



**ORDINANCE NO. 3412**

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LYNNWOOD, WASHINGTON, RELATING TO THE CITY'S BUSINESS LICENSING REQUIREMENTS; AMENDING SECTION 3.104.050 AND CHAPTERS 5.04 AND 5.06 OF THE LYNNWOOD MUNICIPAL CODE; PROVIDING FOR SEVERABILITY; ESTABLISHING AN EFFECTIVE DATE; AND PROVIDING FOR SUMMARY PUBLICATION**

WHEREAS, pursuant to Chapter 35A.82 RCW and other laws, the City of Lynnwood is authorized to require businesses operating within the City to obtain a business license and pay associated fees; and

WHEREAS, the Lynnwood City Council has previously established business licensing regulations in Title 5 of the Lynnwood Municipal Code; and

WHEREAS, the City partnered with the Department of Revenue Business License Service (BLS) to process and collect fees for general and home occupation businesses licenses on November 14, 2019; and

WHEREAS, businesses not physically located in Lynnwood whose annual value of products, gross proceeds or sales are below \$5,000 per year are not required to register with the BLS or pay any City licensing fees; and the City intends to track these businesses through a no fee license registration through the BLS; and

WHEREAS, the BLS does not collect additional fees assessed by the City including Occupancy Fees and Penalty Fees and the City intends to align its internal processes with the BLS procedures and eliminate unnecessary fees and charges; and

WHEREAS, businesses operating without a valid license are in violation of LMC 5.04 and enforcement action may be required to bring business into compliance with City codes; and

WHEREAS, the City Council has determined that the provisions of this Ordinance are necessary to further the public health, safety and general welfare, and are in the best interests of the citizens of the City;

44 NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF LYNNWOOD, WASHINGTON, DO  
45 ORDAIN AS FOLLOWS:

46  
47 Section 1: Purpose. The purpose of this ordinance is to amend LMC 3.104.050 and Chapter 5.06  
48 LMC to eliminate the Occupancy Fees in the amount of \$1 per occupancy currently charged to  
49 businesses serving alcohol and Penalty Fees on late license renewals; and to amend Chapter 5.04  
50 LMC to provide clarification on business license exemptions, no fee registrations. and  
51 enforcement of businesses operating without a valid license.

52  
53 Section 2: Amendments. Section 3.104.050, and Chapters 5.04 and 5.06, of the Lynnwood  
54 Municipal Code are amended to read as provided in Exhibit A to this Ordinance, attached hereto  
55 and incorporated by this reference.

56  
57 Section 3. Severability. If any section, sentence, clause or phrase of this ordinance should  
58 be held to be invalid or unconstitutional by a court of competent jurisdiction, such invalidity or  
59 unconstitutionality shall not affect the validity or constitutionality of any other section, sentence,  
60 clause or phrase or word of this ordinance.

61  
62 Section 4. Effective Date: This ordinance or an approved summary thereof consisting of its  
63 title shall be published in the City’s official newspaper of record and shall take effect and  
64 be in full force five days following its publication.

65  
66 PASSED this 11<sup>th</sup> day of April, 2022.

67  
68 APPROVED:

69  
70 DocuSigned by:  
71 *Christine Frizzell* 4/15/2022  
72 77ADF363AF504F4...  
73 Christine Frizzell, Mayor

74  
75 ATTEST/AUTHENTICATED:

76 DocuSigned by:  
77 *Karen Fitzthum*  
78 549561C7EC99433...  
79 Karen Fitzthum, City Clerk

80  
APPROVED AS TO FORM:

DocuSigned by:  
*Lisa Marshall*  
0C9DE54C77524E7...  
Lisa Marshall, City Attorney

## **Chapter 5.04 BUSINESS GENERALLY**

Sections:

- 5.04.002 Purpose of chapter.**
- 5.04.005 Applicability.**
- 5.04.010 Administrative authority – Definitions.**
- 5.04.020 License to conduct business and compliance with applicable law.**
- 5.04.025 Operating without a license.**
- 5.04.030 Application for license – Decision of the director – Appeal.**
- 5.04.035 Business license posting.**
- 5.04.040 Term and renewal of license.**
- 5.04.045 Revocation or suspension of business license.**
- 5.04.050 Exemptions.**
- 5.04.110 Separate licenses – When required.**
- 5.04.120 Personal identification.**
- 5.04.130 Penalty for violation of title.**

### **5.04.002 Purpose of chapter.**

This chapter is declared to be enacted for the purpose of regulating and controlling businesses, and for the purpose of providing revenue for the city of Lynnwood (“Lynnwood” or “city”). (Ord. 3343 § 1 (Exh. A), 2019; Ord. 3253 § 2 (Exh. B), 2017; Ord. 3189 § 10, 2016; Ord. 30 § 9, 1959. Formerly 5.04.090)

### **5.04.005 Applicability.**

A. Without affecting the validity and requirements of any other provisions in this chapter or any other title or chapter relating to business regulations, the provisions of this chapter shall apply to all persons who propose to or carry on business and all businesses in Lynnwood.

