

Ordinance No. 123039

Council Bill No. 116574

AN ORDINANCE relating to taxation; increasing the Business and Occupation Tax threshold for tax due; and amending Section 5.55.040 of the Seattle Municipal Code.

Related Legislation File:

Date Introduced and Referred: <u>6-29-09</u>	To: (committee): <u>Finance and Budget</u>
Date Re-referred:	To: (committee):
Date Re-referred:	To: (committee):
Date of Final Action: <u>7-20-09</u>	Date Presented to Mayor: <u>7-20-09</u>
Date Signed by Mayor: <u>7-27-09</u>	Date Returned to City Clerk: <u>7-30-09</u>
Published by Title Only	Date Vetoed by Mayor:
Published in Full Text <u>✓ 3</u>	
Date Veto Published:	Date Passed Over Veto:
Date Veto Sustained:	Date Returned Without Signature:

The City of Seattle - Legislative Department

Council Bill/Ordinance sponsored by: Golden

Committee Action:

Date	Recommendation	Vote
<u>7-16-09</u>	<u>pass as amended</u>	<u>Y: SC, RC, NL, JG</u>

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

Full Council Action:

Date	Decision	Vote
<u>7-20-09</u>	<u>Passed 8-1</u>	<u>(No: McIver)</u>

Law Department

ORDINANCE 123039

AN ORDINANCE relating to taxation; increasing the Business and Occupation Tax threshold for tax due; and amending Section 5.55.040 of the Seattle Municipal Code.

WHEREAS, the City wishes to provide some measure of tax relief to the small businesses operating within Seattle to assist them through the current recession and more generally promote their growth and long-term term success; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. Effective January 1, 2010, Subsection 5.55.040 D of the Seattle Municipal Code is hereby amended as follows:

SMC 5.55.040 When due and payable -- Reporting periods -- Monthly, quarterly, and annual returns -- Threshold provisions -- Computing time periods -- Failure to file returns.

D. 1. For purposes of the tax imposed by SMC Chapter 5.45, any person whose gross proceeds of sales, gross income of the business, and value of products, including by-products, as the case may be, from all activities conducted within the city subject to tax after all allowable deductions, is less than the tax threshold amount defined in subsection D 3, below, in the current calendar year, shall complete and file a return, declare no tax due on their return, and submit the return to the Director. The gross receipts and deduction amounts shall be entered on the tax return even though no tax may be due.

2. Any person who reasonably estimates that the gross proceeds of sales, gross income of the business, and value of products, including by-products, as the case may be, from all activities conducted within the city subject to tax after all allowable deductions, will be less than the tax threshold amount defined in subsection D 3 below, in the current



1 calendar year may file a declaration so stating on a form supplied by the Director at the
2 same time he or she files his or her application for a business license or a renewal. The
3 Director may assign any person who files such declaration to an annual reporting period.

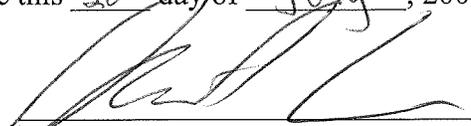
- 4 3. For calendar years prior to 2008, the Business and Occupation tax threshold amount shall
5 remain at Fifty Thousand Dollars (\$50,000) as established under Ordinance 116945. For
6 calendar years 2008(~~and thereafter~~) and 2009, the Business and Occupation tax
7 threshold amount shall be Eighty Thousand Dollars (\$80,000). For calendar years 2010
8 and thereafter, the Business and Occupation tax threshold amount shall be One Hundred
9 Thousand Dollars (\$100,000).
10

11 ***
12
13

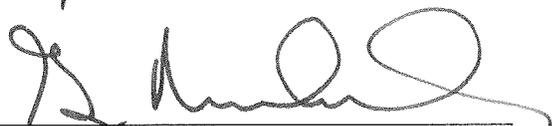
14 **Section 2.** This ordinance shall take effect and be in force thirty (30) days from and after
15 its approval by the Mayor, but if not approved and returned by the Mayor within ten (10) days
16 after presentation, it shall take effect as provided by Municipal Code Section 1.04.020.
17
18
19
20
21
22
23
24
25
26
27
28



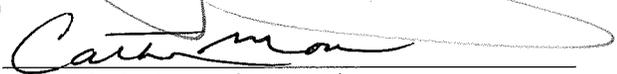
1 Passed by the City Council the 20th day of July, 2009, and signed by me in
2 open session in authentication of its passage this 20th day of July, 2009.

