years.

Section 10.57.040 Landlord Walkthroughs and Inspections

- A. Prior to any rental occupancy, the landlord or owner or manager of residential rental real property shall self-inspect the unit ensuring it meets the requirements of applicable building and housing codes impacting health, safety, and livability.
- B. The owner of residential rental real property shall make all necessary repairs to keep the premises in habitable condition as defined by the Spokane Municipal Code before a tenant may occupy the unit.
- C. Execution of any rental agreement shall act as certification by the landlord or owner or manager of residential rental real property that all relevant state and municipal building and housing codes impacting health, safety, and habitability are met.

Section 10.57.050 Inspections

- A. The City of Spokane's Code Enforcement Department may conduct both periodic and cause-based inspections of all residential rental property that is subject to this chapter.

1. Periodic inspections: Subject to the limitations in RCW 59.18.125, the Director of Code Enforcement or designee may periodically select from registered properties containing rental housing units the properties to be inspected by Code Enforcement as long as the tenant of the residence consents or a lawful court-ordered warrant for inspection is secured. The property selection process shall be based on a methodology adopted by the Director that will further the purpose of this chapter. The inspection shall review for compliance with the following requirements of the building code and Chapter 59.18 RCW:
 - a. The minimum floor area standards for a habitable room as contained in the building code.
 - b. The minimum sanitation standards as contained in the building code.
 - c. The minimum structural standards as contained in the building code.
 - d. The occupancy standards as contained in the building code.
 - e. The minimum heating standards as contained in the building code.
 - f. The minimum ventilation standards as contained in the building code.
 - g. The minimum electrical standards as contained in the building code.
 - h. The minimum standards for emergency escape window and doors as contained in the building code and fire code.
 - i. The requirements for garbage and debris removal as contained in the building code.
 - j. The requirement to provide and test smoke alarms and carbon monoxide alarms as contained in the building code.
 - k. The requirements regarding fire sprinkler or fire alarm systems (if any) required by the building code.
 - l. The requirements regarding passive fire resistive construction components contained in the building code.
 - m. The requirements related to fitness for human habitation as set forth in RCW 59.18.060.

2. In addition to periodic inspections, the Code Enforcement department is also authorized to conduct the cause-based inspections, including those provided for under RCW 59.18.115.
- B. No fees shall be assessed to landlords or tenants for the inspections authorized in this section.
- C. Code Enforcement may utilize the additional financial resources secured under this chapter to:
1. Create dedicated inspector positions for residential rental housing;
 2. Transfer funds to the Office of Civil Rights, Equity and Inclusion for a dedicated position of a Rental Housing Navigator to serve as a resource for tenants and landlords to provide education, connect landlords and tenants to resources, and assist in navigating City policies and procedures; and,
 3. To develop and maintain the rental registry described in SMC 10.57.030.

Section 10.57.060 Disclosures

- A. Prior to entering into a lease or rental agreement, the landlord, owner or manager of residential rental real property must disclose to prospective tenants whether the unit has had a history of mold, any remediation, and whether the landlord has been informed by past tenants of any health concerns related to mold.
- B. The landlord or owner or manager of residential rental real property must promptly disclose to tenants when a unit they are renting is part of a building or parcel that has been listed for sale, and in the event that the property is sold, the landlord or owner or manager of residential rental real property must provide all contact information for the new owner(s) to the tenants.
- C. The landlord or owner or manager of residential rental real property must disclose any known history of methamphetamine manufacturing on the premises.

Section 10.57.070 Portable Background and Credit Checks

- A. Purpose and Intent.
1. The screening of a prospective tenant's rental history, financial history, and criminal background is a common aspect of renting residential real property and provides an important benefit to both landlords and tenants.

2. While tenants usually pay a fee associated with this screening each time they apply for a unit, state law requires that fees collected can only cover the actual cost of screenings performed. Multiple applications for rental housing currently require prospective tenants to pay multiple fees which can be burdensome to prospective tenants, especially in a tight rental market.
3. The intent of this section is consistent with RCW 59.18.257 to support landlords getting the data they need to make an informed decision about a prospective tenant at no cost to the landlord and in compliance with state law, while ensuring that prospective tenants are not unduly burdened by the need to pay multiple background and credit check fees.