B. In addition to complying with the requirements of this chapter, persons, businesses or business activities that are governed specifically by other chapters in this title shall

comply with the requirements in those other chapters prior to and while engaging in or carrying on business in the city, as applicable. (Ord. 3343 § 1 (Exh. A), 2019; Ord. 3253 § 2 (Exh. B), 2017; Ord. 1089 § 10, 1979)

**5.04.010 Administrative authority – Definitions.**

A. Except as specified herein, the community development director is authorized to administer, interpret, and enforce the provisions of this title. The community development director may promulgate forms, policies, and procedures as necessary to effectively and uniformly administer these provisions.

B. As necessary, the director may designate employees of the community development department or other city department to implement or enforce the provisions of this title. Enforcement of this title shall be based upon the authority and regulations set out in this title and in Chapters 1.01 and 1.40 LMC.

C. The following definitions shall apply in construing the provisions of this title, except where otherwise declared or clearly apparent from the context:

1. “Director” means the Lynnwood community development director or the director’s designee.
2. “Department” means the community development department of Lynnwood, or any department that succeeds to the community development department’s duties under this title.
3. “Business license clerk” means city employees or agents the community development director shall designate to administer this title, or any designee thereof.
4. “Business Licensing Service” or “BLS” both mean the office within the Washington State Department of Revenue providing business licensing services to the city of Lynnwood.
5. “Person,” “firm,” “business” or “corporation” are terms that may be used interchangeably in this chapter and mean any individual, receiver, assignee, trustee in bankruptcy, estate, joint venture, joint stock company, club, partnership, business trust, corporation, limited liability company, solicitor, canvasser, association or any group of individuals acting as a unit whether mutual, cooperative, fraternal, nonprofit or otherwise.
6. “Regulatory business licenses” are business licenses which require higher levels of scrutiny during initial approvals and renewals due to the nature of the business,
7. “Business,” whether ~~resident, nonresident~~ general business, general business non-resident, or home occupation, means and includes all services and activities

engaged in with the object of pecuniary gain, benefit or advantage to the persons, or to another person or class, directly or indirectly, whether part-time or full-time.

8. "Engaging or engage in business" means commencing, conducting or continuing in any 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.

a. This subsection (C)(8) 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 minimis 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 this subsection (C)(8). If any 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:

i. 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.

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

iii. Soliciting sales.

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

v. 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.

vi. 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.

vii. Installing, constructing, or supervising installation or construction of real or tangible personal property.

viii. Soliciting, negotiating, or approving franchise, license, or other similar agreements.

ix. Collecting current or delinquent accounts.

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

xi. 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.

xii. 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, or veterinarians.

xiii. Meeting customers or potential customers, even when no sales or orders are solicited at the meetings.

xiv. 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.

xv. Investigating, resolving, or otherwise assisting in resolving customer complaints.

xvi. 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.

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

c. No license required in certain circumstances.

e. If a person, or its employees, agent, representative, independent contractor, broker or another acting on the person's behalf, engages in no other activities in or within the city but the following, it need not register and obtain a business license.

i. Meeting with suppliers of goods and services as a customer.

ii. Meeting with government representatives in their official capacity, other than those performing contracting or purchasing functions.

iii. 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 directors member or attendee engaging in business such as a member of a board of directors who attends a board meeting.

iv. Renting tangible or intangible property as a customer when the property is not used in the city.

v. 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.

vi. Conducting advertising through the mail.

vii. 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 subsection (C)(8)(c) of this section.

e. Persons engaging in only the following activities need not register and obtain a business license: (i) activities that are within the term and scope of a city special event permit, pursuant to Chapter 19.24 of this code or a community program activity as defined in LMC 19.24.010 (e.g., vendors at a temporary booth who are included under an entity’s special event or community program permit, consistent with the term and activity for which the permit was issued); or (ii) activities that are within the term and scope of a city-operated and city-managed parks event that would otherwise be exempt if they were conducted pursuant to a special events permit.

f. Farmers. No license or registration fee shall be required for any farmer, gardener, or other person to sell, deliver, or peddle any fruits, vegetables, berries, eggs, or any farm produce or edibles raised, gathered, produced, or manufactured by such person; provided, that this exemption does not apply to any dairy product, meat, poultry, eel, fish, mollusk, or shellfish (except as otherwise provided with regard to wild-caught salmon and crab under RCW 36.71.090).

g. No license or registration fee shall be required for any judge or court commissioner of the Lynnwood municipal court or for any person filling a judicial or hearing examiner position for the City of Lynnwood.

he. 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.

