

Ordinance No. 123152

Council Bill No. 116682

AN ORDINANCE relating to business licenses; amending sections 5.55.030 and 5.55.230 of the Seattle Municipal Code relating to the renewal of business licenses; and adding a new Section 5.55.125 providing for an amnesty program relating to the late payment of business license tax to increase City revenues.

CF No. \_\_\_\_\_

Date Introduced:	<u>10-19-09</u>	
Date 1st Referred:		To: (committee) <u>Budget</u>
Date Re - Referred:		To: (committee)
Date Re - Referred:		To: (committee)
Date of Final Passage:	<u>11-23-09</u>	Full Council Vote: <u>9-0</u>
Date Presented to Mayor:	<u>11-23-09</u>	Date Approved: <u>12-1-09</u>
Date Returned to City Clerk:	<u>12-3-09</u>	Date Published: _____ T.O. _____ F.T. <input checked="" type="checkbox"/>
Date Vetoed by Mayor:		Date Veto Published: _____
Date Passed Over Veto:		Veto Sustained: _____

### The City of Seattle - Legislative Department

Council Bill/Ordinance sponsored by: Jean Golden

Councilmember

### Committee Action:

11-10-09 Pass JG, SC, RC, BH, NM, TR

11-23-09 Passed 9-0

This file is complete and ready for presentation to Full Council. Committee: \_\_\_\_\_ (initial/date)

*Law Department*

Law Dept. Review

OMP Review

City Clerk Review

Electronic Copy Loaded

Indexed

ORDINANCE 123152

AN ORDINANCE relating to business licenses; amending sections 5.55.030 and 5.55.230 of the Seattle Municipal Code relating to the renewal of business licenses; and adding a new Section 5.55.125 providing for an amnesty program relating to the late payment of business license tax to increase City revenues.

WHEREAS, a significant number of business licensees that are delinquent in paying licensing fees and taxes owed to the City have been allowed to renew their licenses regardless of such delinquencies; and

WHEREAS, the City desires to pursue payment of delinquent fees and taxes, while having the ability to refuse to renew business licenses for taxpayers whose obligations to the City are in arrears; and

WHEREAS, the City wishes to allow for the implementation of a periodic tax amnesty program when it is determined that the offer of amnesty will likely provide increased revenues to the City and encourage delinquent taxpayers to bring their accounts current; NOW, THEREFORE,

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

**Section 1.** Effective January 1, 2010, Subsection E of Seattle Municipal Code Section 5.55.030, which section was last amended by Ordinance 121679, is amended as follows:

**SMC 5.55.030 License requirements.**

\* \* \*

E. Any business license may be renewed by the payment for the ensuing year of the license fee herein prescribed on or before the date of the expiration of such license. Any licensee who fails to make payment on or prior to the expiration date of said business license shall be subject to penalties in the following amounts:

1. Ten Dollars (~~(\$10.00)~~) if not received on or before the last day of the month following the (~~due~~) expiration date.



1 2. Twenty Dollars (~~(\$20.00)~~) if not received on or before the last  
2 day of the second month following the (~~due~~) expiration date.

3 3. All business licenses issued subsequent to the initial license period  
4 shall be deemed renewal licenses if there has been no discontinuance of the licensee's  
5 operations or activities. Nonpayment by the licensee of taxes or business license fees  
6 other than those due upon expiration for the renewal of a license, (~~and taxes~~) when  
7 due (~~by the licensee~~) during the term of any license shall constitute grounds for  
8 revocation (~~or suspension~~) of or the refusal to renew said license.  
9

10 \* \* \*

11  
12 **Section 2.** Effective January 1, 2010, Section 5.55.230 of the Seattle Municipal Code, as last  
13 amended by Ordinance 122564, is amended as follows:

14 **SMC 5.55.230 (~~(Suspension or r)~~)Revocation of, or refusal to renew (~~(of)~~)business**  
15 **license.**

16 A. The Director, or his or her designee, (~~shall have~~) has the power and authority to  
17 (~~suspend or~~) revoke or refuse to renew any business license or amusement device license  
18 issued under the provisions of this chapter. The Director, or his or her designee, shall notify  
19 such licensee in writing by certified mail of the (~~suspension or~~) revocation of, or refusal to  
20 renew, his or her license and on what (~~the~~) grounds (~~therefor~~) such a decision was based.  
21 The Director may revoke or refuse to renew (~~(A)~~)any license issued under this chapter (~~(may~~  
22 be suspended or revoked based) on one or more of the following grounds:

- 23  
24 1. The license was procured by fraud or false representation of fact.  
25 2. The licensee has failed to comply with any provisions of this chapter.  
26



1 3. The licensee has failed to comply with any provisions of SMC Chapters 5.32, 5.35,  
2 5.37, 5.40, 5.45, 5.46, 5.48 or 5.52.