B. Portable background and credit checks program.

1. The City of Spokane's department of Code Enforcement is authorized to publish a request for qualifications ("RFQ") from consumer reporting agencies that have the capability to provide certified portable background and credit checks.
2. The content of the background and credit report must comply with state and federal laws and housing requirements, including guidance from the federal government on criminal background checks, and would be decided by the Spokane City Council upon the recommendation of an advisory group that must include representatives from landlord, tenant and social services housing organizations.
3. All portable background and credit checks conducted under this section shall be valid for at least ninety (90) days from the date of issuance.
4. The City of Spokane and its agents shall have no right to access the information included in a portable background check unless provided to them by the prospective tenant subject of the report.
5. Prospective tenants are responsible for paying the fee for the creation of the portable background and credit check and landlords cannot be charged for it. Landlords cannot charge tenants an additional fee for accessing the check.
6. Landlords that accept a portable background check pursuant to RCW 59.18.257(1)(iv) may not charge a tenant for a second background and credit screening service.
7. Nothing in this section restricts a landlord from asking a prospective tenant about their criminal, credit or rental history, or making a decision on whether or not to rent to an individual based on that history.

Section 10.57.080 Residential Rental Property Mitigation Program.

- A. The department of Community, Housing and Human Services is authorized to operate a rental property mitigation program, which is intended to assist in the repair of residential rental properties that are damaged during a tenancy where a government or nonprofit operated program, that provides housing support to low income individuals, referred the tenant to the landlord or provided a portion of their rent or damage deposit, and where damage occurs through no fault of the landlord.
- B. The City's fund will be supplemental to any similar state or federal program, and will only be used after the applicant has completed a timely and complete application for those funds, exhausted the tenant's damage deposit, and still has not been fully compensated for the damage.
- C. The department of Community, Housing and Human Services is authorized to establish public rules for the operation of the rental property mitigation fund, and shall publish and accept public comment on such rules for sixty (60) days prior to the effective date of the rules for the program.
- D. The City may contract with another entity to administer its Residential Rental Property Mitigation Program.

Section 10.57.090 Legal Services and Relocation Program

- A. City of Spokane is authorized to use monies from the Legal Services and Relocation Fund to contract with another entity to provide attorney services for tenant legal services and mediation costs, with a focus on habitability and violations of the Chapter 59.18 RCW - Residential Landlord Tenant Act ("RLTA"). The city investment would provide seed money for first year of salary and benefits for an attorney and reasonable litigation costs, including mediation fees. Legal fees from successful representation would be used to sustain the attorney(s) and associated costs for the long term.
- B. The City is further authorized to use monies from the Legal Services and Relocation Fund to contract with another entity to use the fund to provide immediate relocation funds to tenants living in rental units that in the reasonable judgment of the attorney described in Section A are below the standards of habitability and likely to be able to recover relocation funds from their landlord, which will reimburse the fund.
- C. Minimum program requirements:
 - 1. A program that focuses on pursuing legal remedies for rental housing units that clearly fall below standard of habitability defined in the Spokane

Municipal Code and/or violate the RLTA in consultation with Code Enforcement.

2. A program that provides prompt relocation funds from City directly to the tenant once it appears to the attorney described in Section A that a landlord is more likely than not to be held liable under state law and then collects from the landlord and any settlement funds as first priority a reimbursement to the relocation funds advanced and any attorney fees that could be used to fund the attorney positions in the future.
3. A program that builds increased capacity for these services, including education and outreach.

Section 10.57.101 Anti-Retaliation Protections

A. Purpose and Intent.

Due to fears of retaliation, tenants may fear speaking up about housing habitability issues or organizing as tenants. State law provides protection against retaliation, and the City of Spokane intends for its code to provide additional protections.

