Mel McDonald/GMH
DEA 2006 Day Care Exemption ORD
August 30, 2006
Version #2

ORDINANCE 122322

AN ORDINANCE relating to taxation; amending the business and occupation tax deduction for day care providers; and amending subsection E of Section 5.45.100 of the Seattle Municipal Code.

WHEREAS, the City desires to provide the same business and occupation tax deduction to day care providers as the State of Washington provides; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. Effective January 1, 2007, subsection E of Section 5.45.100 of the Seattle Municipal Code is hereby amended as follows:

5.45.100 Deductions.

In computing the license fee or tax, the following may be deducted from the measure of tax:

* * *

E. Day Care Activities. In computing tax, nursery schools, preschools, child care providers and privately operated kindergartens ((~~there~~)) may ((~~be~~)) deduct((~~ed~~)) from the measure of tax amounts derived from ((~~day care activities (~~)) the care or education, for periods less than twenty-four (24) hours ((~~)~~)), of children who are under eight (8) years of age and not enrolled in or above the first grade. Such persons are, however, subject to the tax upon the gross proceeds derived from providing child care to children who are eight (8) years of age or older or enrolled in or above the first grade. ((~~by any organization organized and operated for charitable, educational, or other purposes which is exempt from taxation pursuant to Section 501 (c)(3) of~~

CITY CLERK

~~the Internal Revenue Code, as hereafter amended; provided, however, that a~~)) Amounts derived from selling, altering or repairing tangible personal property shall not be deductible.

* * *

Section 2. Ratification of Prior Acts. Any acts by City of Seattle officials and employees that took place prior to the effective date of this ordinance and that falls within the scope of the authority granted herein are hereby ratified and confirmed.

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 8th day of January, 2007, and signed by me in open session in authentication of its passage this 8th day of January, 2007.

President _____ of the City Council

Approved by me this 16th day of January, 2007.

Gregory J. Nickels, Mayor

Filed by me this 16th day of January, 2007.

City Clerk

(Seal)

CITY CLERK

City of Seattle

Gregory J. Nickels, Mayor

Office of the Mayor

September 19, 2006

Honorable Nick Licata
President
Seattle City Council
City Hall, 2nd Floor

Dear Council President Licata:

The attached proposed Council Bill would amend the City's Business License tax deduction for certain child care activities. Currently, the deduction is limited to charitable, educational, and other non-profit providers. The proposed legislation would extend the deduction to for-profit businesses engaging in child care activities for pre-school children.

The State of Washington provides for a Business and Occupation (B&O) tax deduction for child care facilities in the business of providing services for periods of less than twenty-four hours to children under eight years of age who have not started first grade. This legislation will make the City's tax code consistent with the State tax code.

Thank you for your consideration of this legislation. Should you have any questions, please contact Ken Nakatsu at 684-0505 or Mel McDonald at 233-0071.

Sincerely,

GREG NICKELS
Mayor of Seattle

cc: Honorable Members of the Seattle City Council

600 Fourth Avenue, 7th Floor, P.O. Box 94749, Seattle, WA 98124-4749
Tel: (206) 684-4000, TDD: (206) 684-8811 Fax: (206) 684-5360, Email: mayors.office@seattle.gov
An equal employment opportunity, affirmative action employer. Accommodations for people with disabilities provided upon request.

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Melvin A. McDonald/GMH
DEA 2006 Day Care Exemption ORD
August 30, 2006
Version #2

Form revised April 10, 2006

FISCAL NOTE FOR NON-CAPITAL PROJECTS

Department:	Contact Person/Phone:	DOF Analyst/Phone:
Executive Administration	Mel McDonald/3-0071	George Emerson/3-9110

Legislation Title:
AN ORDINANCE relating to taxation; amending the business and occupation tax deduction for child care providers; and amending subsection E of Section 5.45.100 of the Seattle Municipal Code.

- **Summary of the Legislation:**

This legislation would amend the business and occupation tax deduction allowed for child care activities pursuant to SMC Section 5.45.100 E. The proposed revision includes child care activities undertaken by for-profit businesses for care and education of children younger than eight years old or in first grade. These provisions are consistent with those provided by the State of Washington for B&O tax deductions for child care activities.

