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**Exemption for Businesses Grossing Less Than \$50,000**

Section 5.04.260, “Alternative Rate: Small business enterprises,” allows businesses with annual gross receipts less than \$250,000, except rental and cannabis businesses, to pay a flat rate of \$100, instead of the rate that would otherwise apply pursuant to Sections 5.04.200 through 5.04.230.

The following proposal retains the substance of that term and adds an additional business tax exemption for any business with annual gross receipts less than \$50,000. Those businesses would be exempt from the business tax. All business would remain obligated to timely file for and obtain a business tax certificate.

**Proposal**

**5.04.260 Alternative Rate: Small business enterprises.**

- A. *Businesses Under \$50,000.* Subject to subsection (C), any person whose annual gross receipts are not over \$50,000 shall pay no business tax.
- B. *Businesses Under \$250,000.* Subject to subsection (C), any person who meets the following criteria may elect to pay business tax either at the rates stated above or, as an alternative, at a flat amount of \$100 for each business tax certificate:
  - 1. Annual gross receipts are over \$50,000 but are not over \$250,000; and
  - 2. Business activity is not classified as Class K, residential rental or non-residential rental, or Class L, cannabis businesses.
- C. *Business Tax Certificate Requirement.* Any person claiming application of this section to their business activities shall be required to obtain a business tax certificate upon commencement of business activities in the City, and each year thereafter, on or before the date taxes would otherwise be due pursuant to 5.04.300. The failure to obtain a business tax certificate shall render this section inapplicable to the person’s business activities and shall subject the person to the tax rates that would otherwise apply under 5.04.200 through 5.04.230, as well as to any applicable interest and penalties.

The city may require any person to submit documentation deemed necessary by the city administrator to justify application of this section.

Original

**5.04.260 Alternative Rate: Small business enterprises.**

- A. Notwithstanding any other provisions of this chapter, small business enterprises may elect to pay business tax either at the rates stated above or, as an alternative, at a flat amount of \$100 for each business tax certificate. The city may require any small business enterprise to submit any documentation deemed necessary by the city administrator to monitor the application of this exemption.

Any person claiming exemption pursuant to this section shall be required to obtain a business license and timely file for the alternative rate and subsequent renewals before the applicable delinquency date. The failure to timely file or renew prior to the date the taxes would otherwise have been delinquent shall render the alternative rate inapplicable and shall subject the person to the tax that would otherwise be payable as well as to any applicable interest and penalties.

- B. The term "small business enterprise" shall mean and include any person who meets both of the following criteria:
1. Annual gross receipts that do not exceed \$250,000; and
  2. Business activity is not classified as Class K, residential rental or non-residential rental, or Class L, cannabis businesses.

Redline

(additions are underlined, deletions are ~~struck through~~, moves are double underlined)

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B. Businesses Under \$250,000. Subject to subsection (C), any person who meets the following criteria may elect to pay business tax either at the rates stated above or, as an alternative, at a flat amount of \$100 for each business tax certificate:

1. Annual gross receipts are over \$50,000 but are not over ~~that do not exceed~~ \$250,000; and
2. Business activity is not classified as Class K, residential rental or non-residential rental, or Class L, cannabis businesses.

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C. Business Tax Certificate Requirement. ~~Any person claiming exemption pursuant to application of this section to their business activities shall be required to obtain a business license tax certificate upon commencement of business activities in the City, and each year thereafter, on or before the date taxes would otherwise be due pursuant to 5.04.300. and timely file for the alternative rate and subsequent renewals before the applicable delinquency date. The failure to timely file or renew prior to the date the taxes would otherwise have been delinquent obtain a business tax certificate shall render the alternative rate this section inapplicable to the person's business activities and shall subject the person to the tax rates that would otherwise apply under 5.04.200 through 5.04.230, that would otherwise be payable as well as to any applicable interest and penalties.~~

City Council  
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