3 4. The licensee is in default in any payment of any license fee or tax under Title 5 or  
4 Title 6.

5 The period of revocation or non-renewal shall be at least one year, and the licensee or any  
6 person (as defined in SMC Section 5.30.040.F) in which the licensee is a principal shall not  
7 again be licensed during such period.

8  
9  
10 B. ~~((Any licensee may, w))~~ Within ((thirty(=)) 30 ((=)) days from the date that the  
11 ~~((suspension or))~~ revocation or refusal to renew notice was mailed to the licensee, the  
12 licensee may appeal ((from)) such ((suspension or)) revocation or refusal to renew by filing a  
13 written notice of appeal ("petition") setting forth the grounds therefor with the Office of the  
14 Hearing Examiner. The licensee must provide a copy of the petition to the Director and the  
15 City Attorney on or before the date the petition is filed with the Hearing Examiner. The  
16 hearing shall be conducted in accordance with the procedures for hearing contested cases in  
17 the Seattle Administrative Code (Chapter 3.02 of the Seattle Municipal Code). The Hearing  
18 Examiner shall set a date for hearing said appeal and notify the licensee by mail of the time  
19 and place of the hearing. After the hearing thereon the Hearing Examiner shall, after making  
20 appropriate findings of fact((=)) and conclusions of law, affirm, modify, or overrule the  
21 ~~((suspension or))~~ revocation or refusal to renew, and reinstate the license. The Hearing  
22 Examiner ((, and)) may impose any terms upon the continuance of the license that he or  
23 she((which the Hearing Examiner)) may deem advisable. No ((suspension or)) revocation of,  
24 or refusal to renew ((of)) a license issued pursuant to the provisions of this chapter shall take



1 effect until ~~((thirty (30)))~~ 30 ((3)) days after the mailing of the notice thereof by the Director, and  
2 if appeal is taken as herein prescribed, the ~~((suspension or))~~ revocation or refusal to renew  
3 shall be stayed pending final action by the Hearing Examiner. All licenses ~~((which))~~ that are  
4 ~~((suspended or))~~ revoked or refused to be renewed by the Director shall be surrendered to the  
5 City on the effective date of such ~~((suspension or))~~ revocation or refusal to renew. No  
6 business license shall be renewed and no new license shall be issued to the licensee or to any  
7 person (as defined by SMC Subsection 5.30.040F) in which the licensee is a principal for a  
8 period of one year where the license has been revoked or not renewed by a decision of the  
9 Director pursuant to this Section. The decision of the Hearing Examiner shall be final. The  
10 licensee and/or the Director may seek review of the decision of the Hearing Examiner ~~((to))~~  
11 in the Superior Court of Washington in and for King County within fourteen (14) days from  
12 the date of the decision.

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14  
15 C. Upon revocation of any license no portion of the license fee shall be returned to the  
16 licensee.

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18 Section 3. Effective January 1, 2010, a new Section 5.55.125 is added to the Seattle  
19 Municipal Code as follows:

20  
21 **SMC 5.55.125 Amnesty**

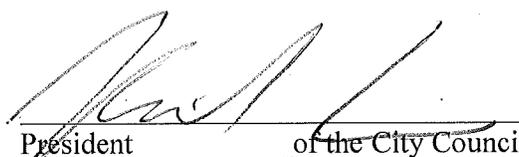
22 The Director may from time to time declare periods of amnesty in which the penalties  
23 imposed under SMC 5.55.110 A, B or D, or any combination thereof, may be waived. Such  
24 periods of amnesty and the terms thereof may be established upon a finding by the Director  
25



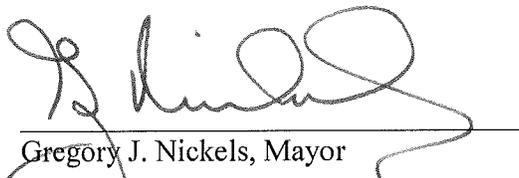
1 that they are likely to have the effect of increasing revenues to the City. The Director may  
2 promulgate rules and procedures to implement the provisions of this section.

