

Ordinance No. 120533

Council Bill No. 113719

The City of Seattle
Council Bill/Ordinance

AN ORDINANCE relating to admission taxes, broadening the definition of nonprofit human services agencies, extending the exemption from admission tax to coordinating funding agencies, and amending Section 5.40.028 of the Seattle Municipal Code in connection therewith.

Finance, Budget
- Do Pass

CF No. _____

Date Introduced: <u>JUN 25 2001</u>		
Date 1st Referred:	To: (committee) <u>City Budget & Economic Development Committee</u>	
Date Re - Referred:	To: (committee)	
Date Re - Referred:	To: (committee)	
Date of Final Passage: <u>9-24-01</u>	Full Council Vote: <u>9-0</u>	
Date Presented to Mayor: <u>9-25-01</u>	Date Approved: <u>9/28/01</u>	
Date Returned to City Clerk: <u>10/2/01</u>	Date Published: <u>SPD</u>	T.O. <input type="checkbox"/> F.T. <input checked="" type="checkbox"/>
Date Vetoed by Mayor:	Date Veto Published:	
Date Passed Over Veto:	Veto Sustained:	

9-24-01 Pass

This file is complete and ready

Law Department

Law Dept. Review

The City of Seattle - Legislative Department

Council Bill/Ordinance sponsored by:

Jan Page

Councilmember

Committee Action:

Finance Budget & Economic Development Comm.

- Do Pass, 4-0, 9/19/01.

9-24-01 Passed 9-0

This file is complete and ready for presentation to Full Council.

Committee:

(initial/chain)

Law Department

Law Dept. Review

OMP
Review

(Signature)
City Clerk
Review

(Signature)
Electronic
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Indexed

ORDINANCE 120533

AN ORDINANCE relating to admission taxes, broadening the definition of nonprofit human services agencies, extending the exemption from admission tax to coordinating funding agencies, and amending Section 5.40.028 of the Seattle Municipal Code in connection therewith.

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. SMC Section 5.40.028 is amended to read as follows:

SMC 5.40.028 Tax exemption -- Human services agencies.

A. ~~((When the criteria in subsection B are met, t))~~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:
 - a. Homes;
 - b. Historical sites;
 - c. Historical vessels;
 - d. Pubs and taverns;
 - e. Hotels; and
 - f. Facilities of the agency.



1 The exemption shall apply only if the nonprofit human services agency is fiscally responsible for the
2 activities and receives the full benefit and use of the proceeds derived from them.

3 B. ~~((To qualify, a))~~ A nonprofit human services agency ~~((must meet these criteria))~~ for the
4 purposes of this tax exemption means:

5 1. ~~((The agency must be))~~ A person organized and operated exclusively for the religious or
6 charitable purposes ~~((to provide))~~ listed in subsection (B)(2):

7 2. A person that provides any of the following religious and charitable services:

8 a. ~~((f))~~ Food, clothing, shelter, ~~((acute/emergent-))~~ or medical care ~~((for-))~~ of the kind
9 provided by a hospital or doctor, to those in need; ~~((to provide))~~

10 b. ~~((e))~~ Employment and training programs approved by the Washington State
11 Department of Labor and Industries; ~~((to provide crisis-))~~

12 c. ~~((e))~~ Counseling, ~~((or-))~~ intervention ~~((to prevent))~~ , or child or spousal abuse
13 services;

14 d. Hospice care;

15 e. ~~((to furnish-t))~~ Travelers aid;

16 f. ~~((to provide d))~~ Disaster relief; ~~((or provide similar services;))~~

17 g. Health care research;

18 h. Referral services to other human services agencies; or

19 i. Any other religious or charitable service similar to those listed above;

20 and

21 ~~((2))~~ 3. ~~((The agency must be-))~~ A person recognized by the United States as exempt from federal
22 income taxation pursuant to Section 501 (c)(3) of the Internal Revenue Code of 1954, 26 U.S.C. Section
23



1 501 (c)(3), as now existing or hereafter amended; or a division, department or instrumentality of state or
2 local government devoted to human services(;;).

