

Ordinance No. 121253

Council Bill No. 114658

AN ORDINANCE relating to taxes on admission fees; expanding exemptions available to nonprofit organizations; increasing the minimum admission fee subject to such tax from Fifteen Cents (\$0.15) to One Dollar and Fifty Cents (\$1.50); providing for joint and several liability; repealing Sections 5.40.026, 5.40.028, and 5.40.050, and amending Sections 5.40.010, 5.40.020, 5.40.025, 5.40.040, 5.40.050, 5.40.060, 5.40.080, 5.40.085, and 5.40.090, respectively, of the Seattle Municipal Code.

WR

The City of Seattle
Council Bill/Ordinance

DO Pass 20

9-2-03 Pas

CF No. _____

Date Introduced: <u>AUG 11 2003</u>		
Date 1st Referred: <u>AUG 11 2003</u>	To: (committee) <u>Finance, Budget, Business & Labor Committee</u>	
Date Re - Referred:	To: (committee)	
Date Re - Referred:	To: (committee)	
Date of Final Passage: <u>9-2-03</u>	Full Council Vote: <u>90</u>	
Date Presented to Mayor: <u>9-3-03</u>	Date Approved: <u>9/1/03</u>	
Date Returned to City Clerk: <u>9/12/03</u>	Date Published: <u>14 PAP</u>	T.O. <input checked="" type="checkbox"/> P.T. <input type="checkbox"/>
Date Vetoed by Mayor:	Date Veto Published:	
Date Passed Over Veto:	Veto Sustained:	

This file is complete and ready

Law Department
Law Department

Law Dept. Review

The City of Seattle - Legislative Department

Council Bill/Ordinance sponsored by: _____

Jan Perry

Councilmember

Committee Action:

DO Pass 2-0 JD, PS

(C)

9-2-03 Passed As Amended 9-0

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

Committee: _____

Law Department

Law Dept. Review

OMP
Review

(V)
City Clerk
Review

Electronic
Copy Loaded

Indexed

Jan Perry
9/2/03
Committee
Approved
9/2/03
Electronic Copy Loaded
9/2/03
Attachments

ORDINANCE 121253

AN ORDINANCE relating to taxes on admission fees; expanding exemptions available to nonprofit organizations; increasing the minimum admission fee subject to such tax from Fifteen Cents (\$0.15) to One Dollar and Fifty Cents (\$1.50); providing for joint and several liability; repealing Sections 5.40.026, 5.40.028, and 5.40.050, and amending Sections 5.40.010, 5.40.020, 5.40.025, 5.40.040, 5.40.050, 5.40.060, 5.40.080, 5.40.085, and 5.40.090, respectively, of the Seattle Municipal Code.

WHEREAS, the exemptions from admission tax currently available for nonprofit organizations are limited to arts and human services as defined in Seattle Municipal Code Chapter 5.40, and the City desires to broaden this exemption to encourage qualifying nonprofit organizations in their endeavors; and

WHEREAS, the loss of revenue associated with broadening the exemption to other nonprofit sponsored events is minimal; and

WHEREAS, the current admission tax exemption provisions are confusing and difficult to understand and administer, and the loss of revenue from such changes will be small; and

WHEREAS, the efforts of the City in identifying and collecting admission tax in connection with temporary or transitory events will be greatly enhanced by increasing the accountability of owners and lessees of the venues profiting from such events;

NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. Seattle Municipal Code Section 5.40.010 is amended to read as follows:

5.40.010 Definitions.

For the purposes of this chapter, the words and terms contained in SMC Chapter 5.30 shall apply throughout this chapter unless expressly provided otherwise herein. The following additional definitions shall apply throughout this chapter:



1
2 A. "Admission charge((;))" (~~in addition to its usual and ordinary meaning,~~) means the
3 price required or paid for entering a premise or location and includes but is not limited in
4 meaning to:

5 1. A charge made for season tickets or subscriptions;

6
7 2. A cover charge or a charge made for use of seats or tables, reserved or otherwise, and
8 similar accommodations;

9 3. A charge made for food or refreshments in any place where any free entertainment,
10 recreation or amusement is provided;

11
12 4. A charge made for rental or use of equipment or facilities for purposes of recreation or
13 amusement and, where the rental of the equipment or facilities is necessary to the enjoyment of
14 the privilege for which a general admission is charged, the combined charge shall be considered
15 as the admission charge;

16
17 5. A charge made for admission to any theater, dance hall, amphitheater, private club,
18 auditorium, observation tower, stadium, athletic pavilion or field, baseball or athletic park,
19 circus, side show, swimming pool, outdoor amusement park or any similar place; and includes
20 equipment to which persons are admitted for purposes of recreation such as merry-go-rounds,
21 ferris wheels, dodge-ems, roller coasters, go-carts and other rides whether such rides are
22 restricted to tracks or not;

23
24 6. A charge made for automobile parking where the amount of the charge is determined
25 according to the number of passengers in an automobile.

26 B. "Cabaret" means a room where musical entertainment is permitted in connection with
27 a restaurant business.
28



1
2 C. "College" or "university" means any accredited public or private college, junior
3 college or university, or the recognized student body association thereof insofar as the admission
4 charges received by the college, university, or student body association are budgeted, and applied
5 solely for exhibition, performance, study and/or teaching of the performing arts, visual arts,
6 history or science. It specifically excludes any athletic department or division or activities of the
7 college or university or of the recognized student body association thereof.
8

9 D. "Nonprofit (~~tax-exempt~~) organization" means an organization in which no part of
10 the income can be distributed to its members, director or officers and that holds a current tax
11 exempt status as provided under Sec. 501(c)(3), (4) or (6) of the Internal Revenue Code of 1986,
12 as amended, or is specifically exempted from the requirement to apply for tax exempt status
13 under Sec. 501(c)(3).~~(-corporation, or association organized and operated for the advancement,~~
14 ~~appreciation, public exhibition or performance, preservation, study and/or teaching of the~~
15 ~~performing arts (music, drama including puppetry, opera, film arts or dance), visual arts, historie~~
16 ~~vessels, history or science, which is currently recognized by the United States of America as~~
17 ~~exempt from federal income taxation pursuant to Section 501 (e)(1) or (3) of the Internal~~
18 ~~Revenue Code of 1954, 26 U.S.C. Section 501, as now existing or hereafter amended, and a~~
19 ~~division, department or instrumentality of state or local government devoted to the arts, history or~~
20 ~~science.))~~
21
22
23

24 E. "Department" means the Department of Executive Administration of The City of
25 Seattle, or its functional successor.

26 F. "Director" means the Director of Executive Administration of The City of Seattle, or
27 his or her functional successor, and shall include the Director's authorized representatives.
28



1
2
3 Section 2. Seattle Municipal Code Section 5.40.020 is amended to read as follows:

4 **5.40.020 Tax levied.**

5
6 A. There is levied and imposed a tax upon everyone, without regard to age, who pays an
7 admission charge as defined in Section 5.40.010 or is admitted, without payment, where an
8 admission charge is collected from other persons as contemplated by Section 5.40.053.

9 B. The tax here imposed shall be in the amount of five (5) percent on each admission
10 charge or charge for season or series ticket. Any fraction of tax One-half Cent (\$.005) or more
11 shall result in a tax at the next highest full cent.
12

13 C. Amounts paid for admission by season ticket or subscription shall be exempt if the
14 amount which would be charged to the holder or subscriber for a single admission is ~~((Fifteen~~
15 ~~Cents (\$0.15)))~~ One Dollar and Fifty Cents (\$1.50) or less.