B. Prohibition on retaliation.

1. No landlord or owner or manager of residential rental real property in Spokane may intimidate any person because that person is engaging in activities designed to make other persons aware of, or encouraging such other persons to exercise rights granted or protected by the fair housing laws, or engaging in political speech or political organizing.
2. No person may threaten any employee or agent with dismissal or an adverse employment action, or take such adverse employment action, for any effort to assist any person in the exercise of their fair housing rights.
3. For purposes of this section, “fair housing laws” and “fair housing rights” include the federal Fair Housing Act, the Washington Law Against Discrimination, and Title 18 of the Spokane Municipal Code.

Section 10.57.110 Penalties

A. Any violation of Chapter 10.57 is a class 1 infraction.

B. For each subsequent violation by a person, the classification of infraction advances by one class. For each subsequent class 1 violation of the same prohibited activity after the first violation, the code enforcement officer and court

(in the case of contested case hearings) are authorized to double the penalty imposed.

Section 10.57.120 Appeals

- A. General. Appeals of registration denials, revocations, or suspensions; other final, written decisions or determinations made by the director under this chapter; and the written findings of an inspection by a city building code enforcement officer relative to the application and interpretation of this code (i.e., decisions) may be appealed to the hearing examiner by filing a notice of appeal in the form specified in subsection (B) of this section at the city of Spokane permit center and paying the applicable appeal fee within 14 days of issuance of the decision.
- B. Form of Notice of Appeal. A person appealing a decision must pay the applicable appeal fee and submit a completed notice of appeal which sets forth:
 - 1. The decision being appealed and the date it was issued;
 - 2. Facts demonstrating that the person is adversely affected by the decision;
 - 3. A statement identifying each alleged error in the decision;
 - 4. The specific relief requested; and
 - 5. Any other information reasonably necessary to make a decision on the appeal.
- C. No suspension or revocation of a registration issued pursuant to the provision of this chapter shall take effect until 14 days after the mailing of the notice thereof by the department and, if appeal is taken as herein prescribed, the suspension or revocation shall be stayed pending final action by the hearing examiner.
- D. The decision of the hearing examiner shall be final. The owner and/or the department may seek review of the decision by the superior court of Washington in and for Spokane County within 21 days from the date of the decision. If review is sought as herein prescribed, the suspension or revocation shall be stayed pending final action by the superior court.
- E. Upon revocation or suspension of any registration as provided in this chapter, no portion of the registration fee shall be refunded.

Section 10.57.115 Consistency with Chapter 59.18 RCW

The provisions of this chapter shall be interpreted and enforced in a manner that is consistent with the provisions of Chapter 59.18 RCW.

Section 10.57.120 Immunity, no warranty by city, and no private right of action

The purpose of this chapter is to promote the safety and welfare of the general public and not to create or designate any particular class of persons who will or should be specially protected by its terms. Nothing contained in this chapter is intended nor shall be construed to create any liability on the part of the city or its employees for any injury or damage resulting from the failure of an owner, landlord, inspector, or other individual to comply with the provisions of this chapter, or by reason or in consequence of any act or omission in connection with the implementation or enforcement of this chapter on the part of the city or its employees. By enacting and undertaking to enforce this chapter, neither the city, its agents or employees, nor the city council warrant or guarantee the safety, fitness or suitability of any dwelling in the city or any unit inspected under this program. Owners, landlords, and occupants shall take whatever steps they deem appropriate to protect their interest, health, safety and welfare. Nothing contained in this chapter is intended to create a private right of action.

Section 2. That section 07.08.139 of the Spokane Municipal Code is amended to read as follows:

Section 07.08.139 Code Enforcement Fund

- A. There is established a special revenue fund entitled “code enforcement fund” into which shall be paid all revenues derived from code enforcement operations and seventy percent of all business registration fees received by the City that include at least one registration for a residential rental unit, including any annual per residential rental unit fees.
- B. As provided in the annual budget, the code enforcement fund is appropriated to salaries and wages, maintenance and operations, debt service and capital improvements. The city council may also provide for additional revenues to be paid into such fund from time to time from any available funds of the City.
- C. The funds received from landlord registration business license fees and per residential rental unit fees in Section A shall be used exclusively to fund the rental registry and the expenses related to the investigation, enforcement and housing navigation services related to the state and municipal laws related to the habitability and safety of residential rental units and laws governing the relationships between landlords and tenants for properties located within the City of Spokane.

