

ORDINANCE No. 114708

COUNCIL BILL No. 107530

AN ORDINANCE relating to admission taxes, amending Seattle Municipal Code Section 5.40.025 to exempt from admission taxes bowling and certain fund raising activities of non-profit tax-exempt human services organizations; and subdividing Section 5.40.025 in connection therewith.

*Law Department*

The City of Seattle--Legislative

**REPORT OF COMMITTEE**

Honorable President:

Your Committee on

*Finance & Personnel*

to which was referred the within Council Bill No. 107530 report that we have considered the same and respectfully recommend t

COMPTROLLER FILE No.

Introduced: <i>Sept 15, 1989</i>	By: <i>Galle</i>
Referred: <i>Sept 5, 1989</i>	To: <i>Arnold + Personnel</i>
Referred:	To:
Referred:	To:
Reported: <i>SEP 1 1 1989</i>	Second Reading: <i>SEP 1 1 1989</i>
Third Reading: <i>SEP 1 1 1989</i>	Signed: <i>SEP 1 1 1989</i>
Presented to Mayor: <i>SEP 1 2 1989</i>	Approved: <i>SEP 1 9 1989</i>
Returned to City Clerk: <i>SEP 1 9 1989</i>	Published:
Vetoed by Mayor:	Veto Published:
Passed over Veto:	Veto Sustained: 

*Pass 9/7/89*

*Virginia Galle*

Committee Chair

Law Department

Seattle--Legislative

The City of Seattle--Legislative Department

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Date Reported  
and Adopted

*Finance & Personnel*

Honorable President:  
Your Committee on *Finance & Personnel*

No. *107530*  
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report that we have considered the same and respectfully recommend that the same:

*9/7/89*

*Pass 9/7/89*

*Approved*

SEP 11 1989

SEP 14 1989

SEP 19 1989

*Virginia Galle*

*Virginia Galle*

Committee Chair

Committee Chair



JGB:bjw  
9/1/89

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C.R. ~~107519~~  
107530

ORDINANCE 114708

AN ORDINANCE relating to admission taxes, amending Seattle Municipal Code Section 5.40.025 to exempt from admission taxes bowling and certain fund raising activities of non-profit tax-exempt human services organizations; and subdividing Section 5.40.025 in connection therewith.

WHEREAS, bowling alleys in Seattle are in competition with out-of-city alleys, and the admission tax places Seattle bowling alleys at a disadvantage. Sales taxes and admission taxes together impose a 13.1% surcharge upon fees for bowling in Seattle. By comparison, King County, Bothell, Issaquah, Kent, Mercer Island, Tukwila and other suburban cities have no admission taxes. The amount of the combined taxes and the out-of-city competition has caused the closure of most of Seattle's bowling alleys within the last decade so that only four bowling alleys now remain. An exemption from admission taxes is necessary to preserve this recreation in Seattle.

WHEREAS, the City Council staff has recommended that the City exempt from admission taxes the fund raising activities of non-profit tax-exempt organizations providing human services. The Washington Supreme Court in Forbes v. The City of Seattle, Cause No. 56357-5, is considering the validity of the City's exemption of performances and exhibitions of non-profit tax-exempt arts and cultural organizations; and deferring the decision whether or not to exempt performances and exhibitions sponsored by human services organizations will allow the City to secure guidance from the Court's decision; Now, Therefore,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. Seattle Municipal Code Section 5.40.025 (Ordinance 111449, Section 2 as last amended by Ordinance 113498, Section 1) is subdivided further and amended as follows:

5.40.025 Tax Exemption - Minimum Charge; Schools; Bumbershoot.

((A)) The Admission tax as defined in Section 5.40.020 shall not apply to anyone paying an admission charge:

1. In the amount of ten cents (\$0.10) or less; or
2. To any activity of any elementary or secondary school as contemplated by RCW 35.21.280; or

1 ((5-)) 3. To the annual Bumbershoot Festival held on  
2 Labor Day and the preceding Friday, Saturday and Sunday at the  
3 Seattle Center.

4 5.40.026 Tax Exemption - Arts, Culture, Science  
5 Organizations.