16 D. Anyone having the use of a box or seat permanently or for a specified period, shall
17 pay ~~((in addition to the tax required for admission under subsections A and B of this section,))~~ a
18 tax in the amount of five (5) percent of the price of such box or seat, the same to be collected and
19 remitted in the manner provided in Section 5.40.070 by the person selling such tickets.
20

21 E. If the ticket price is accompanied by a service charge, mailing fee or other ancillary
22 payment, per ticket and/or per order, the admission tax shall be based upon the total sum of the
23 admission price plus any such surcharge(s), whether or not they are printed on the ticket or order.
24

25 F. Anyone who is admitted free of charge or at reduced rates to any place for which other
26 persons pay a charge or a regular higher charge for the same privileges or accommodations shall
27 pay an admission tax as contemplated by Sections 5.40.053 and 5.40.056, respectively.
28



1
2
3 G. When entertainment or admission to an event or activity accompanies the sale of food,
4 refreshments, merchandise, lodging or services, admission taxes are measured by the total price
5 of the combined transaction, unless the admission price for the entertainment, amusement, rental
6 or use of equipment is printed separately on the ticket or invitation and reflects its true market
7 value as an independent element.
8

9 H. The tax levied in this chapter shall be paid by the person paying the admission charge
10 and shall be collected and remitted by the person to whom the same is paid in the manner
11 provided in Sections 5.40.070 and 5.40.090.
12

13 I. A discount admission shall be subject to tax as contemplated by Section 5.40.056 even
14 though the discounted price is One Dollar and Fifty Cents (\$1.50) or less, unless a criterion in
15 Section 5.40.056 for applying the lower price is satisfied.
16

17 Section 3. Seattle Municipal Code Section 5.40.025 is amended to read as follows:

18 **5.40.025 Tax exemptions – Minimum charge – ((Schools – PTSA’s – Bumpershoot)) Specific**
19 **exemptions-- Colleges – Universities - Nonprofit organizations.**

20 A. The admission tax as imposed in SMC Section 5.40.020 shall not apply to anyone
21 paying an admission charge:
22

- 23 1. In the amount of ~~((Ten Cents (\$0.10)))~~ One Dollar and Fifty Cents (\$1.50) or less; or
24 2. To any activity of any elementary or secondary school as contemplated by RCW
25 35.21.280; or
26
27
28



1
2 3. To any activity of any Parent-Teacher-Student Association (PTSA), Parent-Teacher
3 Association (PTA), or similar organization, provided that the proceeds of the activity are used to
4 benefit an elementary or secondary school; or

5 4. To the annual Bumbershoot Festival held on Labor Day and the preceding Thursday,
6 Friday, Saturday and Sunday;((?))

7 8 5. To the Woodland Park Zoo; or

9 6. To the Folklife Festival held on Memorial Day and the preceding Thursday, Friday,
10 Saturday and Sunday.

11 ((A discount admission shall be subject to tax as contemplated by Section 5.40.056 although the
12 discounted price is Ten Cents (\$0.10) or less, unless a criterion in Section 5.40.056 for applying
13 the lower price is satisfied.))

14 15 7. To an event sponsored by a college or university or nonprofit organization, when all of
16 the following three (3) criteria are met:

17 a. A college or university or nonprofit organization, as both are defined in Section
18 5.40.010 and registered under Section 5.40.080, that meets one (1) or more of the following
19 criteria:

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

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

24 iii. Publicly sponsors and:

25 (a). Performs a major portion of the performance, or
26
27
28



1
2 (b). Supplies a major portion of the materials on exhibition, or
3 (c). When the event is part of a season or series of performances or exhibitions, performs
4 the major portion of the performances or exhibitions in the season or series; and

5 b. The college, university or nonprofit organization receives the use and benefit of
6 admission charges collected; and

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

10 B. The exemption to the admission tax as provided in subsection A(7) of this section
11 shall not apply to:

12 1. The admission to an athletic event, including, but not limited to, football games,
13 basketball games or baseball games; or

14 2. The admission for recreational activities, including, but not limited to, golf, skating or
15 swimming; picnicking or

16 3. An event in which a college, university or nonprofit organization lends its name to an
17 endorsement for an ineligible person for the purpose of invoking the tax exemption.

18 Section 4. Seattle Municipal Code Section 5.40.026 is repealed in its entirety.

19 Section 5. Seattle Municipal Code Section 5.40.028 is repealed in its entirety.

20 Section 6. Seattle Municipal Code Section 5.40.040 is amended to read as follows:

21 **5.40.040 Swimming pools -- Skating rinks -- Golf courses.**

22 The admission charge shall be the amount paid (~~by any person paying more than Fifteen~~
23 ~~Cents (\$0.15))~~) to gain entrance to any building, enclosure or area in which there is a swimming
24
25
26
27
28



1
2 pool, skating rink, golf driving range, miniature golf course, short nine, or other golf course, or to
3 gain entrance to such pool, rink or course itself, or for the use of the facilities thereof, or any
4 rental paid by the person paying for such entry for the use of equipment and facilities supplied
5 him and appropriate to the enjoyment of the privilege for which the admission is charged, or the
6 aggregate thereof. The admission charge shall exclude dues, initiation fees, and maintenance
7 assessments paid by a member of a any profit or nonprofit organization to defray administrative
8 expenses or provide for the purposes of the organization and which entitle the member to
9 ~~((participate in))~~ belong to the organization~~((s activities or use its facilities))~~; provided, that
10 when no comparable "usage" fees, such as green fees, are charged, the portion of dues, initiation
11 fees and other assessments which entitle members to use facilities will be taxed on the same
12 measure as comparable usage fees charged for like activities at venues that do not collect dues,
13 initiation fees or other assessments. ~~((the admission charge shall include any special fees or~~
14 ~~charges, including greens fees, of more than Fifteen Cents (\$0.15) which are separately identified~~
15 ~~and charged for a particular event, rental or usage and paid by a member for entrance, rental of~~
16 ~~equipment, or the aggregate thereof as aforesaid and any such charges of more than Fifteen Cents~~
17 ~~(\$0.15) paid by or for guests.))~~

21 Section 7. Seattle Municipal Code Section 5.40.050 is repealed in its entirety.

22 Section 8. Seattle Municipal Code Section 5.40.060 is amended to read as follows:

23 **5.40.060 Ticket numbering and information.**

24 A. Ticket information.

25
26 1. Whenever a charge is made for admission to any place, a serially numbered or reserve
27 seat ticket shall be furnished the person paying such charge unless written approval has been
28



1
2 obtained from the Director to use a turnstile or other counting device which will accurately count
3 the number of paid admissions. The established price, service charge, sales tax, City admission
4 tax and total price at which every such admission ticket or card is sold shall be separately,
5 conspicuously and indelibly printed or written on the face or back of that part of the ticket which
6 is to be ~~((taken up))~~ collected by the management of the place to which admission is gained.
7

8 2. It shall be unlawful for anyone to sell an admission ticket or card on which the name of
9 the person conducting the event and the price is not so printed, stamped or written, or to sell or
10 offer to sell an admission ticket or card at a price in excess of the price printed, stamped or
11 written thereon. The admission tax due shall be based on the total sum of the established price
12 plus any service charge printed on the ticket. When a charge is made for admission, a sign must
13 be posted in a conspicuous place on the entrance or ticket office which breaks down the
14 admission charge as follows:
15

16 Established Price

17 Service Charge (if any)

18 Sales Tax

19 City Admission Tax

20 Total Price
21

22 It is unlawful to charge a service charge on admission tickets unless the purchaser is fully
23 informed of the purpose of such charge by published or posted notice in advance of the ticket
24 sale.
25

26 3. The Director ~~((of Finance))~~ or his/her designee, who has been commissioned as a
27 Special Police Officer, or the Seattle Police Chief or his/her designee, is authorized to confiscate,
28



1
2 seize or otherwise remove from sale, or offered sale, any ticket in violation of or offered for sale
3 or sold in violation of ~~((SMC subsections 5.40.060 A1 or 2))~~ this subsection.