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

Currently, SMC Section 5.45.100 E provides a B & O tax deduction for day care activities only when the provider has non-profit status. The State of Washington provides for a business and occupation tax deduction for child care facilities in the business of providing services for periods of less than twenty-four hours to children under eight years of age who have not started first grade. This legislation will provide similar B&O tax relief for certain daycare activities in the City of Seattle.

Broadening the deduction for child care services to include for-profit businesses will result in a loss of tax revenue of about $25,000 a year.

- *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.)*

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Appropriations: *This table should reflect appropriations that are a direct result of this legislation. In the event that the project/ programs associated with this ordinance have appropriations that were, or will be, received because of previous or future legislation or budget actions, please provide details in the Notes section below.*

Fund Name and Number	Department	Budget Control Level*	2006 Appropriation	2007 Anticipated Appropriation
TOTAL				

**See budget book to obtain the appropriate Budget Control Level for your department.*

Notes: There are no appropriations associated with this legislation.

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Anticipated Revenue/Reimbursement: Resulting From This Legislation: *This table should reflect revenues/reimbursements that are a direct result of this legislation. In the event that the issues/projects associated with this ordinance/resolution have revenues or reimbursements that were, or will be, received because of previous or future legislation or budget actions,. please provide details in the Notes section below the table.*

Fund Name and Number	Department	Revenue Source	2006 Revenue	2007 Revenue
General Fund 00100	Executive Administration	Business and Utility taxes	$0	($25,000)
TOTAL			**$0**	**($25,000)**

Notes: None.

Total Regular Positions Created Or Abrogated Through This Legislation, Including FTE Impact: *This table should only reflect the actual number of positions created by this legislation In the event that positions have been, or will be, created as a result of previous or future legislation or budget actions, please provide details in the Notes section below the table.*

Position Title and Department*	Fund Name	Fund Number	Part-Time/ Full Time	2006 Positions	2006 FTE	2007 Positions**	2007 FTE**
TOTAL							

* *List each position separately*
** *2007 positions and FTE are total 2007 position changes resulting from this legislation, not incremental changes. Therefore, under 2007, please be sure to include any continuing positions from 2006*

Notes: There are no position changes associated with this legislation.

- **Do positions sunset in the future?** *(If yes, identify sunset date):* Not applicable.

Spending/Cash Flow: *This table should be completed only in those cases where part or all of the funds authorized by this legislation will be spent in a different year than when they were appropriated (e.g., as in the case of certain grants and capital projects). Details surrounding spending that will occur in future years should be provided in the Notes section below the table.*

Fund Name and Number	Department	Budget Control Level*	2006 Expenditures	2007 Anticipated Expenditures

CITY CLERK

TOTAL				

** See budget book to obtain the appropriate Budget Control Level for your department.*

Notes: Not applicable.

- **What is the financial cost of not implementing the legislation?**

  None.

- **What are the possible alternatives to the legislation that could achieve the same or similar objectives?**

  None. Revisions to the City's tax code must be made by ordinance.

  Is the legislation subject to public hearing requirements: No special public hearing requirements.

- **Other Issues** (*including long-term implications of the legislation*): None.

Please list attachments to the fiscal note below: None.

CITY CLERK

STATE OF WASHINGTON – KING COUNTY

--ss.

206689 No.
CITY OF SEATTLE,CLERKS OFFICE

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:122322 ORDINANCE

was published on

01/23/07

The amount of the fee charged for the foregoing publication is the sum of $ 111.60, which amount has been paid in full.

Subscribed and sworn to before me on

01/23/07

Notary public for the State of Washington,
residing in Seattle

JENNIFER A. PATZER
COMMISSION EXPIRES
NOTARY
PUBLIC
OCT. 24, 2007
STATE OF WASHINGTON

State of Washington, King County

City of Seattle

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Passed by the City Council the 8th day of January, 2007, and signed by me in open session in authentication of its passage this 8th day of January, 2007.

Nick Licata

President of the City Council

Approved by me this 16th day of January, 2007.

Gregory J. Nickels, Mayor

Filed by me this 16th day of January, 2007.

(Seal) Judith Pippin

City Clerk

Publication ordered by JUDITH PIPPIN, City Clerk

Date of publication in the Seattle Daily Journal of Commerce, January 23, 2007.

1/23(206689)