6 A. The Admission Tax as defined in Section 5.40.020 shall  
7 not apply to anyone paying an admission charge:

8 ((3-)) 1. To an opera, concert, dance recital or like  
9 musical entertainment, a play, puppet show or dramatic  
10 reading, an exhibition of painting, sculpture, or artistic or  
11 historical objects or to a museum, historic vessel or science  
12 center when all of the following three (3) criteria are met:

13 a. A college or university or nonprofit tax-exempt  
14 organization, as defined in Section 5.40.010 and registered  
15 under Sections 5.40.080 and 5.40.085, that meets one (1) or  
16 more of the following criteria:

17 i. Publicly sponsors and through its members,  
18 representatives, or personnel promotes, publicizes and  
19 distributes most of the tickets for admission; or

20 ii. Publicly sponsors and presents the event at  
21 a facility it owns or leases as lessee for a term of not less  
22 than one (1) month; or

23 iii. Publicly sponsors and:

24 (A) Performs a major portion of the  
25 performance, or

26 (B) Supplies a major portion of the  
27 materials on exhibition, or

28 (C) When the event is part of a season or  
series of performances or exhibitions, performs the major

1 portion of the performances or exhibitions in the season or  
2 series; and

3 b. The college, university or nonprofit tax-exempt  
4 organization receives the use and benefit of admission charges  
5 collected; and

6 c. In the case of a performance, the seating  
7 capacity of the location where the event occurs is three  
8 thousand one hundred (3,100) people or less, or, in the case  
9 of an exhibition, no more than three thousand one hundred  
10 (3,100) people are permitted on the premises at any one time;  
11 and

12 2. ~~((4+))~~ To the following activities of nonprofit  
13 tax-exempt organizations as defined in Section 5.40.010 and  
14 registered under Sections 5.40.080 and 5.40.085:

15 a. Dinners with entertainment, including but not  
16 limited to dinner dances and dinner theaters;

17 b. Auctions;

18 c. Fashion shows;

19 d. Wine or beer tasting parties;

20 e. Haunted houses;

21 f. Art lectures and art lecture series;

22 g. Tours of the following:

23 i. Homes;

24 ii. Historical sites;

25 iii. Historical vessels;

26 iv. Pubs and taverns;

27 v. Hotels; and

28 B. The exemption to the admission tax as provided in  
((Section 5.40.025 A 3)) this section shall not apply to:

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1. An athletic event;
2. An event in which a college, university or nonprofit tax-exempt organization lends its name to an endorsement for an ineligible person for the purpose of invoking the tax exemption.

5.40.027 Tax Exemption - Bowling

The Admission Tax as defined in Section 5.40.020 shall not apply to anyone paying an admission charge to actively participate bowling or to rent bowling shoes or equipment.

The tax shall apply where the person paying the admission charge at a bowling alley is primarily a spectator or passive participant or the admission charge is made for attending or participating in activities other than bowling.

5.40.028 Tax Exemption - Human Services Agencies

A. When the criteria in subsection B are met the Admission Tax as defined in Section 5.40.020 shall not apply to anyone paying an admission charge to the following activities of a nonprofit human services agency:

1. Dinners with entertainment, including but not limited to dinner dances and dinner theaters;
2. Auctions;
3. Fashion Shows;
4. Wine or beer tasting parties;
5. Haunted houses;
6. Lectures or lecture series in the organization's area of activity;
7. Tours of the following:
  - i. Homes;
  - ii. Historical sites;
  - iii. Historical vessels;

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1                    iv. Pubs and taverns;

2                    v. Hotels; and

3                    vi. Facilities of the agency.

4                    B. To qualify, a nonprofit human services agency must  
5                    meet these criteria:

6                    1. The agency must be organized and operated  
7                    exclusively for religious or charitable purposes to provide  
8                    food, clothing, shelter, acute/emergent medical care for those  
9                    in need; to provide employment and training programs approved  
10                   by the Washington State Department of Labor and Industries; to  
11                   provide crisis counseling or intervention; to prevent child or  
12                   spousal abuse; to furnish travelers aid; to provide disaster  
13                   relief; or provide similar services;

14                   2. The agency must be recognized by the United  
15                   States as exempt from federal income taxation pursuant to  
16                   Section 501 (c)(3) of the Internal Revenue Code of 1954, 26  
17                   USC § 501 (c)(3), as now existing or hereafter amended; or a  
18                   division, department or instrumentality of state or local  
19                   government devoted to human services;

20                   3. The agency must be registered with the Director  
21                   of Licenses and Consumer Affairs pursuant to Section 5.40.080  
22                   and 5.40.085 at least thirty (30) days prior to the event.