4 B. It is unlawful for any person to request a donation or contribution that represents an
5 admission charge or fee for the privilege of entering, attending, or remaining in attendance at any
6 theater, dance, amusement or other place of public performance where persons are not admitted
7 or allowed to remain in attendance without payment of such donation or contribution. Signage,
8 advertising, invitations, notices and other literature relating to the event may only state the words
9 "donation accepted" or "donation appreciated." The amount of a ~~((A-))~~ ~~((suggested))~~ "donation"
10 shall not be stated on an invitation, signage, advertising, or ~~((accompanying))~~ other literature.
11 Any donation amount suggested or requested used in conjunction with the event will be treated
12 as an admission charge subject to tax under this chapter.

13
14
15 Section 9. Seattle Municipal Code Section 5.40.080 is amended to read as follows:

16 **5.40.080 Certificate of registration -- Required -- Application.**

17
18 Any person conducting or operating any place for entrance to which an admission charge
19 is made shall, prior to the commencement of any such activity, and on a form prescribed by the
20 Director, file an application with the Director to conduct or operate such activity. The application
21 shall be filed whether or not the person has received an exemption from collecting the tax under
22 the provision of this chapter. The Director shall then issue a business license with an admission
23 tax endorsement. The endorsement shall continue valid ~~((until December 31st of the year in~~
24 ~~which the application was filed))~~ for as long as the person maintains a valid business license.
25 Failure of any person to obtain ~~((or renew))~~ the endorsement ~~((prior to))~~ for conducting ~~((the))~~ any
26 activity for which an admission charge is made within 20 days after being notified of the
27
28



1
2 requirement by the Director will result in ((the penalties contained in SMC 5.55.030 E))a penalty
3 of Two Hundred and Fifty Dollars (\$250). This penalty is in addition to any tax and penalties
4 due according to SMC 5.55.110 (A), if applicable.

5 Section 10. Seattle Municipal Code Section 5.40.085 is amended to read as follows:

6 **5.40.085 Certificate of ~~((e))~~Exemption – Application, issuance – Cancellation-- Proof**
7 **of nonprofit status.**

8
9 A. Any person seeking to secure an exemption from the admission tax pursuant to
10 Section 5.40.025((6-A)) from the admission tax as provided in this chapter shall present, at the
11 time of its application for a business license as described in SMC 5.55.030, official proof of its
12 exemption from federal income taxation pursuant to Section 501 (c)(3), (4) or (6) of the Internal
13 Revenue Code of 1986, as now existing or hereafter amended, or in the alternative, provide proof
14 of its specific exemption from the requirement to file IRS Form 1023 in order to obtain tax
15 exempt status. If the exemption applicant already has a business license, then the request for
16 exemption and proof required above shall be filed prior to engaging in the activity which requires
17 an admission. (~~(, for each activity or series of activities as prescribed by the Director:~~

18
19
20 1. ~~Identify the activity or set of activities at which persons paying an admission charge are~~
21 ~~not to be taxed;~~

22 2. ~~Supply sufficient information as well as enable the Director both:~~

23 ~~—a. To determine the applicability of the tax to the activity or set of activities so~~
24 ~~identified, and~~

25 ~~—b. To distinguish the same from other occasions, if any, when taxes are to be collected;~~

26
27 and
28

1
2 3. ~~Provide evidence as necessary to show the status of the party performing the activity or~~
3 ~~set of activities as a college, university, or nonprofit tax exempt organization as defined in~~
4 ~~Section 5.40.010. The applicant may be required to notify the Director of any subsequent change~~
5 ~~in condition from the facts stated or information supplied. If the Director determines that persons~~
6 ~~paying such admission charge are not subject to the admission tax, the applicant shall receive a~~
7 ~~certification of such determination for the activity or series of activities, as the case may be.~~

8
9 B. The Director may cancel the certificate of exemption of any college, university, or
10 nonprofit ~~((tax exempt))~~ organization which (1) secures an exemption from the tax ~~((pursuant to~~
11 ~~Section 5.40.026 A))~~ by making a false representation in its application, ~~((or fails to adhere to its~~
12 ~~criteria))~~ or (2) otherwise violates Section 5.40.025~~((6A))~~ or a rule or regulation of the Director
13 implementing it. ~~((The order of cancellation may bar such an organization from registering again~~
14 ~~for a period of two (2) years.))~~

15
16 C. If the Director has ordered a certificate of exemption cancelled, an aggrieved person
17 may contest the cancellation by filing a notice of appeal and request for hearing with the hearing
18 examiner within ten (10) days after service or mailing of the order. ~~((If the Hearing Examiner is~~
19 ~~satisfied that a mailed notice was not delivered or was unreasonably delayed in delivery, he/she~~
20 ~~may allow an appeal made within ten (10) days after the appellant receives notice of the order of~~
21 ~~cancellation.))~~

22
23
24 ~~((D-))~~ If a request for hearing is filed by the applicant within the prescribed period, a
25 hearing shall be scheduled before the Hearing Examiner and shall be conducted by the Hearing
26 Examiner according to the applicable Hearing Examiner rules ~~((for contested cases)). If an appeal~~
27
28



1
2 is not filed by the applicant within the prescribed period, the order of the Director canceling the
3 registration and certificate of exclusion shall be final.))

4 D. Exempt persons shall reapply for their certificate of exemption on September 30th,
5 five (5) years after the date the previous exemption was issued so that the Director may ensure
6 that the agency still meets the criteria established for the exemption.