Section 3. That there is enacted a new section 07.08.157 of the Spokane Municipal Code to read as follows:

Section 07.08.157 Residential Rental Property Mitigation Fund

- A. There is established a special revenue fund entitled the “residential rental property mitigation fund” into which shall be paid 10% of fees from business licenses that have at least one listed residential rental property.
- B. As provided in the annual budget, the “residential rental property mitigation fund” is appropriated to provide for payment of repairs of residential rental properties that are damaged during a tenancy where a government or nonprofit operated program, that provides housing support to low income individuals, referred the tenant to the landlord or provided a portion of their rent or damage deposit, and where damage occurs through no fault of the landlord. as established by SMC 10.57.080. The city council may also provide for additional revenues to be paid into such fund from time to time from any available funds of the City, including an initial investment of startup money.

Section 4. That section 08.01.160 of the Spokane Municipal Code is amended to read as follows:

Section 08.01.160 Multiple Businesses or Locations

- A. Except as otherwise provided in this paragraph, when a registrant operates two or more businesses in the City, or two or more business locations within the City, whether or not related, a separate City business registration is required for each business or business location. For purposes of this paragraph, a single registrant that is in the business of renting multiple residential real property units in Spokane may register as a single business, but must list all residential units by street address separately as required in SMC 10.57.020(B).
- B. If a single business has at least one permanent location in the City and also conducts business on a temporary or seasonal basis from temporary or mobile locations, such as from portable stands or vehicles, the registrant must obtain a secondary location registration for each such location or stand or vehicle directly from the City as provided in SMC 8.01.070.
 - 1. To the extent such temporary or mobile activities include those activities defined in SMC 10.40.010 (Itinerant Vendor Designation) the requirements of that chapter shall also apply.
 - 2. The chief of police may temporarily suspend or relocate a secondary location registration allowing business activity on or adjacent to a public street or other public place within the boundaries of a permitted special event under chapter 10.39 SMC when such business activity may conflict with the special event.

Section 5. That there is enacted a new section 07.08.158 of the Spokane Municipal Code to read as follows:

Section 07.08.158 Legal Services and Relocation Fund

- A. There is established a special revenue fund entitled the “legal services and relocation fund” into which shall be paid two percent of all revenue collected pursuant to SMC 8.07C each year for five calendar years (2023-2027) to seed the fund and then it shall thereafter be maintained with 100% proceeds from substandard housing enforcement actions by the Legal Services and Relocation Program.
- B. As provided in the annual budget, the “legal services and relocation fund” is appropriated to provide for legal services and relocation funds arising out of rental units that fall below standards of habitability, as established by SMC 10.57.070. The city council may also provide for additional revenues to be paid into such fund from time to time from any available funds of the City.

Section 6. That section 08.01.195 of the Spokane Municipal Code is amended to read as follows:

Section 08.01.195 Engaging in Business Criteria

- A. 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 SMC 08.01.020. 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.
- B. 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.
 - 1. 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.
 - 2. Owning, renting, leasing, using, or maintaining, an office, place of business, or other establishment in the City.
 - 3. Soliciting sales.

4. Making repairs or providing maintenance or service to real or tangible personal property, including warranty work and property maintenance.
5. 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.
6. Installing, constructing, or supervising installation or construction of, real or tangible personal property.
7. Soliciting, negotiating, or approving franchise, license, or other similar agreements.
8. Collecting current or delinquent accounts.
9. Picking up and transporting tangible personal property, solid waste, construction debris, or excavated materials.
10. 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.
11. Rendering professional services such as those provided by accountants, architects, attorneys, auctioneers, consultants, engineers, professional athletes, barbers, baseball clubs and other sports organizations, chemists, consultants, psychologists, court reporters, dentists, doctors, detectives, laboratory operators, teachers, veterinarians.
12. Meeting with customers or potential customers, even when no sales or orders are solicited at the meetings.
13. 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.
14. Investigating, resolving, or otherwise assisting in resolving customer complaints.
15. 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.