3 ~~((3.— The agency must be registered with the Finance Director pursuant to Sections 5.40.080~~
4 ~~and 5.40.085 at least thirty (30) days prior to the event.))~~

5 C. The exemption in subsection A shall apply to activities conducted by a person other than a
6 nonprofit human services agency only if:

7 1. A nonprofit human services agency contracts with that person to conduct the activities on
8 its behalf; and

9 ~~((4))~~2. The nonprofit human services agency ((must be))remains fiscally responsible for the
10 ~~((event))~~activities and receives the full benefit and use of the proceeds from ((the event. If the agency
11 ~~contracts with a non-exempt person to conduct the event on its behalf, the exemption applies only if the~~
12 ~~exempt agency receives payment of its expenses and charges a net sum equal to at least))~~them. The
13 nonprofit human services agency will be deemed to have received full benefit and use of the proceeds if
14 the nonprofit human services agency receives from the person under contract, payments equaling the
15 nonprofit human services agency's expenses plus twenty percent (20%) or more of the anticipated gross
16 ~~((of))~~admission charges.

17 D. The exemption in subsection A shall also apply to activities conducted by a coordinating funding
18 agency that is not a nonprofit human services agency.

19 E. For purposes of subsection (D), "coordinating funding agency" means:

20 1. A person recognized by the United States as exempt from federal income taxation
21 pursuant to Section 501 (c)(3) of the Internal Revenue Code of 1954, 26 U.S.C. Section 501 (c)(3), as
22 now existing or hereafter amended; and



1 2. A person organized and operated for the purpose of providing funding to nonprofit
2 human services agencies as defined in subsection (B).

3 F. The exemption in subsection (A) does not apply unless the nonprofit human services agency, as
4 well as any other person qualified pursuant to subsections C and D to act of behalf of a nonprofit human
5 services agency, are registered with the Finance Director pursuant to Sections 5.40.080 and 5.40.085 at
6 least thirty (30) days prior to the event. A person qualifying for an exemption under subsection (C) must
7 register separately for each activity it conducts on behalf of a nonprofit human services agency and must
8 present to the Director a copy of its contract with the nonprofit human services agency in order to
9 register.

10 G. A nonprofit human services agency or coordinating funding agency that has received a blanket
11 exemption from admission tax collection shall reapply for such exemption every five years on a date no
12 later than five (5) years after the date the previous blanket exemption was issued so that the Director
13 may ensure that the agency still meets the criteria established in subsections B and E above.

14 ~~((E))~~H. Notwithstanding the above, t((F))he tax will apply to an event held at a location where
15 the seating capacity is three thousand one hundred (3,100) people or more, or in the case of a facility
16 without reserved seating or outdoors, three thousand one hundred (3,100) people are permitted on the
17 premises at any one (1) time.

18 Section 2. Any action taken consistent with the authority and prior to the effective date of this
19 ordinance is hereby ratified and confirmed.

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



1 Passed by the City Council the 24th day of September 2001, and signed by me in open
2 session in authentication of its passage this 24th day of September, 2001.

3 Margot Hayes
4 President _____ of the City Council

5 Approved by me this 28th day of SEPTEMBER, 2001.

6 Paul Sully
7 Mayor _____

8
9 Filed by me this and day of October, 2001.

10 Scott O'Neil
11 _____ City Clerk

12 (Seal)

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Fiscal Note Template

Each piece of legislation that is financial in nature requires a fiscal note. The fiscal note should be drafted by department staff and should identify operating, capital, revenue, and FTE impacts of the legislation. After preparation by departmental staff, the City Budget Office will review and make necessary revisions before transmittal to Council.

Department: Dept. of Finance	Contact Person/Phone: Mel McDonald, Director, RCA, 233-0071	CBO Analyst/Phone: Greg Peterson, 684-8075
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Legislation Title: AN ORDINANCE relating to admission taxes, broadening the definition of nonprofit human services agencies, extending the exemption from admission tax to coordinating funding agencies, and amending Section 5.40.028 of the Seattle Municipal Code in connection therewith.

