

ORDINANCE No. 119566

COUNCIL BILL No. 112746

*Law Department*

The City

*[Signature]*

Honorable President:

Your Committee on \_\_\_\_\_

to which was referred the within Co report that we have considered the

*Passed 4-0*

AN ORDINANCE relating to over and underpayment of business and occupation taxes, authorizing the payment of interest upon refund of overpaid taxes, setting the rate of interest to be paid on refunds, and amending Chapter 5.44 of the Seattle Municipal Code in accordance therewith.

COMPTROLLER FILE No. \_\_\_\_\_

Introduced: <i>JUN 28 1999</i>	By: <i>CHOE</i>
Referred: <i>JUN 29 1999</i>	To: <i>Finance &amp; Budget Committee</i>
Referred:	To:
Referred:	To:
Reported: <i>8/2/99</i>	Second Reading: <i>Full Council vote 7-0</i>
Third Reading:	Signed:
Presented to Mayor: <i>8/2/99</i>	Approved:
Returned to City Clerk: <i>AUG 01 1999</i>	Published: <i>F.T. [initials]</i>
Vetoes by Mayor:	Veto Published:
Passed over Veto:	Veto Sustained:

*Down  
Law  
Committee  
8/2/99*

*[Handwritten mark]*

*Department*

# The City of Seattle - Legislative Department

Date Reported  
and Adopted

## REPORT OF COMMITTEE

able President:

Committee on

was referred the within Council Bill No.

that we have considered the same and respectfully recommend that the same:

*Passed 4-0 7/21/99*

*ES  
Dis  
Approved  
7/21/99*

Committee Chair

ORDINANCE **119566**

AN ORDINANCE relating to over and underpayment of business and occupation taxes, authorizing the payment of interest upon refund of overpaid taxes, setting the rate of interest to be paid on refunds, and amending Chapter 5.44 of the Seattle Municipal Code in accordance therewith.

WHEREAS, it is in the best interest of the City of Seattle to allow a reasonable rate of interest to be paid on the amount of taxes overpaid by persons subject to taxation by the City; and

WHEREAS, setting this rate at a lower amount than the rate the City is authorized to collect on unpaid taxes will encourage the prompt filing of tax returns, as well as the prompt resolution of disputes over the application of the City's tax code; and

WHEREAS, providing a fair and effective system of taxation is in the best interest of the City and its taxpayers, NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. Subsection 5.44.100(G) of the Seattle Municipal Code and Ordinance 119257, Section 1, is amended as follows:

**5.44.100 Under or over payment of tax or fee.**

\* \* \*

G. Refund of overpayments as authorized in this section shall be paid from the Refund Account of the General Fund. ~~((No))~~ ~~((i))~~ Interest shall be allowed on any refund or credit granted under this chapter at the rate of five percent (5%) per annum.

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Section 3. This ordinance shall take effect and be in force thirty (30) days from and after its approval by the Mayor, but if not approved and returned by the Mayor within ten (10) days after presentation, it shall take effect as provided by Municipal Code Section 1.04.020.

Passed by the City Council the 2<sup>nd</sup> day of August, 1999, and signed by me in open session in authentication of its passage this 2<sup>nd</sup> day of August, 1999.

Richard J. McDon  
President of the City Council

Approved by me this 6<sup>th</sup> day of August, 1999.

Paul Schell  
Mayor

Filed by me this 6<sup>th</sup> day of August, 1999.

Judith E. Papp  
City Clerk

(Seal)



# City of Seattle

Paul Schell, Mayor

## Executive Services Department

Dwight D. Dively, Director

### MEMORANDUM

Date: June 20, 1999

To: Honorable Sue Donaldson, President  
Seattle City Council

Via: Barb Gangwer, CBO

From: Dwight D. Dively, Director *DDD*  
Executive Services Department

Subject: AN ORDINANCE relating to over and underpayment of business and occupation taxes, authorizing the payment of interest upon refund of overpaid taxes, setting the rate of interest to be paid on refunds, and amending Chapter 5.44 of the Seattle Municipal Code in accordance therewith.

The attached ordinance amends SMC 5.44.100 (G) to provide for interest computations on any overpayment of taxes by a taxpayer. Presently, the City collects interest on tax underpayments at a rate of ten percent (10%) per annum, while providing no interest on refunds or credits. This disparity is a common characteristic with most local governments' taxation methodologies, since tax revenue is usually spent in the year in which it is collected. Large unanticipated refunds, with interest payments included, could have a detrimental effect on an annual budget.

In recent court cases where taxpayers were awarded a refund, and where their taxing jurisdiction's code was silent on the issue of paying interest on refunds, the courts provided interest payments at the statutory rate of twelve percent (12%). For this reason, and to provide for more equitable interest between taxpayer assessments and refunds, we are submitting the attached ordinance for your approval.

The fiscal impact associated with this amendment is an estimated reduction in revenue of \$30,000 for 1999 and \$70,000 for 2000.