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

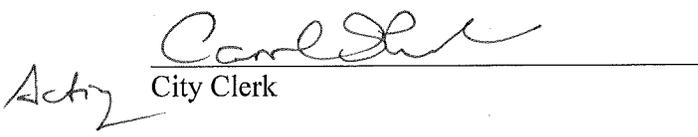
7  
8 Passed by the City Council the 23<sup>rd</sup> day of November, 2009, and  
9 signed by me in open session in authentication of its passage this  
10 23<sup>rd</sup> day of November, 2009.

11  
12   
13 President \_\_\_\_\_ of the City Council

14 Approved by me this 1<sup>st</sup> day of December, 2009.

15  
16   
17 Gregory J. Nickels, Mayor

18 Filed by me this 3<sup>rd</sup> day of December, 2009.

19  
20  
21   
22 City Clerk

23 (Seal)



Form revised May 5, 2009

**2010-2011 BUDGET LEGISLATION FISCAL NOTE**

*Note: This fiscal note template may be used for most pieces of budget legislation. Certain legislation submitted with the budget (e.g., the Supplemental Ordinance) requires that the standard fiscal note template be used with some modification. Please work with your Budget Analyst so that your fiscal note provides the information that is required during the budget process. The standard template can be found on the Legislation Home Page on the inweb at <http://inweb/legislationtracking/>*

Department:	Contact Person/Phone:	DOF Analyst/Phone:
Department of Executive Administration	Denise Movius/684-9259	Lawand Anderson/233-2780

Legislation Title: AN ORDINANCE relating to business licenses; amending sections 5.55.030 and 5.55.230 of the Seattle Municipal Code relating to the renewal of business licenses; and adding a new Section 5.55.125 providing for an amnesty program relating to the late payment of business license tax to increase City revenues.

• Summary of the Legislation:

This legislation revises Title 5 of the Seattle Municipal Code (SMC) to require that all outstanding tax and fee obligations be paid before a business is allowed to renew its business license. A new section is added to provide for periods of business license tax amnesty, waiving the imposition of penalties upon a finding by the Director that such amnesty periods are likely to have the effect of increasing revenues to the City. The Bill establishes a one-year license revocation, denial or non-renewal period. This legislation is a companion to another Bill amending Title 6 of the SMC in order to allow the City to refuse to renew delinquent taxpayers' regulatory licenses, much in the same way this legislation will allow us to deny their business license renewal requests.

Background: Under the current code, businesses are able to renew their business licenses despite having outstanding tax and fee obligations, which have resulted in significant uncollected taxes and fees owed to the City each year. The attached legislation amends the SMC so businesses that owe the City fees and taxes will no longer be able to renew their business licenses until their financial obligations are met. Additionally, the legislation adds a new section to the SMC, enabling the Director of Executive Administration to implement a tax amnesty program during periods in which he or she determines it will likely provide the City with increased revenues.

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



**Summary of Changes to Revenue Generated Specifically From This Legislation:** *For budget legislation that changes revenue (e.g., fees, taxes, etc.), please provide detail on each revenue-producing item that is being changed, when it was last changed, and how the item's new overall cost compares with similar costs charged elsewhere in the region.*

	Revenue Source	2010 Proposed
Fees and Charges Resulting From Passage of This Ordinance	Business License Back payment Obligations	\$676,000
<b>TOTAL</b>		<b>\$676,000</b>

**Anticipated Total Revenue from Entire Program, Including Changes Resulting From This Legislation:**

Fund Name and Number	Revenue Source	Total Proposed 2010 Revenue
General Fund -(00100)	Business License Payments	\$4,650,000
<b>TOTAL</b>		<b>\$4,650,000</b>

What is the financial cost of not implementing this legislation? The financial cost of not implementing this legislation is the continued loss of revenue owed to the City and associated impacts to receivables.

- Does this legislation affect any departments besides the originating department? Depending on the number of appeals, the Law Department and the Hearing Examiner could be affected.
- What are the possible alternatives to the legislation that could achieve the same or similar objectives? There are no possible alternatives that could achieve the same or similar objectives.
- Is the legislation subject to public hearing requirements? No

Other Issues (including long-term implications of the legislation): Failure to implement this policy change will promote inequities between those business owners who routinely pay their business license-related fees and taxes, and other business owners who owe large debts to the City.