Summary of the Legislation: The attached ordinance amends SMC 5.40.028 (Admission tax--Human services agency exemption) to include nonprofit organizations that indirectly provide otherwise qualifying non-profit human services, or raise funds for qualifying non-profit human services agencies.

Historically, the City has strictly interpreted the human services agency exemption as including only those non-profit agencies that directly provided the human services that are listed in SMC 5.40.028 (B)(1). The exempted agencies included religious or charitable organizations that provide food, clothing, shelter, or acute/emergent medical care for those in need; employment and training programs approved by the Washington State Department of Labor and Industries; crisis counseling or intervention; child or spousal abuse prevention services; travelers aid; disaster relief; or similar human services. Organizations that referred individuals to qualifying human services agencies or organizations that raised funds for qualifying human services agencies have not been granted an exemption because they were not direct service providers for the activities listed above.

The attached ordinance broadens the existing admission tax exemption by: removing the "acute/emergent" restriction for medical care, and by adding hospice care, health care research, "referral services" (i.e., organizations that send individuals to other human services agencies) and "coordinating funding agencies" (organizations that raise funds for qualifying agencies). The ordinance also adds a requirement that human services agencies reapply for an exemption certificate every five years to ensure that their services have not changed and that they still meet the requirements contained in SMC 5.40.028.

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



Public Private Partnership Review Status:

Is the project referenced in the legislation subject to P4 review? If yes, identify P4 review to date. N/A

Is the legislation subject to public hearing requirements? If yes, what public hearings have been held to date? No

Sustainability Issues (related to grant awards):

N/A

Estimated Expenditure Impacts: None

FUND (List # and/or Account)	2001	2002
TOTAL		

One-time \$ N/A On-going \$ N/A

Estimated Revenue Impacts: See below

FUND (List # and/or Account)	2001	2002
General Fund	(\$10,000)	(\$10,000)
TOTAL	(\$10,000)	(\$10,000)

One-time \$ _____ On-going \$ (\$10,000)

Estimated FTE Impacts: None

FUND	2001	2002
TOTAL		

Full Time _____ # Part Time _____ # TES _____

Do positions sunset in the future? If yes, identify sunset date?N/A

Other Issues (including long-term implications of the legislation):N/A





City of Seattle

Paul Schell, Mayor

Department of Finance

Dwight D. Dively, Director

MEMORANDUM

Date: June 12, 2001

To: Honorable Margaret Pageler, President
Seattle City Council

Via: Joan Walters, Budget Director

From: Dwight Dively, Director
Department of Finance

Subject: AN ORDINANCE relating to admission taxes, broadening the definition of nonprofit human services agencies, extending the exemption from admissions tax to coordinating funding agencies, and amending Section 5.40.028 of the Seattle Municipal Code (SMC) in connection therewith.

The attached ordinance amends SMC 5.40.028 (Admission tax--Human service agency exemption) to include nonprofit organizations that indirectly provide certain human services, or raise funds for qualifying human service agencies.

Historically, the City has strictly interpreted the human service agency exemption as including only those agencies that directly provided the human services that are listed in SMC 5.40.028 (B)(1). The exempt agencies include religious or charitable organizations that provide food, clothing, shelter, or acute/emergent medical care for those in need; employment and training programs approved by the Washington State Department of Labor and Industries; crisis counseling or intervention; child or spousal abuse prevention services; travelers aid; disaster relief; or similar human services. Organizations that referred individuals to qualifying human service agencies or organizations that raised funds for qualifying human service agencies have not been granted an exemption because they were not direct services providers for the activities listed above.

Since the existing exemption was created in the 1980's, human services agencies have changed their organizational and funding models. The City's tax code has not kept up with these changes and thus the intent of the original exemption is not always met. The Mayor recommends the attached changes as a way to continue the policy intent of the human services exemption.