8 Section 11. Seattle Municipal Code Section 5.40.090 is amended to read as follows:

9 **5.40.090 Certificate of registration – Transitory events – Owner/lessee and**
10 **promoter/conductor jointly and severally liable. ((of building to be named)).**

11
12 Whenever the applicant for a certificate of registration ~~((, obtained for the purpose of~~
13 ~~operating or conducting a temporary or transitory amusement, entertainment or exhibition,))~~ is
14 not the owner, lessee, or custodian of the ~~((buildings, lots or place where the amusement is to be~~
15 ~~conducted))~~ premises or location to which an admission fee is required to be paid, the ~~((tax~~
16 ~~imposed by this chapter shall be reported and remitted as provided in Section 5.40.070 by the~~
17 ~~person who is the owner, lessee or custodian, if not paid by the person conducting the~~
18 ~~amusement, entertainment or exhibition))~~ owner, lessee or custodian of the premises or location
19 shall be jointly and severally liable for the reporting and remittance of the admission tax. The
20 applicant for a certificate of registration in any such case shall furnish the Director with the
21 application, ~~((with))~~ containing the name and address of the owner, lessee or custodian of the
22 premises ~~((upon which the amusement is to be conducted))~~ or location to which an admission fee
23 is required to be paid, and such owner, lessee or custodian shall be notified by the Director of the
24 issuance of such certificate and of his joint and several liability for collection and remittance of
25 ((such)) the tax.
26
27
28



1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

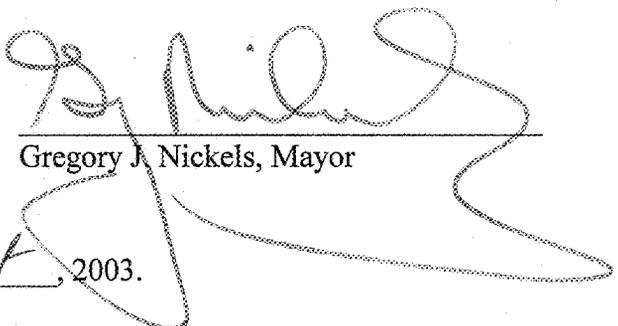
Section 12. This ordinance shall take effect and be in force thirty (30) days from and after its approval by the Mayor, but if not approved and returned by the Mayor within ten (10) days after presentation, it shall take effect as provided by Municipal Code Section 1.04.020.

Passed by the City Council the 2nd day of September 2003, and signed by me in open session in authentication of its passage this 2nd day of September 2003.



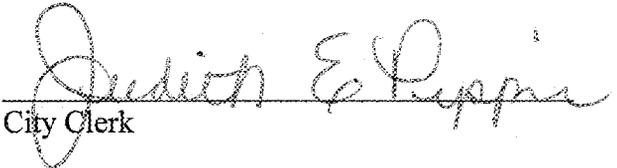
President _____ of the City Council

Approved by me this 11 day of September, 2003.



Gregory J. Nickels, Mayor

Filed by me this 12th day of Sept, 2003.



City Clerk

(Seal)





City of Seattle

Gregory J. Nickels, Mayor

Office of the Mayor

August 4, 2003

Honorable Peter Steinbrueck
President
Seattle City Council
City Hall, 2nd Floor

Dear Council President Steinbrueck:

The attached ordinance amends Seattle Municipal Code (SMC) Chapter 5.40, by expanding the admission tax exemptions to cover all events hosted by 501(c)(3) nonprofit organizations, except those involving sports events or recreational activities. The admission tax has been in place since 1943. Although an event sponsor is held responsible for collecting and remitting the tax, the admission tax is assessed on the patrons of events for which there is an admission charge. Consequently, the tax generally does not distinguish between patrons of events sponsored by non-profits as opposed to for-profit organizations. Over the many years that the admission tax has been assessed, various exemptions have been legislated for specific non-profit organizations and for events such as Fine Arts and Human Service organization fund-raisers. Consequently, the current admission tax code is both cumbersome and complex. Exclusive of for-profit events, and relative to events sponsored by all non-profit organizations (excluding sports events and recreational activities on which the tax should continue to apply), the tax is now only borne by a few, generally small, non-profit organizations. This amendment addresses the concerns of those remaining small nonprofit organizations that hold events to which the admission tax still applies, such as seminars, lunches, and lectures.

The Department of Executive Administration (DEA) has taken this opportunity to delete out-dated sections of the Municipal Code and amend other sections to simplify registration and endorsement requirements, and increase the accountability of property owners in connection with admission tax collection on transitory events or events with out-of-town sponsors. The ordinance also makes a small amendment to SMC 5.40.040 that extends the exclusion of dues, initiation fees and maintenance assessments from the admission tax regardless of the organization's profit status. Finally, the ordinance amends SMC Ch. 5.40 to raise the minimum admission fee subject to tax from the current \$0.15 to \$1.50. This minimum amount has not been adjusted for several decades.

This legislation would result in a decrease to City revenue of approximately \$50,000 per year. This decrease is the result of broadening the non-profit exemption. None of the other changes have fiscal impacts.

The amendments will simplify the admission tax code for taxpayers, and make it easier for the City to administer. The amendments will reduce staff time that is currently spent coordinating disparate information in order to track business activities and collect admission tax revenues.

600 Fourth Avenue, 7th Floor, Seattle, WA 98104

Tel: (206) 684-4000, TDD: (206) 684-8811 Fax: (206) 684-5360, E:mail: mayors.office@ci.seattle.wa.us

An equal employment opportunity, affirmative action employer. Accommodations for people with disabilities provided upon request.



Greg Nickels/Honorable Peter Steinbrueck

August 4, 2003

Page 2

Thank you for your consideration of this legislation. Should you have questions, please contact Ken Nakatsu, Director of Executive Administration, at 684-0505, or Mel McDonald, Director of Revenue and Consumer Affairs, at 233-0071.

Sincerely,

A handwritten signature in black ink, appearing to read "Greg Nickels for". The signature is stylized and written in cursive.

GREG NICKELS
Mayor of Seattle

cc: Honorable Members of the Seattle City Council



FISCAL NOTE FOR NON-CAPITAL PROJECTS

Department:	Contact Person/Phone:	DOF Analyst/Phone:
Executive Administration	Mel McDonald/3-0071	Jennifer Devore/5-1328

Legislation Title:

AN ORDINANCE relating to taxes on admission fees; expanding exemptions available to nonprofit organizations; increasing the minimum admission fee subject to such tax from Fifteen Cents (\$0.15) to One Dollar and Fifty Cents (\$1.50); providing for joint and several liability; repealing Sections 5.40.026, 5.40.028 and 5.40.050, and amending Sections 5.40.010, 5.40.020, 5.40.025, 5.40.040, 5.40.050, 5.40.060, 5.40.080, 5.40.085, and 5.40.090, respectively, of the Seattle Municipal Code.

Summary of the Legislation:

The proposed ordinance would expand admission tax exemptions to all qualifying nonprofit organizations or events (except sporting events and recreational activities); raise the minimum admission fee subject to tax from \$0.15 to \$1.50; categorically exclude dues, initiation fees and maintenance assessments from admission tax; provide for renewal requirements for nonprofit organizations holding blanket exemptions; and increase the accountability of property owners and custodians in connection with reporting and remittance of admission taxes on transitory events.

Background: *(Include brief description of the purpose and context of legislation and include record of previous legislation and funding history, if applicable):*

Under the current code provisions, exemption from admission tax is available only to arts organizations and human services organizations. The proposed legislation is intended to encourage all nonprofit organizations in their endeavors by extending the exemption to all nonprofit organizations, as defined and that meet the requirements in the SMC, regardless of their purpose, except those involved in sports events and recreational activities.

The current minimum admission fee subject to tax, which is \$0.15, was established many years ago and should be adjusted.

As currently written, SMC 5.40.090 holds property owners and custodians secondarily liable for admission tax reporting and remittance when a temporary or transitory event is conducted by a promoter who is not the property owner or custodian. Due to the transitory nature of these events and their promoters, collection of admission tax from the promoter is often difficult. By increasing the property owner/custodian's liability to that of a joint and several nature, it is expected that the owners/custodians will take steps to



ensure that admission taxes are collected and remitted to the City in a proper and timely manner.