9 f. g. "Flea market" means and includes any person, firm or corporation, or company subleasing booths, stalls or tables within a building located within the limits of the city of Lynnwood for the purposes of placing before the public for sale, on a temporary basis, used goods, new wares or merchandise, with the exception of secondhand items subject to Chapter 5.82 LMC regulating secondhand dealers. Ord. 3343 § 1 (Exh. A), 2019; Ord. 3253 § 2 (Exh. B), 2017; Ord. 3189 § 2, 2016)

~~g. (Activities that are within the term and scope of a city special event permit, pursuant to Chapter 19.24 or a community program activity as defined in Section 19.24.010 (e.g., vendors at a temporary booth who are included under an entity's special event or community program permit, consistent with the term and activity for which the permit was issued); (3) Activities that are within the term and scope of a city operated and city managed parks event that would otherwise be exempt if they were conducted pursuant to a special events permit;~~

~~h. Farmers. No license or registration fee will be required for any farmer, gardener, or other person to sell, deliver, or peddle any fruits, vegetables, berries, eggs, or any farm produce or edibles raised, gathered, produced, or manufactured by such person; provided, that this exemption does not apply to any dairy product, meat, poultry, eel, fish, mollusk, or shellfish (except as otherwise provided with regard to wild caught salmon and crab under RCW 36.71.090).~~

~~i. No license or registration fee will be required for any judge or court commissioner of the Lynnwood municipal court or for any person filing a judicial or hearing examiner position for the City of Lynnwood (Ord.)~~

**5.04.020 License to conduct business and compliance with applicable law.**

A. It is unlawful for any person, firm, corporation or association to maintain, conduct or operate any device, vehicle or thing, or engage in any business, profession, trade, occupation or activity, without first having secured the license to do so, and paying all fees prescribed in this code.



B. Businesses licensed by the city, the licensee, and business employees shall conduct business operations and activities in compliance with applicable federal, state, and local laws and regulations.

C. The physical premises of a business licensed by the city shall conform to all applicable laws and regulations for property and structures, including but not limited to laws and regulations relating to land use, zoning, building, fire, health and safety, environment, and nuisances.

D. A business license does not confer any right or approval to alter a building, portion of building, or site. The business must apply for and obtain all land use, building and fire permits from the city prior to undertaking any such work.

E. In instances when ownership of a licensed business is transferred, or when a licensed business is moved to a new physical location, a new business license shall be required. It shall be the responsibility of the business owner to submit a complete application for a business license. The business may be granted a 30-business-day grace period to allow for continuity of business operations while the new business license application is reviewed by the city.

F. In instances when the name of the business is changed without the need for a change to the business's Unified Business Identifier as determined by the Washington State Department of Revenue, and without a change in business ownership or location, the business owner shall notify the city of the name change within 30 business days of making the change except that for name changes for a business with a license that was processed under Chapter 5.06 LMC the business owner shall notify the Business Licensing Service, which will convey the name change to the city. (Ord. 3343 § 1 (Exh. A), 2019; Ord. 3253 § 2 (Exh. B), 2017; Ord. 3189 § 3, 2016; Ord. 818 § 2, 1975; Ord. 754 § 1, 1974; Ord. 674 § 1, 1972; Ord. 30 § 2, 1959)

**5.04.025 Operating without a license.**

A. Any person who engages in or carries on a business without having obtained a business license when required to do so shall be guilty of a violation of this chapter. Any person who fails or refuses to pay any fee required under this chapter, or any part thereof, on or before the due date, shall be deemed to be operating a business without having obtained a license to do so. Except as otherwise specified, any person violating this chapter shall be guilty of a misdemeanor.

B. A business that operates, and any other business activity that occurs, within the city and that does not have a currently valid license is hereby declared to be a public nuisance. Any remedy provided by this code with respect to a public nuisance is in addition to other remedies provided under this chapter.

**5.04.030 Application for license – Decision of the director – Appeal.**

A. No license required under this chapter shall be issued except upon application made on forms prescribed by the city or as may be required for licenses administered through the Business Licensing Service. Each application for license, in addition to other requirements, shall indicate:

1. The physical address, mailing address, email address and phone numbers for the proposed business or occupation;
2. The type and nature of the proposed business or occupation which the applicant intends to operate on said premises;
3. The identity of the person or persons holding an ownership interest in the business, and those responsible for operation of the business, such as agents and officers of the corporation, business owner, or primary business manager. Telephone and email contact information shall be provided for each person identified as well as the name and contact information of the owner if the property is not owned by the business; and
4. Completion of supplemental application forms appropriate to the specific business.

B. Each license application shall be accompanied by the license fee specified by Chapters 3.104 and 5.06 LMC, in addition to any other fees required by this code

C. Upon review of a complete application for a business license, the director shall take one of the following actions:

1. Approve the application; or
2. Approve the application with conditions necessary to ensure compliance with this title; or
3. Request additional information regarding the type and nature of the proposed business, or the responsible persons; or
4. Deny the application as provided by this section.