If you have any questions, please call Mel McDonald, Director of the Revenue and Consumer Affairs Division at 233-0071.

cc: Mel McDonald  
Steve Gross





# City of Seattle

Paul Schell, Mayor

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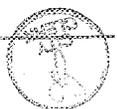
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cc: Mel McDonald  
Steve Gross



**Attachment B: Fiscal Note Template**

Each piece of legislation that is financial in nature will be accompanied by a fiscal note. The fiscal note should be drafted by department staff and will identify operating, capital, revenue, and FTE impacts of the legislation.

<b>Department:</b> ESD	<b>Contact Person/Phone:</b> Mel McDonald 3-0071	<b>CBO Analyst/Phone:</b> Barb Gangwer
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**Legislation Title:** AN ORDINANCE relating to over and underpayment of business and occupation taxes, authorizing the payment of interest upon refund of overpaid taxes, setting the rate of interest to be paid on refunds, and amending Chapter 5.44 of the Seattle Municipal Code in accordance therewith.

**Summary of the Legislation:** \_\_\_\_\_

The attached ordinance amends SMC 5.44.100 (G) to provide for interest computations on any overpayment of taxes by a taxpayer. Presently, the City collects interest on tax underpayments at a rate of ten percent (10%) per annum, while providing no interest on refunds or credits. This disparity is a common characteristic with most local governments' taxation methodologies, since tax revenue is usually spent in the year in which it is collected. Large unanticipated refunds, with interest payments included, could have a detrimental effect on an annual budget.

**Background (Include justification for the legislation and funding history, if applicable):** \_\_\_\_\_

In recent court cases where taxpayers were awarded a refund, and where their taxing jurisdiction's code was silent on the issue of paying interest on refunds, the courts provided interest payments at the statutory rate of twelve percent (12%). This legislation will provide more equitable treatment of interest on tax refunds and assessments.

**Sustainability Issues (related to grant awards):** \_\_\_\_\_

\_\_\_\_\_

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**Sustainability Issues (related to grant awards):**



**Estimated Expenditure Impacts:**

FUND	1998	1999	2000
N/A			
<b>TOTAL</b>			

One-time \$ \_\_\_\_\_

On-going \$ \_\_\_\_\_

**Estimated Revenue Impacts:**

FUND	1998	1999	2000
General Fund 00100		(30,000)	(70,000)
<b>TOTAL</b>		(30,000)	(70,000)

One-time \$30,000 \_\_\_\_\_

On-going \$ \_\_\_\_\_

**Estimated FTE Impacts:**

FUND	1998	1999	2000
N/A			
<b>TOTAL</b>			

# Full Time \_\_\_\_\_ # Part Time \_\_\_\_\_ # TES \_\_\_\_\_

Do positions sunset in the future? If so, when?

N/A

**Other issues (including long-term implications of the legislation):**

The estimated reduction in revenue listed above are based upon anticipated tax refunds for the years 1999 and 2000.



**Estimated Expenditure Impacts:**

FUND	1998	1999	2000
N/A			
<b>TOTAL</b>			

One-time \$ \_\_\_\_\_

On-going \$ \_\_\_\_\_

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General Fund 00100		(30,000)	(70,000)
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FUND	1998	1999	2000
N/A			
<b>TOTAL</b>			

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Do positions sunset in the future? If so, when?

N/A  
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 \_\_\_\_\_  
 \_\_\_\_\_

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ORDINANCE \_\_\_\_\_

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Passed by the City Council the \_\_\_\_ day of \_\_\_\_\_, 1999, and signed by me in open session in authentication of its passage this \_\_\_\_ day of \_\_\_\_\_, 1999.

\_\_\_\_\_  
President \_\_\_\_\_ of the City Council

Approved by me this \_\_\_\_ day of \_\_\_\_\_, 1999.

\_\_\_\_\_  
Mayor

Filed by me this \_\_\_\_ day of \_\_\_\_\_, 1999.

\_\_\_\_\_  
City Clerk

(Seal)

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:

*Matthia Choe*

_____	_____
_____	_____
_____	_____
_____	_____

\_\_\_\_\_

**FOR CITY COUNCIL PRESIDENT USE ONLY**

COMMITTEE(S) REFERRED TO: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

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

STATE OF WASHINGTON - KING COUNTY

108984

City of Seattle, City Clerk

—ss.

No. ORD IN FULL

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

CT:ORD 119566/FULL

was published on

08/13/99

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

[Signature]

Subscribed and sworn to before me on

08/13/99

[Signature]

Notary Public for the State of Washington, residing in Seattle

# City of Seattle

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Passed by the City Council the 2nd day of August, 1999, and signed by me in open session in authentication of its passage this 2nd day of August, 1999.

RICHARD J. McIVER,  
President of the City Council.  
Approved by me this 4th day of August, 1999.

PAUL SCHELL,  
Mayor.  
Filed by me this 6th day of August, 1999.  
(Seal) JUDITH E. PIPPIN,  
City Clerk.  
Publication ordered by JUDITH PIPPIN,  
City Clerk.

((Boldface denotes deletion))  
Date of official publication in Daily Journal of Commerce, Seattle, August 13, 1999. 8/13(108984)