- Please check one of the following:

 This legislation does not have any financial implications. (Stop here and delete the remainder of this document prior to saving and printing.)

 X **This legislation has financial implications.** (Please complete all relevant sections that follow.)

Appropriations: (Please only reflect the dollar amount actually appropriated by this legislation.)

Fund Name and Number	Department	Budget Control Level*	2003 Appropriation	2004 Anticipated Appropriation
TOTAL			\$0	\$0

* This is line of business for operating budgets, and program or project for capital improvements

Notes:

Anticipated Revenue/Reimbursement Resulting From This Legislation:

Fund Name and Number	Department	Revenue Source	2003 Revenue	2004 Revenue
General Fund	DEA	Admission Tax	(\$15,000)	(\$50,000)
TOTAL			(\$15,000)	(\$50,000)

Notes:

Total Regular Positions Created Or Abrogated Through This Legislation, Including FTE Impact:

Position Title*	Part-Time/ Full Time	2003 Positions	2003 FTE	2004 Positions**	2004 FTE**
N/A					
TOTAL		None		None	

- **Fund Name and Number:** N/A
- **Department:** N/A

* List each position separately



**** 2004 positions and FTE are total 2004 position changes resulting from this legislation, not incremental changes from 2003.**

- **Do positions sunset in the future?** (If yes, identify sunset date):

N/A

Spending/Cash Flow (in \$1,000s): (Please complete this section only in those cases where part or all of the funds will be spent in a different year than when they were appropriated (e.g., as in the case of certain grants and capital projects).)

Fund Name and Number	Department	Budget Control Level*	2003 Expenditures	2004 Anticipated Expenditures
N/A				
TOTAL				

* This is line of business for operating budgets, and program or project for capital improvements

Notes:

- **What is the financial cost of not implementing the legislation?** (Estimate the costs to the City of not implementing the legislation, including estimated costs to maintain or expand an existing facility or the cost avoidance due to replacement of an existing facility, potential conflicts with regulatory requirements, or other potential costs if the legislation is not implemented.)

If the proposed legislation is not adopted, the admission tax will continue to apply to the seminars, lectures, and other activities of many small nonprofit organization. This will be very burdensome and troublesome to these organizations, and to the City which must enforce the current code. The amount of revenue that the City would lose by exempting these smaller taxpayers is relatively small (\$50,000 per year). Currently, DEA has two license enforcement officers who spend some part of their time working on admission tax issues. This effort should decrease somewhat and allow them to complete other enforcement activities that could make up for the loss of revenue under this ordinance.

- **What are the possible alternatives to the legislation that could achieve the same or similar objectives?** (Include any potential alternatives to the proposed legislation, such as reducing fee-supported activities, identifying outside funding sources for fee-supported activities, etc.)

Since this legislation deals with tax law there is no alternative available to this legislation other than the current statutes. The net loss of revenue could be possibly



made up by freeing the license standard inspectors to handle other license and tax enforcement issues.

- **Is the legislation subject to public hearing requirements:** *(If yes, what public hearings have been held to date, and/or what plans are in place to hold a public hearing(s) in the future.)*

No.

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

None

ORDINANCE _____

1
2
3 AN ORDINANCE relating to taxes on admission fees; expanding exemptions available to
4 nonprofit organizations; increasing the minimum admission fee subject to such tax from
5 Fifteen Cents (\$0.15) to One Dollar and Fifty Cents (\$1.50); providing for joint and
6 several liability; repealing Sections 5.40.026, 5.40.028, and 5.40.050, and amending
7 Sections 5.40.010, 5.40.020, 5.40.025, 5.40.040, 5.40.050, 5.40.060, 5.40.080, 5.40.085,
8 and 5.40.090, respectively, of the Seattle Municipal Code.

9 WHEREAS, the exemptions from admission tax currently available for nonprofit organizations
10 are limited to arts and human services as defined in Seattle Municipal Code Chapter 5.40,
11 and the City desires to broaden this exemption to encourage qualifying nonprofit
12 organizations in their endeavors; and

13 WHEREAS, the loss of revenue associated with broadening the exemption to other nonprofit
14 sponsored events is minimal: and

15 WHEREAS, the current admission tax exemption provisions are confusing and difficult to
16 understand and administer, and the loss of revenue from such changes will be small; and

17 WHEREAS, the efforts of the City in identifying and collecting admission tax in connection with
18 temporary or transitory events will be greatly enhanced by increasing the accountability of
19 owners and lessees of the venues profiting from such events;

20 NOW, THEREFORE,

21 **BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:**

22 Section 1. Seattle Municipal Code Section 5.40.010 is amended to read as follows:

23 **5.40.010 Definitions.**

24 For the purposes of this chapter, the words and terms contained in SMC Chapter 5.30
25 shall apply throughout this chapter unless expressly provided otherwise herein. The following
26 additional definitions shall apply throughout this chapter:
27
28



1 A. "Admission charge(,)" (~~in addition to its usual and ordinary meaning~~) means the
2 price required or paid for entering a premise or location and includes but is not limited in
3 meaning to:

- 4 1. A charge made for season tickets or subscriptions;
- 5 2. A cover charge or a charge made for use of seats or tables, reserved or otherwise, and
6 similar accommodations;
- 7 3. A charge made for food or refreshments in any place where any free entertainment,
8 recreation or amusement is provided;
- 9 4. A charge made for rental or use of equipment or facilities for purposes of recreation or
10 amusement and, where the rental of the equipment or facilities is necessary to the enjoyment of
11 the privilege for which a general admission is charged, the combined charge shall be considered
12 as the admission charge;
- 13 5. A charge made for admission to any theater, dance hall, amphitheater, private club,
14 auditorium, observation tower, stadium, athletic pavilion or field, baseball or athletic park,
15 circus, side show, swimming pool, outdoor amusement park or any similar place; and includes
16 equipment to which persons are admitted for purposes of recreation such as merry-go-rounds,
17 ferris wheels, dodge-ems, roller coasters, go-carts and other rides whether such rides are
18 restricted to tracks or not;
- 19 6. A charge made for automobile parking where the amount of the charge is determined
20 according to the number of passengers in an automobile.

21 B. "Cabaret" means a room where musical entertainment is permitted in connection with
22 a restaurant business.
23
24
25
26
27
28



1 C. "College" or "university" means any accredited public or private college, junior
2 college or university, or the recognized student body association thereof insofar as the admission
3 charges received by the college, university, or student body association are budgeted, and applied
4 solely for exhibition, performance, study and/or teaching of the performing arts, visual arts,
5 history or science. It specifically excludes any athletic department or division or activities of the
6 college or university or of the recognized student body association thereof.
7

8 D. "Nonprofit ((tax-exempt)) organization" means an organization in which no part of
9 the income can be distributed to its members, director or officers and that holds a current tax
10 exempt status as provided under Sec. 501(c)(3) of the Internal Revenue Code of 1986, as
11 amended, or is specifically exempted from the requirement to apply for tax exempt status under
12 Sec. 501(c)(3).~~((; corporation, or association organized and operated for the advancement,~~
13 ~~appreciation, public exhibition or performance, preservation, study and/or teaching of the~~
14 ~~performing arts (music, drama including puppetry, opera, film arts or dance), visual arts, historic~~
15 ~~vessels, history or science, which is currently recognized by the United States of America as~~
16 ~~exempt from federal income taxation pursuant to Section 501 (e)(1) or (3) of the Internal~~
17 ~~Revenue Code of 1954, 26 U.S.C. Section 501, as now existing or hereafter amended, and a~~
18 ~~division, department or instrumentality of state or local government devoted to the arts, history or~~
19 ~~science.))~~
20
21
22

23 E. "Department" means the Department of Executive Administration of The City of
24 Seattle, or its functional successor.