D. In the event the director denies a business license application, the director shall provide a written explanation of the reason for the denial to the applicant, with information regarding the right of appeal. The director may deny a business license application for reasons including but not limited to:

1. If the applicant fails to submit a complete application or additional information requested by the director;

2. If the application represents business practices that would cause any person to violate any federal, state or local law or regulation;

3. If the application contains misleading or inaccurate information;

4. If the applicant, corporate officer, or other responsible party has previously had his/her business license denied or revoked in Lynnwood or elsewhere within the past two years or if there is objective information that approval of the application will result in unlawful business activity; or

5. If uncorrected violation(s) of building, zoning, safety, fire or health laws or regulations are known to exist based upon prior inspections conducted by the city, or such violations will exist based on the business proposed in the license application.

E. Following the director's approval of the application, the business license shall be issued by the city, or its designee.

F. Upon denial of an application for a business license, the fee for business employees specified by Chapter 3.104 LMC shall be returned to the applicant with the denial decision. The application fee is nonrefundable and shall be retained to cover the costs of review.

G. An applicant who is denied a license, or any person objecting to the issuance of a license, may appeal the director's decision by filing a written notice of appeal with the community development department. The appeal must be filed within 10 business days of the director's decision, include the appeal fee specified by Chapter 3.104 LMC, and state the factual grounds for the appeal. The hearing examiner shall set a date for the appeal hearing. The city shall notify the parties of record by mail of the time and place of the hearing, which shall be conducted as specified by LMC 1.35.200 et seq., Chapter 2.22 LMC and the rules for hearings adopted pursuant to LMC 2.22.080. (Ord. 3343 § 1 (Exh. A), 2019; Ord. 3253 § 2 (Exh. B), 2017; Ord. 3189 § 4, 2016; Ord. 2955 § 2, 2012; Ord. 2877 § 5, 2011; Ord. 1089 § 4, 1979; Ord. 818 § 3, 1975; Ord. 449, 1968; Ord. 82, 1961; Ord. 30 § 3, 1959)

**5.04.035 Business license posting.**

The business license issued under this chapter shall be posted in a conspicuous location at the place of business. (Ord. 3343 § 1 (Exh. A), 2019)

**5.04.040 Term and renewal of license.**

A. Except where a different term is specified or authorized by this title, business licenses shall have a term of one year (365 days) from the date of issuance.

B. Unless an alternative term is specified by the director, the term of a new license shall commence on the date of issuance of the license, and the term of a renewed license

shall commence on the day following the expiration of the existing license. Licenses issued by the director shall specify the dates of the term of the license.

C. A short-term business license may be issued for a term of 60 consecutive days.

D. The licensee shall submit a complete application for renewal of a license administered through BLS up to 60 days before the expiration of the license, and shall submit a complete application for renewal of a license administered directly through the city up to 45 days before the expiration of the license. Each license renewal application shall be on the form prescribed by the city or the city's designee, and shall be accompanied by the fee(s) specified by Chapter 3.104 LMC in addition to any other fees required by this code. The applicant shall clearly describe any changes to the nature, operation or scale of the business since approval or previous renewal.

E. Upon review of a complete license renewal application, the director shall take one of the following actions:

1. Approve the application;
2. Approve the application with conditions necessary to ensure compliance with this title;
3. Request additional information regarding the type and nature of the proposed business, or the responsible persons; or
4. Deny the application for cause as provided by this section.

F. In the event the director denies a license renewal application, the director shall provide a written explanation of the reason for the denial to the applicant, with information regarding the right of appeal. The director may deny a business license renewal application for reasons including but not limited to the reasons stated in LMC 5.04.030 for denial of an initial license application.

G. If an application for license renewal is not made as required by this section or by Chapter 5.06 LMC for licenses processed under this chapter, an application for a new license shall be required. ~~The late business license application fee specified by Chapter 3.104 LMC shall apply.~~

H. If a license expires prior to the submittal of a complete and good-faith application for renewal, the business shall be considered to be in violation of the provisions of this title. (Ord. 3343 § 1 (Exh. A), 2019; Ord. 3253 § 2 (Exh. B), 2017; Ord. 3189 § 5, 2016; Ord. 2955 § 2, 2012; Ord. 30 § 4, 1959)

I. If any person required by the provisions of this chapter to pay a license fee for any period fails or refuses to do so, he or she shall not be granted a license for the

current period until the delinquent license fee has been paid in full. Any license fee due and unpaid under this chapter and any penalties thereon shall constitute a debt to the city and may be collected in court proceedings in the same manner as any other debt in like amount, which remedy shall be in addition to all other existing remedies.

**5.04.045 Revocation or suspension of business license.**

A. The director may revoke or suspend a business license when the business operation or the licensee meets the criteria for denial of a business license application specified by LMC 5.04.030. The business license may also be suspended if operations are found to be in violation of the conditions of approval, or based upon evidence of violations of the Lynnwood Municipal Code or other criminal activity, and the proponent is unable to rectify the violations after reasonable notice by the city.