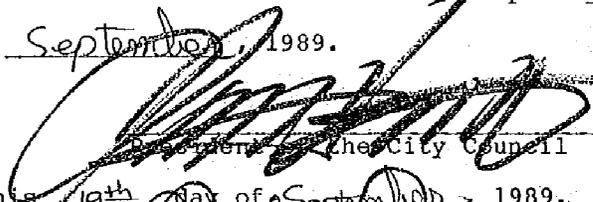
23                   4. The agency must be fiscally responsible for  
24                   the event and receive the full benefit and use of the proceeds  
25                   from the event. If the agency contracts with a non-exempt  
26                   person to conduct the event on its behalf, the exemption  
27                   applies only if the exempt agency receives payment of its  
28                   expenses and charges a net sum equal to at least twenty  
                     percent (20%) of the anticipated gross of admission charges.

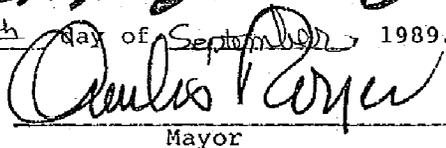
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C. The tax will apply to an event held at a location where the seating capacity is three thousand one hundred (3,100) people or more, or in the case of a facility without reserved seating or outdoors, three thousand one hundred (3,100) people are permitted on the premises at any one time.

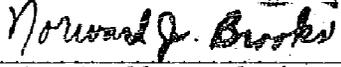
Section 3. This ordinance shall take effect January 1, 1990. Taxes collected through December 31, 1989 shall not be refunded. Tickets for admissions to events exempt from taxes under Section 5.40.028 that occur on or after January 1, 1990 need not show admission taxes and no admission taxes shall be charged on advance ticket sales.

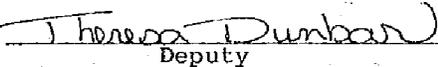
PASSED by a majority vote of all the members of the City Council the 11th day of September, 1989, and signed by me in open session in authentication of its passage this 11th day of September, 1989.

  
\_\_\_\_\_  
Mayor of the City Council

Approved by me this 19th day of September, 1989.  
  
\_\_\_\_\_  
Mayor

Filed by me this 19th day of September, 1989.

ATTEST:   
\_\_\_\_\_  
City Comptroller and City Clerk

By:   
\_\_\_\_\_  
Deputy

(SEAL)

Published \_\_\_\_\_

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TIME AND DATE STAMP

**SPONSORSHIP**

THE ATTACHED DOCUMENT IS SPONSORED FOR FILING WITH THE CITY COUNCIL BY  
THE MEMBER(S) OF THE CITY COUNCIL WHOSE SIGNATURE(S) ARE SHOWN BELOW:

*Virginia Galle*

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**FOR CITY COUNCIL PRESIDENT USE ONLY**

COMMITTEE(S) REFERRED TO:

\_\_\_\_\_  
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\_\_\_\_\_

\_\_\_\_\_  
PRESIDENT'S SIGNATURE

C S 20 28

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE  
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STATE OF WASHINGTON - KING COUNTY

19671  
City of Seattle

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No.

Affidavit of Publication

The undersigned, on oath states that he is an authorized representative of The Daily Journal of Commerce, a daily newspaper, which newspaper is a legal newspaper of general circulation and it is now and has been for more than six months prior to the date of publication hereinafter referred to, published in the English language continuously as a daily newspaper in Seattle, King County, Washington, and it is now and during all of said time was printed in an office maintained at the aforesaid place of publication of this newspaper. The Daily Journal of Commerce was on the 12th day of June, 1941, approved as a legal newspaper by the Superior Court of King County.

The notice in the exact form annexed, was published in regular issues of The Daily Journal of Commerce, which was regularly distributed to its subscribers during the below stated period. The annexed notice, a

ORD 114708

was published on

09/27/89

The amount of the fee charged for the foregoing publication is the sum of \$ \_\_\_\_\_, which amount has been paid in full.

Bethany Morris

Subscribed and sworn to before me on

SEP 27 1989  
Lee Ray

Notary Public for the State of Washington,  
residing in Seattle

Affidavit of Publication

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