25 F. "Director" means the Director of Executive Administration of The City of Seattle, or
26 his or her functional successor, and shall include the Director's authorized representatives.
27
28



1
2 Section 2. Seattle Municipal Code Section 5.40.020 is amended to read as follows:

3 **5.40.020 Tax levied.**

4 A. There is levied and imposed a tax upon everyone, without regard to age, who pays an
5 admission charge as defined in Section 5.40.010 or is admitted, without payment, where an
6 admission charge is collected from other persons as contemplated by Section 5.40.053.
7

8 B. The tax here imposed shall be in the amount of five (5) percent on each admission
9 charge or charge for season or series ticket. Any fraction of tax One-half Cent (\$.005) or more
10 shall result in a tax at the next highest full cent.
11

12 C. Amounts paid for admission by season ticket or subscription shall be exempt if the
13 amount which would be charged to the holder or subscriber for a single admission is ((Fifteen
14 Cents (\$0.15))) One Dollar and Fifty Cents (\$1.50) or less.

15 D. Anyone having the use of a box or seat permanently or for a specified period, shall
16 pay((in addition to the tax required for admission under subsections A and B of this section,)) a
17 tax in the amount of five (5) percent of the price of such box or seat, the same to be collected and
18 remitted in the manner provided in Section 5.40.070 by the person selling such tickets.
19

20 E. If the ticket price is accompanied by a service charge, mailing fee or other ancillary
21 payment, per ticket and/or per order, the admission tax shall be based upon the total sum of the
22 admission price plus any such surcharge(s), whether or not they are printed on the ticket or order.
23

24 F. Anyone who is admitted free of charge or at reduced rates to any place for which other
25 persons pay a charge or a regular higher charge for the same privileges or accommodations shall
26 pay an admission tax as contemplated by Sections 5.40.053 and 5.40.056, respectively.
27
28



1
2 G. When entertainment or admission to an event or activity accompanies the sale of food,
3 refreshments, merchandise, lodging or services, admission taxes are measured by the total price
4 of the combined transaction, unless the admission price for the entertainment, amusement, rental
5 or use of equipment is printed separately on the ticket or invitation and reflects its true market
6 value as an independent element.
7

8 H. The tax levied in this chapter shall be paid by the person paying the admission charge
9 and shall be collected and remitted by the person to whom the same is paid in the manner
10 provided in Sections 5.40.070 and 5.40.090,
11

12 I. A discount admission shall be subject to tax as contemplated by Section 5.40.056 even
13 though the discounted price is One Dollar and Fifty Cents (\$1.50) or less, unless a criterion in
14 Section 5.40.056 for applying the lower price is satisfied.
15

16 Section 3. Seattle Municipal Code Section 5.40.025 is amended to read as follows:

17 **5.40.025 Tax exemptions – Minimum charge – ((Schools – PTAs – Bumpershoot)) Specific**
18 **exemptions – Colleges – Universities – Nonprofit organizations.**

19 A. The admission tax as imposed in SMC Section 5.40.020 shall not apply to anyone
20 paying an admission charge:

- 21 1. In the amount of ~~((Ten Cents (\$0.10)))~~ One Dollar and Fifty Cents (\$1.50) or less; or
22 2. To any activity of any elementary or secondary school as contemplated by RCW
23 35.21.280; or
24



1 3. To any activity of any Parent-Teacher-Student Association (PTSA), Parent-Teacher
2 Association (PTA), or similar organization, provided that the proceeds of the activity are used to
3 benefit an elementary or secondary school; or

4 4. To the annual Bumbershoot Festival held on Labor Day and the preceding Thursday,
5 Friday, Saturday and Sunday;((-))
6

7 5. To the Woodland Park Zoo; or

8 6. To the Folklife Festival held on Memorial Day and the preceding Thursday, Friday,
9 Saturday and Sunday.

10 ~~((A discount admission shall be subject to tax as contemplated by Section 5.40.056 although the
11 discounted price is Ten Cents (\$0.10) or less, unless a criterion in Section 5.40.056 for applying
12 the lower price is satisfied.))~~

14 7. To an event sponsored by a college or university or nonprofit organization, when all of
15 the following three (3) criteria are met:

16 a. A college or university or nonprofit organization, as both are defined in Section
17 5.40.010 and registered under Section 5.40.080, that meets one (1) or more of the following
18 criteria:

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

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

23 iii. Publicly sponsors and:

24 (a). Performs a major portion of the performance, or
25
26
27
28

1 (b). Supplies a major portion of the materials on exhibition, or

2 (c). When the event is part of a season or series of performances or exhibitions, performs
3 the major portion of the performances or exhibitions in the season or series; and

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

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

9 B. The exemption to the admission tax as provided in subsection A(7) of this section
10 shall not apply to:

11 1. The admission to an athletic event, including, but not limited to, football games,
12 basketball games or baseball games; or

13 2. The admission for recreational activities, including, but not limited to, golf, skating or
14 swimming; picnicking or

15 3. An event in which a college, university or nonprofit organization lends its name to an
16 endorsement for an ineligible person for the purpose of invoking the tax exemption.

17 Section 4. Seattle Municipal Code Section 5.40.026 is repealed in its entirety.

18 Section 5. Seattle Municipal Code Section 5.40.028 is repealed in its entirety.

19 Section 6. Seattle Municipal Code Section 5.40.040 is amended to read as follows:

20 **5.40.040 Swimming pools -- Skating rinks -- Golf courses.**

21 The admission charge shall be the amount paid ((~~by any person paying more than Fifteen~~
22 ~~Cents (\$0.15))~~) to gain entrance to any building, enclosure or area in which there is a swimming
23
24
25
26
27
28



1 pool, skating rink, golf driving range, miniature golf course, short nine, or other golf course, or to
2 gain entrance to such pool, rink or course itself, or for the use of the facilities thereof, or any
3 rental paid by the person paying for such entry for the use of equipment and facilities supplied
4 him and appropriate to the enjoyment of the privilege for which the admission is charged, or the
5 aggregate thereof. The admission charge shall exclude dues, initiation fees, and maintenance
6 assessments paid by a member of a any profit or nonprofit organization to defray administrative
7 expenses or provide for the purposes of the organization and which entitle the member to
8 ~~((partieipate in))~~ belong to the organization~~((s activities or use its facilities))~~; provided, that
9 when no comparable "usage" fees, such as green fees, are charged, the portion of dues, initiation
10 fees and other assessments which entitle members to use facilities will be taxed on the same
11 measure as comparable usage fees charged for like activities at venues that do not collect dues,
12 initiation fees or other assessments. ~~((the admission charge shall include any special fees or~~
13 ~~charges, including greens fees, of more than Fifteen Cents (\$0.15) which are separately identified~~
14 ~~and charged for a particular event, rental or usage and paid by a member for entrance, rental of~~
15 ~~equipment, or the aggregate thereof as aforesaid and any such charges of more than Fifteen Cents~~
16 ~~(\$0.15) paid by or for guests.))~~

17
18
19
20 Section 7. Seattle Municipal Code Section 5.40.050 is repealed in its entirety.