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

17. Renting or leasing real property residential units to others.

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 events". 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 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 SMC 08.01.195 B.

E. The City expressly intends that engaging in business include any activity sufficient to establish nexus for purposes of applying the license fee under the law and the constitutions of the United States and the State of Washington. Nexus is presumed to continue as long as the taxpayer benefits from the activity that constituted the original nexus generating contact or subsequent contacts.

Section 7. That section 08.02.0206 of the Spokane Municipal Code is amended to read as follows:

Section 08.02.0206 **Business Registrations**

- A. A regular business registration basic fee is one hundred twenty dollars (\$120) per twelve-month period. Beginning on January 1, 2023, the regular business registration basic fee shall be one hundred twenty-seven (\$127) per twelve-month period.
- B. The basic fee for a nonresident business registration is one hundred twenty dollars (\$120) dollars per twelve-month period. Beginning on January 1, 2023, the basic fee for a nonresident business registration shall be one hundred twenty-seven (\$127) per twelve-month period.
- C. In addition to the basic registration fee, each business registration that owns in excess of twenty-five real property residential rental units must pay an additional fee of \$25 per unit per license year subject to the exception at Section 08.02.0206(F).
- D. In addition to the basic registration fee, each business must pay an additional fee for each personnel, per license year, as follows (all personnel of a business are charged the same amount corresponding to the respective category of the total number of personnel defined below):
 - 1. Businesses with fewer than six personnel in total: Ten dollars per person.
 - 2. Businesses with six to ten personnel in total: Fifteen dollars per person.
 - 3. Businesses with more than ten personnel in total: Twenty dollars per person.
- E. Whenever there is a change of ownership, the holder of the registration must notify the Washington State business licensing service within thirty days of such event. The new owner must file an application with the Washington State business licensing service to acquire a new registration, as provided in chapter 08.01 SMC.

- F. For businesses qualifying under SMC 08.01.190(A) (low gross income businesses) for a reduced registration fee, the reduced business registration fee is one-half the basic registration fee, but all applicable personnel, inspection, or other applicable fees or charges apply in full.
- G. For businesses qualifying under SMC 08.01.190(B) (nonprofit organizations) for a reduced registration fee, the reduced business registration fee is one-half the basic registration fee. Nonprofit businesses are exempt from personnel and residential rental unit fees.
- H. For businesses qualifying under SMC 08.01.190(C) (social purpose corporations) for a reduced registration fee, the reduced business registration fee is one-half the basic registration fee.
- I. For businesses qualifying under SMC 08.01.190(D) (Certified B Corporations) for a reduced registration fee, the reduced business registration fee is one-half the basic registration fee.
- J. Any Certified B Corporation certified by B Lab is exempt from personnel fees.
- K. Annual Fee Adjustment.

Effective January 1, 2011, and the first of January of each year thereafter, the business registration fees set forth in this section may be adjusted by the Chief Financial Officer by an amount equal to the consumer price index adjustment of the previous July – July U.S. All City Average (CPI-U and CPI-W). The newly determined amount shall be rounded up to the nearest dollar. In addition, the proposed adjusted fees shall be presented to the City Council for approval by ordinance and a copy of the approved fees filed with the Chief Financial Officer before becoming effective. The annual fee adjustment provided for in this section shall not apply to the personnel fee stated in SMC 08.02.0206(C).

- L. For businesses qualifying under SMC 08.01.190 E, there shall be no business registration fee.
- M. For initial business registrations filed from the effective date of this section until December 31, 2022, the business registration fee stated in SMC 08.02.0206(A) and the personnel fee stated in SMC 08.02.0206(c) are each reduced by 50%.

Section 8. Severability.

Any portion of this ordinance that is determined by a competent adjudicator to be illegal or pre-empted shall be severed from this law and the balance of the law preserved.

PASSED by the City Council on _____.

Council President

Attest:

Approved as to form:

City Clerk

Assistant City Attorney

Mayor

Date

Effective Date