The attached ordinance broadens the existing admission tax exemption by: removing the "acute/emergent" restriction for medical care, and by adding hospice care, health care

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Honorable Margaret Pageler
June 12, 2001
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research, "referral services" (i.e., organizations that send individuals to other human service agencies) and "coordinating funding agencies" (organizations that raise funds for qualifying agencies). The ordinance also adds a requirement that human service agencies reapply for an exemption certificate every five years to ensure that their services have not changed and that they still meet the requirements contained in SMC 5.40.028.

The fiscal impact of this legislation is estimated to be less than \$10,000 per year and will benefit numerous organizations that are providing highly valued services to the public. If you have any questions, or would like an individual briefing on this matter, please call Mel McDonald at 233-0071.

Thank you.



STATE OF WASHINGTON – KING COUNTY

--SS.

136904
City of Seattle, Clerk's Office

No. ORDINANCE IN FULL

Affidavit of Publication

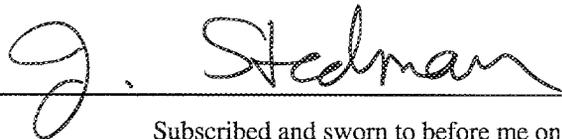
The undersigned, on oath states that he is an authorized representative of The Daily Journal of Commerce, a daily newspaper, which newspaper is a legal newspaper of general circulation and it is now and has been for more than six months prior to the date of publication hereinafter referred to, published 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:120533 ORD. IN FULL

was published on

10/10/01



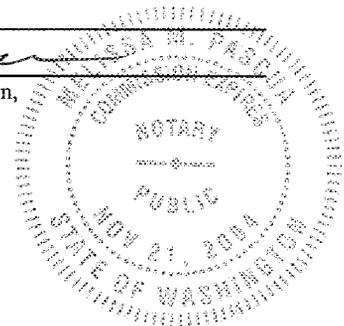
Subscribed and sworn to before me on

10/10/01



Notary public for the State of Washington,
residing in Seattle

Affidavit of Publication



State of Washington, King County

City of Seattle

ORDINANCE 120533

AN ORDINANCE relating to admission taxes, broadening the definition of nonprofit human services agencies, extending the exemption from admission tax to coordinating funding agencies, and amending Section 5.40.028 of the Seattle Municipal Code in connection therewith.

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. SMC Section 5.40.028 is amended to read as follows:

SMC 5.40.028 TAX EXEMPTION — HUMAN SERVICES AGENCIES

A. (When the criteria in subsection B are met, ~~1~~)The admission tax as defined in Section 5.40.020 shall not apply to anyone paying 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:
 - a. Homes;
 - b. Historical sites;
 - c. Historical vessels;
 - d. Pubs and taverns;
 - e. Hotels; and
 - f. Facilities of the agency.

The exemption shall apply only if the nonprofit human services agency is fiscally responsible for the activities and receives the full benefit and use of the proceeds derived from them.

B. (To qualify, ~~a~~)A nonprofit human services agency (must meet these criteria)for the purposes of this tax exemption means:

1. (The agency must be)A person organized and operated exclusively for the religious or charitable purposes (to provide)listed in subsection (B)(2);
2. A person that provides any of the following religious and charitable services:
 - a. ((C))Food, clothing, shelter, ((acute/ emergent))or medical care ((for))of the kind provided by a hospital or doctor, to those in need,((to provide))
 - b. ((e))Employment and training programs approved by the Washington State Department of Labor and Industries,((to provide crisis))
 - c.((c))Counseling, ((or)) intervention ((to prevent)) , or child or spouse abuse services;
 - d. Hospice care;
 - e. ((to furnish t))Travelers aid;
 - f. ((to provide d))Disaster relief,((or provide similar services))
 - g. Health care research;
 - h. Referral services to other human services agencies; or
 - i. Any other religious or charitable service similar to those listed above;

and

((2))3. ((The agency must be))A person recognized by the United States as exempt from federal income taxation pursuant to Section 501 (c)(3) of the Internal Revenue Code of 1954, 26 U.S.C. Section 501 (c)(3), as now existing or hereafter amended, or a division, depart-