B. Upon a determination by the director that there is a basis for revocation or suspension of a business license, the director shall notify the licensee by certified and regular mail of the director's decision to revoke or suspend the license. The written decision shall specify the basis for the director's determination, the effective date of the revocation or suspension, the corrective measures required to avoid revocation or suspension, and the procedures for appeal of the director's determination.

C. The decision of the director may be appealed by filing a written appeal with the community development department within 10 business days of the date of the written decision, together with the appeal fee specified by Chapter 3.104 LMC. An appeal of the director's decision shall be conducted by the hearing examiner consistent with the provisions of LMC 1.35.200 et seq., LMC 5.04.030, Chapter 2.22 LMC, and the rules for hearings adopted pursuant to LMC 2.22.080. Upon the filing of a timely appeal, the director's decision to revoke or suspend the business license shall be stayed pending a final decision by the hearing examiner on the appeal.

D. Once a business license has been revoked the license holders shall be barred from reopening any business in the city for a period of two years from the date of revocation. (Ord. 3343 § 1 (Exh. A), 2019; Ord. 3253 § 2 (Exh. B), 2017; Ord. 3189 § 7, 2016; Ord. 2877 § 6, 2011; Ord. 1089 § 5, 1979)

**5.04.050 Exemptions.**

To the extent set forth in this section, the following persons and businesses shall be exempt from the ~~registration, license and/or~~ license fee requirements of this chapter and Chapter 5.06 LMC:

A. 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, \$5,000, and who does not maintain a place of business in the city, shall be exempt from paying all city license fees of this chapter and Chapter 5.06 LMC upon completing the in-city

income question on the application or annual renewal form. If a business qualifies for this fee exemption, it must enter the gross annual income – in the range of \$1 to \$2,000 \$5,000 – on the application form or, for renewing licensees, on the renewal form. An entry of \$0 is not acceptable. the general business license requirements and fees of this chapter and Chapter 5.06 LMC. If the city determines that a business does not meet the requirements for the fee exemption, the city will withdraw the city license registration and require that the business re-apply for the city business license and pay the applicable city fees. This exemption does not apply to any regulatory license requirements or activities that require a specialized license or permit under other chapters of the city code.

B. Any business with annual gross income of the business in the city that is equal to or less than five thousand dollars shall make available to the city upon request an affidavit confirming the income for the prior business year. A copy of the business' Internal Revenue Service Schedule C, Profit or Loss from Business, or other federal income tax forms shall be submitted as verification. If documentation is not available when business commences, the city will accept an affidavit and will require proper verification when available.

CB. For the purposes of this title, the following entities or businesses may claim exemption from the business license fee under this chapter and Chapter 5.06 LMC, but if exempt under this subsection such entities or businesses shall still apply for a business license under this chapter and Chapter 5.06 LMC. For entities or businesses making an initial application to Business Licensing Services for a new business license, the fee shall be paid at the filing of the initial application, and the fee will be refunded by Business Licensing Services or the city if it is determined that the entity or business meets the criteria for exemption:

1. Businesses or activities for which license or franchises are required by any other chapter or section of the Lynnwood Municipal Code.
2. Nonbusiness activities carried on by religious, charitable, benevolent, fraternal or social organization including:
  - a. Nonprofit, Section 501(c)3 organizations as designated by the Internal Revenue Service. Organizations must furnish proof to the Development and Business Services Department of its nonprofit status. For purposes of this chapter, the activities that are not part of the core religious functions are not exempt.
  - b. Political, Section 527 organizations as designated by the Internal Revenue Service.
3. Federal, state or local governmental entities.

4. Business operations consisting solely of the delivery of goods to a customer or client.
5. Instructors who provide public education and recreational services on behalf of a government agency.
6. Public schools.
7. Insurance providers as defined by RCW 48.17.010.
8. Condo/homeowner associations.
9. Extra building on same property (i.e., storage or warehouse). (Ord. 3343 § 1 (Exh. A), 2019; Ord. 3323 § 1, 2018)
10. A business that can demonstrate to the satisfaction of the director that it is exempt due to preemption by state or federal law.

**5.04.110 Separate licenses – When required.**

A separate license shall be obtained for each branch, establishment or separate location in which the business, calling, profession, trade, occupation or activity licensed by this title is carried on, and for each such different business, calling, profession, trade, occupation or activity carried on or device situated in any one location, and each license shall authorize the licensee to carry on, pursue or conduct only that business, calling, profession, trade, occupation or activity, or operate the device, vehicle or thing described in such license, and only at the location or in the manner indicated therein, except as may be specifically provided in this chapter. (Ord. 3343 § 1 (Exh. A), 2019; Ord. 3253 § 2 (Exh. B), 2017; Ord. 818 § 4, 1975)