3 
4 _____
President _____ of the City Council

5 Approved by me this 27th day of July, 2009.

6 
7 _____
8 Gregory J. Nickels, Mayor

9 Filed by me this 30 day of July, 2009.

10 
11 _____
12 City Clerk (Interim)

13 (Seal)



FISCAL NOTE FOR NON-CAPITAL PROJECTS

Department:	Contact Person/Phone:	DOF Analyst/Phone:
Legislative	Ben Noble / 4-8160	Not Applicable

Legislation Title:

AN ORDINANCE relating to taxation; increasing the Business and Occupation Tax threshold for tax due; and amending Section 5.55.040 of the Seattle Municipal Code

• **Summary of the Legislation:**

This proposed legislation increases Seattle’s Business and Occupation (B&O) Tax threshold from gross revenue of Eighty Thousand Dollars (\$80,000) to gross revenue of One Hundred Thousand Dollars (\$80,000), starting in 2010.

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

This threshold was increased for 2008 from \$50,000 to \$80,000. This increase was to adjust for the impacts of inflation since 1994, which was the last time the threshold had been raised. The current proposal is designed to provide tax relief to small businesses to help address the challenges of the current economic downturn.

• *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.)*

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

Appropriations:

This legislation includes no appropriations.

Anticipated Revenue/Reimbursement: Resulting From This Legislation:

Fund Name and Number	Department	Revenue Source	2009 Revenue	2010 Revenue
General Subfund (00100)	DEA	B&O Taxes	No change	(\$455,000)
Parks and Recreation Fund (10200)	Department of Parks and Recreation	B&O Taxes	No Change	(\$45,500)
TOTAL				(\$500,500)

Notes: Staff has forecast a total revenue reduction of approximately \$500,000, based on recent



tax receipts. By charter, 10% of the B&O revenues are directed to the Park Funds. Thus, Parks Fund revenues would be reduced by just under \$50,000. Whether this loss will be offset by a “back fill” of General Fund revenues would be determined during the 2010 budget process.

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

This legislation has no impact on City positions.

Spending/Cash Flow:

Not applicable.

- **What is the financial cost of not implementing the legislation?**
This legislation is designed to provide modest tax relief to small businesses. There is no direct cost associated with not implementing this legislation (although not passing it would preserve approximately \$500,000 in City revenues).
- **Does this legislation affect any departments besides the originating department?**
Only in terms of its indirect impacts due to associated decreases in City revenues.
- **What are the possible alternatives to the legislation that could achieve the same or similar objectives?** Any number of taxes or fees might be reduced for small business, but all would have some revenue impact to the City.
- **Is the legislation subject to public hearing requirements:**
No.
- **Other Issues** (including long-term implications of the legislation):

Please list attachments to the fiscal note below:

None.



1 less than the tax threshold amount defined in subsection D 3 below, in the current
2 calendar year may file a declaration so stating on a form supplied by the Director at the
3 same time he or she files his or her application for a business license or a renewal. The
4 Director may assign any person who files such declaration to an annual reporting period.

- 5
6 3. For calendar years prior to 2008, the Business and Occupation tax threshold amount shall
7 remain at Fifty Thousand Dollars (\$50,000) as established under Ordinance 116945. For
8 calendar years 2008(~~and thereafter~~) and 2009, the Business and Occupation tax
9 threshold amount shall be Eighty Thousand Dollars (\$80,000). For calendar years 2010
10 and thereafter, the Business and Occupation tax threshold amount shall be One Hundred
11 Thousand Dollars (\$100,000).

12
13 ***

14
15
16 **Section 2.** This ordinance shall take effect and be in force thirty (30) days from and after
17 its approval by the Mayor, but if not approved and returned by the Mayor within ten (10) days
18 after presentation, it shall take effect as provided by Municipal Code Section 1.04.020.
19
20
21
22
23
24
25
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

Passed by the City Council the ____ day of _____, 2009, and signed by me in open session in authentication of its passage this ____ day of _____, 2009.

President _____ of the City Council

Approved by me this ____ day of _____, 2009.

Gregory J. Nickels, Mayor

Filed by me this ____ day of _____, 2009.

City Clerk

(Seal)



123039

STATE OF WASHINGTON – KING COUNTY

--SS.

243027
CITY OF SEATTLE, CLERKS 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.

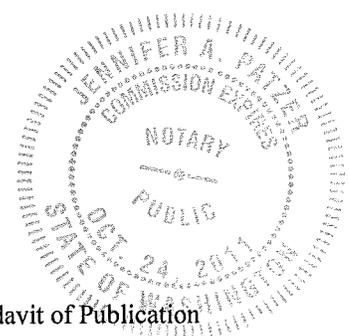
The notice in the exact form annexed, was published in regular issues of The Daily Journal of Commerce, which was regularly distributed to its subscribers during the below stated period. The annexed notice, a

CT:123039 ORDINANCE

was published on

08/06/09

The amount of the fee charged for the foregoing publication is the sum of \$ 155.65, which amount has been paid in full.



[Signature]

Subscribed and sworn to before me on
08/06/09 *[Signature]*

Notary public for the State of Washington,
residing in Seattle