21 Section 8. Seattle Municipal Code Section 5.40.060 is amended to read as follows:

22 **5.40.060 Ticket numbering and information.**

23 A. Ticket information.

24
25 1. Whenever a charge is made for admission to any place, a serially numbered or reserve
26 seat ticket shall be furnished the person paying such charge unless written approval has been
27
28



1 obtained from the Director to use a turnstile or other counting device which will accurately count
2 the number of paid admissions. The established price, service charge, sales tax, City admission
3 tax and total price at which every such admission ticket or card is sold shall be separately,
4 conspicuously and indelibly printed or written on the face or back of that part of the ticket which
5 is to be ~~((taken up))~~ collected by the management of the place to which admission is gained.
6

7 2. It shall be unlawful for anyone to sell an admission ticket or card on which the name of
8 the person conducting the event and the price is not so printed, stamped or written, or to sell or
9 offer to sell an admission ticket or card at a price in excess of the price printed, stamped or
10 written thereon. The admission tax due shall be based on the total sum of the established price
11 plus any service charge printed on the ticket. When a charge is made for admission, a sign must
12 be posted in a conspicuous place on the entrance or ticket office which breaks down the
13 admission charge as follows:
14

15 Established Price
16 Service Charge (if any)
17 Sales Tax
18 City Admission Tax
19 Total Price
20

21 It is unlawful to charge a service charge on admission tickets unless the purchaser is fully
22 informed of the purpose of such charge by published or posted notice in advance of the ticket
23 sale.
24

25 3. The Director ~~((of Finance))~~ or his/her designee, who has been commissioned as a
26 Special Police Officer, or the Seattle Police Chief or his/her designee, is authorized to confiscate,
27
28



1 seize or otherwise remove from sale, or offered sale, any ticket in violation of or offered for sale
2 or sold in violation of ~~((SMC subsections 5.40.060 A1 or 2))~~ this subsection.

3 B. It is unlawful for any person to request a donation or contribution that represents an
4 admission charge or fee for the privilege of entering, attending, or remaining in attendance at any
5 theater, dance, amusement or other place of public performance where persons are not admitted
6 or allowed to remain in attendance without payment of such donation or contribution. Signage,
7 advertising, invitations, notices and other literature relating to the event may only state the words
8 "donation accepted" or "donation appreciated." The amount of a ~~((A-))~~ ~~((suggested))~~ "donation"
9 shall not be stated on an invitation, signage, advertising, or ~~((accompanying))~~ other literature.
10 Any donation amount suggested or requested used in conjunction with the event will be treated
11 as an admission charge subject to tax under this chapter.

14 Section 9. Seattle Municipal Code Section 5.40.080 is amended to read as follows:

15 **5.40.080 Certificate of registration -- Required -- Application.**

16 Any person conducting or operating any place for entrance to which an admission charge
17 is made shall, prior to the commencement of any such activity, and on a form prescribed by the
18 Director, file an application with the Director to conduct or operate such activity. The application
19 shall be filed whether or not the person has received an exemption from collecting the tax under
20 the provision of this chapter. The Director shall then issue a business license with an admission
21 tax endorsement. The endorsement shall continue valid ~~((until December 31st of the year in~~
22 ~~which the application was filed))~~ for as long as the person maintains a valid business license.
23 Failure of any person to obtain ~~((or renew))~~ the endorsement ~~((prior to))~~ for conducting ~~((the))~~ any
24 activity for which an admission charge is made within 20 days after being notified of the

1 requirement by the Director will result in ((the penalties contained in SMC 5.55.030 E)) a penalty
2 of Two Hundred and Fifty Dollars (\$250). This penalty is in addition to any tax and penalties
3 due according to SMC 5.55.110 (A), if applicable.

4 Section 10. Seattle Municipal Code Section 5.40.085 is amended to read as follows:

5 **5.40.085 Certificate of ((e))Exemption – Application, issuance – Cancellation– Proof**
6 **of nonprofit status.**

7
8 A. Any person seeking to secure an exemption from the admission tax pursuant to
9 Section 5.40.025((6-A)) from the admission tax as provided in this chapter shall present, at the
10 time of its application for a business license as described in SMC 5.55.030, official proof of its
11 exemption from federal income taxation pursuant to Section 501 (c)(3) of the Internal Revenue
12 Code of 1986, as now existing or hereafter amended, or in the alternative, provide proof of its
13 specific exemption from the requirement to file IRS Form 1023 in order to obtain tax exempt
14 status. If the exemption applicant already has a business license, then the request for exemption
15 and proof required above shall be filed prior to engaging in the activity which requires an
16 admission. ((, for each activity or series of activities as prescribed by the Director:

17
18
19 1. Identify the activity or set of activities at which persons paying an admission charge are
20 not to be taxed;

21 2. Supply sufficient information as well as enable the Director both:

22 a. To determine the applicability of the tax to the activity or set of activities so
23 identified, and

24 b. To distinguish the same from other occasions, if any, when taxes are to be collected;

25
26 and
27
28



1 3. ~~Provide evidence as necessary to show the status of the party performing the activity or~~
2 ~~set of activities as a college, university, or nonprofit tax exempt organization as defined in~~
3 ~~Section 5.40.010. The applicant may be required to notify the Director of any subsequent change~~
4 ~~in condition from the facts stated or information supplied. If the Director determines that persons~~
5 ~~paying such admission charge are not subject to the admission tax, the applicant shall receive a~~
6 ~~certification of such determination for the activity or series of activities, as the case may be.~~

8 B. The Director may cancel the certificate of exemption of any college, university, or
9 nonprofit ~~((tax exempt))~~ organization which (1) secures an exemption from the tax ~~((pursuant to~~
10 ~~Section 5.40.026 A))~~ by making a false representation in its application, ~~((or fails to adhere to its~~
11 ~~criteria))~~ or (2) otherwise violates Section 5.40.025~~((6A))~~ or a rule or regulation of the Director
12 implementing it. ~~((The order of cancellation may bar such an organization from registering again~~
13 ~~for a period of two (2) years.))~~

15 C. If the Director has ordered a certificate of exemption cancelled, an aggrieved person
16 may contest the cancellation by filing a notice of appeal and request for hearing with the hearing
17 examiner within ten (10) days after service or mailing of the order. ~~((If the Hearing Examiner is~~
18 ~~satisfied that a mailed notice was not delivered or was unreasonably delayed in delivery, he/she~~
19 ~~may allow an appeal made within ten (10) days after the appellant receives notice of the order of~~
20 ~~cancellation.))~~

22 ~~((D-))~~ If a request for hearing is filed by the applicant within the prescribed period, a
23 hearing shall be scheduled before the Hearing Examiner and shall be conducted by the Hearing
24 Examiner according to the applicable Hearing Examiner rules~~((for contested cases))~~. If an appeal
25



1 is not filed by the applicant within the prescribed period, the order of the Director canceling the
2 registration and certificate of exclusion shall be final.))

3 D. Exempt persons shall reapply for their certificate of exemption on September 30th,
4 five (5) years after the date the previous exemption was issued so that the Director may ensure
5 that the agency still meets the criteria established for the exemption.