**5.04.120 Personal identification.**

Whenever any person is an applicant for a license to be issued by the city, and the law or a regulation of the city requires that the applicant be investigated regarding the application, the chief of police shall require the applicant to submit photographs and/or impressions of his fingerprints for the purpose of securing identification of the applicant, including submitting the same to any law enforcement agency or the identification section of the Washington State Patrol. (Ord. 3343 § 1 (Exh. A), 2019; Ord. 3253 § 2 (Exh. B), 2017; Ord. 974 § 1, 1978)

**5.04.130 Penalty for violation of title.**

Unless a specific penalty is prescribed in this title, and in addition to other powers, any violation of the provisions of this title as now or hereafter amended is a misdemeanor and shall be punished by a fine not to exceed \$1,000 or by imprisonment not to exceed 90 days, or by both such fine and imprisonment. (Ord. 3343 § 1 (Exh. A), 2019; Ord. 3253 § 2 (Exh. B), 2017; Ord. 1089 § 1, 1979)

~~The Lynnwood Municipal Code is current through Ordinance 3396, passed August 2, 2021.~~

~~Disclaimer: The City Clerk's office has the official version of the Lynnwood Municipal Code. Users should contact the City Clerk's office for ordinances passed subsequent to the ordinance cited above.~~

~~City Website: <https://www.lynnwoodwa.gov/>  
City Telephone: (425) 670-5000~~

~~Code Publishing Company~~

## **Chapter 5.06**

# **RESIDENT, NONRESIDENT GENERAL BUSINESS,** **GENERAL BUSINESS NON-RESIDENT, HOME** **OCCUPATION**

Sections:

- 5.06.010** Definitions.
- 5.06.020** License required.
- 5.06.025** License application.
- 5.06.030** Employees' fees for resident general businesses.
- 5.06.040** License fees.
- 5.06.042** Fee adjustments.
- 5.06.043** License renewal – Penalties.
- ~~**5.06.050** Special fee assessed.~~
- 5.06.060** Payrolls subject to audit.
- 5.06.090** First-time resident general business and home occupation business license.

Prior legislation: Ord. 2698.

### **5.06.010 Definitions.**

The following definitions shall apply in construing the provisions of this title, except where otherwise declared or clearly apparent from the context:



A. "Home occupation" means the operation from a dwelling of a business which is clearly incidental to the primary use of the dwelling as living quarters and which in no manner compromises the residential character of the neighborhood in which the dwelling is located.

B. "~~Nonresident business~~" "General Non-Resident business" means and includes any business conducted in the city from an office outside of the city, not occupying a fixed place of operation within the city of Lynnwood, but which business performs work or carries on business within the city of Lynnwood.

C. "~~Resident business~~" "General business" means and includes a business occupying a fixed place of operations within the city of Lynnwood and not specifically included in nonresident or home occupation classification.

D. "Employee" means and includes any individual person employed at any business enterprise who performs any part of his duties within the city, except casual laborers not employed in the usual course of business. A sole proprietor is not an "employee." All officers, agents, dealers, franchisees, etc., of a corporation or business trust, and all but one partner of a partnership (except limited partners), are "employees" within this definition. (Ord. 3343 § 1 (Exh. A), 2019; Ord. 3323 § 2, 2018; Ord. 3253 § 2 (Exh. B), 2017; Ord. 3189 § 9, 2016; Ord. 2862 § 1, 2010; Ord. 2111 § 1, 1996; Ord. 1906 § 2, 1992; Ord. 1297 § 1, 1982; Ord. 1260 § 1, 1982; Ord. 1259 § 1, 1982; Ord. 1089 § 11(1), 1979; Ord. 1071 § 4, 1979; Ord. 818 § 1, 1975; Ord. 30 § 1, 1959)

#### **5.06.020 License required.**

Except as otherwise provided in this title, it is unlawful for any person, firm or corporation to conduct or operate any home occupation, ~~resident or nonresident~~ general business or general non-resident business in the city of Lynnwood without first obtaining a license pursuant to the provisions of this chapter. (Ord. 3343 § 1 (Exh. A), 2019; Ord. 3323 § 3, 2018; Ord. 3253 § 2 (Exh. B), 2017; Ord. 2862 § 1, 2010; Ord. 1089 § 11(2), 1979)

#### **5.06.025 License application.**

Application for the general, ~~license~~ general non-resident, and home occupation licenses required by this chapter is made through the Business Licensing Service. The application must include all information required for each license requested on the application, and all fees due for all licenses under this code, as well as the application handling fee required by RCW 19.02.075. (Ord. 3343 § 1 (Exh. A), 2019)

#### **5.06.030 Employees' fees for ~~resident~~ general businesses.**

All ~~resident~~ general businesses shall pay at the time of making application for licenses a fee based on the number of employees of the business, except that business and activity which are specially regulated and for which license fees are prescribed otherwise than as ~~resident~~ general business shall not be required to pay a fee for each employee.

Any employee so employed by a business as of January 1st of each calendar year or upon the date of application or renewal for a business license must so be reported to the business license clerk or designee as appropriate, as part of the application for or renewal of the license. (Ord. 3343 § 1 (Exh. A), 2019; Ord. 3253 § 2 (Exh. B), 2017; Ord. 2862 § 1, 2010; Ord. 1089 § 11(1), 1979; Ord. 818 § 5, 1975)

**5.06.040 License fees.**

The city's license fees for businesses shall be and the same are fixed as shown in Chapter 3.104 LMC. (Ord. 3343 § 1 (Exh. A), 2019; Ord. 3253 § 2 (Exh. B), 2017; Ord. 2862 § 1, 2010; Ord. 2656 §§ 1, 2, 2006; Ord. 2539 § 1, 2004; Ord. 2435 § 1, 2002; Ord. 2398 § 1, 2001; Ord. 2345 § 1, 2000; Ord. 2289 § 1, 1999; Ord. 1906 § 4, 1992; Ord. 1297 § 1, 1982; Ord. 1260 § 1, 1982; Ord. 1259 § 2, 1982; Ord. 1089 § 11(1), 1979; Ord. 1071 § 1, 1979; Ord. 1008 § 1, 1978; Ord. 818 § 6, 1975)

**5.06.042 Fee adjustments.**

For business license renewal applications the business license fee may be adjusted at the date of renewal to account for under- or over-reporting of the number of employees during the previous year.

A. If at any time during the previous year the number of employees exceeds the estimate submitted with the initial application, an additional license fee shall be collected by the city, in conjunction with approving the annual renewal. Such additional license fees shall be prorated by the actual number of days the additional employee(s) worked during the year.

B. At the time of renewal, if the city determines the number of employees at the end of the previous year was less than the number reported estimated for the previous year, the city may issue a refund of the excess fees collected. Such refund shall be prorated by the number of days that each of the previously reported employees who were not employed at the end of the year did not work during the calendar year. (Ord. 3343 § 1 (Exh. A), 2019; Ord. 3253 § 2 (Exh. B), 2017; Ord. 2862 § 1, 2010)

**5.06.043 License renewal – Penalties.**

A. Each license issued under this chapter must be renewed on or before the expiration date established by the Business Licensing Service in order to continue conducting business in the city.

B. Renewal of the license is done through the Business Licensing Service and must include all information required for each license being renewed, and all fees due for all licenses under this code, as well as the renewal handling fee required by RCW 19.02.075.

C. The license term and respective fee amount due may be prorated to allow synchronizing the license expiration date with the expiration assigned to the business license account established by the Business Licensing Service.

D. Any business owner who fails to renew the license by the expiration date shall incur the late renewal penalty required by RCW 19.02.085. Any business owner who submits a late license renewal application must include all information required for each license being renewed, and all fees due for all licenses under this code, as well as the renewal handling fee required by RCW 19.02.075.E. Failure to renew the license within 120 days after the expiration date shall result in the cancellation of the license and shall require application for a license as provided in this chapter in order to continue to conduct business in the city. (Ord. 3343 § 1 (Exh. A), 2019)

**~~5.06.050 Special fee assessed.~~**

~~For each business where liquor is consumed on premises, the licensee shall pay to the city a special fee in addition to the regular resident business license fee collected through the Business Licensing Service, which is as shown in Chapter 3.104 LMC. (Ord. 3343 § 1 (Exh. A), 2019; Ord. 3253 § 2 (Exh. B), 2017; Ord. 2862 § 1, 2010; Ord. 2656 §§ 1, 2, 2006; Ord. 1071 § 5, 1979)~~

**5.06.060 Payrolls subject to audit.**

A. The payrolls of all resident general businesses licensed within the city shall be subject to an audit by the city as to the number of employees employed by the resident business.

B. Each business license holder may be required, by the director or his/her designee, to file with the city copies of its quarterly reports to the State Department of Labor and Industries reporting employee hours worked. The businesses that did not file the report may be required to file an affidavit with the city reporting hours worked or the equivalent number of employees.

C. If, upon review of the reports as specified under subsection (B) of this section or the audits conducted under subsection (A) of this section, it is found that the year has been under-reported by 20 percent or more, there shall be a penalty applied to any additional fee owed, equal to 20 percent per annum of the additional fee, plus any accounting, legal or administrative expense incurred by the city in determining the under-reporting, the amount of the under-reporting or in collecting the tax and any penalty. (Ord. 3343 § 1 (Exh. A), 2019; Ord. 3253 § 2 (Exh. B), 2017; Ord. 2862 § 1, 2010; Ord. 1089 §§ 7, 11(1), 1979; Ord. 449 § 4, 1968)

**5.06.090 First-time resident general and home occupation business license.**

A first-time resident general business and/or home occupation business license fee per license issued, in the amount established by Chapter 3.104 LMC, shall accompany an application for business license. This fee shall apply to all new businesses to the city of Lynnwood, whether that application is the result of sufficient change in an existing license so as to require its replacement. (Ord. 3343 § 1 (Exh. A), 2019; Ord. 3253 § 2 (Exh. B), 2017; Ord. 2862 § 1, 2010; Ord. 2699 § 10, 2007; Ord. 2345 § 1, 2000; Ord. 2289 § 3, 1999)