7 Section 11. Seattle Municipal Code Section 5.40.090 is amended to read as follows:

8 **5.40.090 Certificate of registration – Transitory events – Owner/lessee and**
9 **promoter/conductor jointly and severally liable. ((of building to be named)).**

10 Whenever the applicant for a certificate of registration (~~(, obtained for the purpose of~~
11 ~~operating or conducting a temporary or transitory amusement, entertainment or exhibition,))~~ is
12 not the owner, lessee, or custodian of the ~~((buildings, lots or place where the amusement is to be~~
13 ~~conducted))~~ premises or location to which an admission fee is required to be paid, the ((tax
14 imposed by this chapter shall be reported and remitted as provided in Section 5.40.070 by the
15 person who is the owner, lessee or custodian, if not paid by the person conducting the
16 amusement, entertainment or exhibition)) owner, lessee or custodian of the premises or location
17 shall be jointly and severally liable for the reporting and remittance of the admission tax. The
18 applicant for a certificate of registration in any such case shall furnish the Director with the
19 application, ((with)) containing the name and address of the owner, lessee or custodian of the
20 premises ((upon which the amusement is to be conducted)) or location to which an admission fee
21 is required to be paid, and such owner, lessee or custodian shall be notified by the Director of the
22 issuance of such certificate and of his joint and several liability for collection and remittance of
23 ((such)) the tax.



1 Section 12. This ordinance shall take effect and be in force thirty (30) days from and
2 after its approval by the Mayor, but if not approved and returned by the Mayor within ten (10)
3 days after presentation, it shall take effect as provided by Municipal Code Section 1.04.020.
4

5 Passed by the City Council the ____ day of _____, 2003, and signed by me in open
6 session in authentication of its passage this ____ day of _____, 2003.
7

8
9
10 _____
President _____ of the City Council

11 Approved by me this ____ day of _____, 2003.
12

13
14 _____
15 Gregory J. Nickels, Mayor

16 Filed by me this ____ day of _____, 2003.
17

18
19 _____
20 City Clerk

21
22
23 (Seal)
24
25
26
27
28

STATE OF WASHINGTON – KING COUNTY

--SS.

163335
City of Seattle, Clerk's Office

No.

Affidavit of Publication

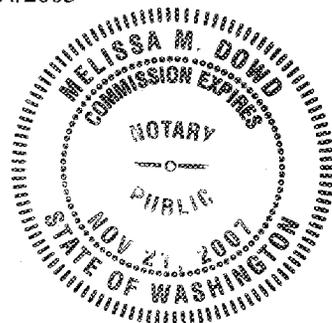
The undersigned, on oath states that he is an authorized representative of The Daily Journal of Commerce, a daily newspaper, which newspaper is a legal newspaper of general circulation and it is now and has been for more than six months prior to the date of publication hereinafter referred to, published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

CT:121253 ORD IN FULL

was published on

9/24/2003



Jennifer Petry
Subscribed and sworn to before me on

9/24/2003

Melissa Dowd
Notary public for the State of Washington,
residing in Seattle

Affidavit of Publication

State of Washington, King County

City of Seattle

ORDINANCE 121263

AN ORDINANCE relating to taxes on admission fees; expanding exemptions available to nonprofit organizations; increasing the minimum admission fee subject to such tax from Fifteen Cents (\$0.15) to One Dollar and Fifty Cents (\$1.50); providing for joint and several liability; repealing Sections 5.40.026, 5.40.028, and 5.40.050, and amending Sections 5.40.010, 5.40.020, 5.40.025, 5.40.040, 5.40.050, 5.40.060, 5.40.080, 5.40.085, and 5.40.090, respectively, of the Seattle Municipal Code.

WHEREAS, the exemptions from admission tax currently available for nonprofit organizations are limited to arts and human services as defined in Seattle Municipal Code Chapter 5.40, and the City desires to broaden this exemption to encourage qualifying nonprofit organizations in their endeavors; and

WHEREAS, the loss of revenue associated with broadening the exemption to other nonprofit sponsored events is minimal; and

WHEREAS, the current admission tax exemption provisions are confusing and difficult to understand and administer, and the loss of revenue from such changes will be small; and

WHEREAS, the efforts of the City in identifying and collecting admission tax in connection with temporary or transitory events will be greatly enhanced by increasing the accountability of owners and lessees of the venues profiting from such events;

NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. Seattle Municipal Code Section 5.40.010 is amended to read as follows:

5.40.010 Definitions.

For the purposes of this chapter, the words and terms contained in SMC Chapter 5.40 shall apply throughout this chapter unless expressly provided otherwise herein. The following additional definitions shall apply throughout this chapter:

A. "Admission charge(s)" ~~(the admission fee and admission fee)~~ means the price required or paid for entering a premise or location and includes but is not limited in meaning to:

1. A charge made for season tickets or subscriptions;
2. A cover charge or a charge made for use of seats or tables, reserved or otherwise, and similar accommodations;
3. A charge made for food or refreshments in any place where any free entertainment, recreation or amusement is provided;
4. A charge made for rental or use of equipment or facilities for purposes of recreation or amusement and, where the rental of the equipment or facilities is necessary to the enjoyment of the privilege for which a general admission is charged, the combined charge shall be considered as the admission charge;
5. A charge made for admission to any theater, dance hall, amphitheater, private club, auditorium, observation tower, stadium, athletic pavilion or field, baseball or athletic park, circus, side show, swimming pool, outdoor amusement park or any similar place; and includes equipment to which persons are admitted for purposes of recreation such as merry-go-rounds, ferris wheels, dodge-ems, roller coasters, go-carts and other rides whether such rides are restricted to tracks or not;
6. A charge made for automobile parking where the amount of the charge is determined according to the number of passengers in an automobile.

Section 5. Seattle Municipal Code Section 5.40.028 is repealed in its entirety.

Section 6. Seattle Municipal Code Section 5.40.040 is amended to read as follows:

5.40.040 Swimming pools — Skating rinks — Golf courses.

The admission charge shall be the amount paid ~~(the admission fee)~~ to gain entrance to any building, enclosure or area in which there is a swimming pool, skating rink, golf driving range, miniature golf course, short nine, or other golf course, or to gain entrance to such pool, rink or course itself; or for the use of the facilities thereof; or any rental paid by the person paying for such entry for the use of equipment and facilities supplied him and appropriate to the enjoyment of the privilege for which the admission is charged, or the aggregate thereof. The admission charge shall exclude dues, initiation fees, and maintenance assessments paid by a member of any profit or nonprofit organization to defray administrative or provide for the purposes

may ensure that the agency still meets the criteria established for the exemption.

Section 11. Seattle Municipal Code Section 5.40.090 is amended to read as follows:

5.40.090 Certificate of registration for transitory events — Owner/lessee/promoter/conductor jointly and severally liable. ~~(of building to be used)~~

Whenever the applicant for a certificate of registration ~~(obtained for the purpose of operating or conducting a temporary event)~~ is not the owner, lessee, or owner/lessee of the ~~(building, location or place)~~ ~~(to be used for the event)~~ premises at which an admission fee is to be paid, the ~~(tax assessed by the city)~~ shall be reported and assessed to the person who is to be paid the admission fee. If not paid, the person conducting the event or the person who is to be paid the admission fee shall be jointly and severally liable for the report and payment of the admission tax.