~~The Lynnwood Municipal Code is current through Ordinance 3396, passed August 2, 2021.~~

~~Disclaimer: The City Clerk's office has the official version of the Lynnwood Municipal Code. Users should contact the City Clerk's office for ordinances passed subsequent to the ordinance cited above.~~

~~City Website: <https://www.lynnwoodwa.gov/>~~

~~City Telephone: (425) 670-5000~~

~~Code Publishing Company~~

### **3.104.050 LMC Title 5 fees and charges.**

The fees and charges set forth in Table 3.104.050 are the city of Lynnwood fees and charges related to the provisions of LMC Title 5.

**Table 3.104.050 – LMC Title 5 Fees and Charges**

<b>Type of Fee</b>		
<b>LMC TITLE 5 – BUSINESS REGULATIONS AND LICENSE FEES</b>		
<b>Base Fee: <del>Resident, Nonresident</del> <u>General, General Non-Resident</u> and Home Occupation – LMC 5.06.040</b>		
<del>Business license (resident and nonresident business)</del> <u>(general and general non-resident business)</u>	Initial application and base fee	\$125.00
<del>Resident and nonresident General and general non-resident business license renewals</del>		\$100.00
Home occupation initial and renewal	Per year	\$30.00
Short-term <del>resident-general</del> and <u>general</u> non-resident	60 days	\$40.00
<b>Base Fee: Resident <u>General</u> Businesses Business Employee</b>		
Each employee working 14 or less hours per week		\$48.50
Each employee working 15 or more hours per week		\$93.00

**Table 3.104.050 – LMC Title 5 Fees and Charges**

<b>Type of Fee</b>		
<b>LMC TITLE 5 – BUSINESS REGULATIONS AND LICENSE FEES</b>		
<b>Special Fee Assessed – LMC <u>5.06.040</u> and <u>5.06.050</u></b>	<b>Base Fee plus</b>	<b>\$125.00</b>
Late business license application	-	15% of total fee
Liquor license – In addition to resident business	Max. person load capacity	\$1.00
<b>Garbage Collection – LMC 5.08.020</b>	<b>In Lieu of Base Fee</b>	
Garbage collection	For each resident	\$3.00
	For each commercial account	\$100.00
<b>Pawnbroker – LMC 5.16.025</b>	<b>Base Fee plus</b>	<b>\$125.00</b>
Pawnbroker business	Per year	\$281.00
Investigation fee, per each new pawnbroker employee	One time	\$56.00
<b>Peddlers and Salesmen – LMC 5.20.030</b>	<b>Base Fee plus</b>	<b>\$125.00</b>
Investigation fee, per each new employee	Initial application	\$56.00
Special license – Daily fee	Per day	\$17.00
<b>Special Events – LMC 5.30.040</b>	<b>Base Fee plus</b>	<b>\$125.00</b>
Commercial or community special event permit	Initial permit fee	\$170.00
Repeat of previously approved event during same calendar year	Repeating	\$56.00
Commercial or community special event permit sponsored by the city of Lynnwood	Initial or repeating permit fee	No Fee
Expressive special event permit		No Fee
Appeal of director's decision on a special event permit application	Note: Appeal fee moved from LMC 5.30.080(B) to Fee Schedule.	\$500.00
<b>Adult Entertainment – LMC 5.50.050</b>		
Adult entertainment premises license	Per year	\$2,809.00

**Table 3.104.050 – LMC Title 5 Fees and Charges**

<b>Type of Fee</b>		
<b>LMC TITLE 5 – BUSINESS REGULATIONS AND LICENSE FEES</b>		
Adult entertainer's license	Per year	\$281.00
Adult entertainment manager	Per year	\$1,124.00
<b>Day Spas – LMC 5.55.040</b>	<b>Base Fee plus</b>	
Body scrub facility	Per year	\$40.00
Investigation fee – Nonrefundable	Initial application, per facility and per each new employee overseeing body scrubs	\$40.00
<b>Panorams, Previews, Picture Arcades, Peep Shows – LMC 5.62.050</b>		
Panoram premises license	Per year	\$561.50
Panoram device license	Per year for each device	\$56.00
Panoram manager's license	Per year	\$28.00
Master license fee – Required if no premises license	Per year	\$339.00
<b>Secondhand Dealers – LMC 5.82.020</b>		
Dealers	Per year	\$280.00
\$1,000.00 bond required	Annually	
Employees – LMC 5.82.025	Per year	\$56.00

(Ord. 3344 § 1 (Exh. A), 2019; Ord. 3253 § 1 (Exh. A), 2017; Ord. 3237 § 2 (Exh. A), 2016)