Attachments: None





# City of Seattle

Gregory J. Nickels, Mayor

## Office of the Mayor

September 25, 2009

Honorable Richard Conlin  
President  
Seattle City Council  
City Hall, 2<sup>nd</sup> Floor

Dear Council President Conlin:

I am pleased to transmit the attached proposed Council Bill, amending Title 5 of the Seattle Municipal Code (SMC) to require that all outstanding taxes and fees owed to the City be paid before a business is allowed to renew its business license. The Bill establishes a one-year license revocation, denial, or non-renewal period. Additionally, the legislation establishes a new section in the SMC that would allow the Director of Executive Administration to implement a tax amnesty program during periods that would likely produce increased revenues and encourage more businesses to bring their City accounts current. This legislation is a companion to another Bill that amends SMC Title 6 to allow the City to refuse requests to renew delinquent taxpayers' regulatory licenses much in the same way this legislation will allow the denial of business license renewals.

Between the years 2004 and 2008, approximately \$16.9 million in delinquent fees and taxes was placed on the books from businesses that failed to meet their financial obligations to the City. Excluding those businesses with accounts that are currently under appeal, are being audited, or have been closed, we estimate the City may ultimately be able to collect more than \$4 million in delinquent fees and taxes. The ability to not renew licenses, coupled with periodic tax amnesty programs authorized by this legislation, will offer added incentives for businesses to bring their accounts current and comply with Seattle's fee and tax regulations.

Thank you for your consideration of this legislation. Should you have questions, please contact Denise Movius at (206) 684-9259.

Sincerely,

A handwritten signature in black ink, appearing to read "Greg Nickels", written over a horizontal line.

GREG NICKELS  
Mayor of Seattle

600 Fourth Avenue, 7<sup>th</sup> Floor, P.O. Box 94749, Seattle, WA 98124-4749

Tel: (206) 684-4000, TDD: (206) 615-0476 Fax: (206) 684-5360, Email: [mayors.office@seattle.gov](mailto:mayors.office@seattle.gov)

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Ord 123152

**STATE OF WASHINGTON – KING COUNTY**

--SS.

248060  
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 12<sup>th</sup> day of June, 1941, approved as a legal newspaper by the Superior Court of King County.

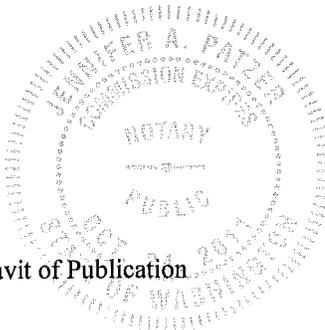
The notice in the exact form annexed, was published in regular issues of The Daily Journal of Commerce, which was regularly distributed to its subscribers during the below stated period. The annexed notice, a

CT:123152 ORDINANCE

was published on

12/10/09

The amount of the fee charged for the foregoing publication is the sum of \$ 261.78, which amount has been paid in full.



*[Signature]*  
Subscribed and sworn to before me on  
12/10/09 *[Signature]*  
Notary public for the State of Washington,  
residing in Seattle

Affidavit of Publication

2062

# State of Washington, King County

## City of Seattle

### ORDINANCE 123152

AN ORDINANCE relating to business licenses; amending sections 5.55.030 and 5.55.230 of the Seattle Municipal Code relating to the renewal of business licenses; and adding a new Section 5.55.125 providing for an amnesty program relating to the late payment of business license tax to increase City revenues.

WHEREAS, a significant number of business licensees that are delinquent in paying licensing fees and taxes owed to the City have been allowed to renew their licenses regardless of such delinquencies; and

WHEREAS, the City desires to pursue payment of delinquent fees and taxes, while having the ability to refuse to renew business licenses for taxpayers whose obligations to the City are in arrears; and

WHEREAS, the City wishes to allow for the implementation of a periodic tax amnesty program when it is determined that the offer of amnesty will likely provide increased revenues to the City and encourage delinquent taxpayers to bring their accounts current; NOW, THEREFORE,

### BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. Effective January 1, 2010, Subsection E of Seattle Municipal Code Section 5.55.030, which section was last amended by Ordinance 121679, is amended as follows:

#### SMC 5.55.030 License requirements.

\*\*\*

E. Any business license may be renewed by the payment for the ensuing year of the license fee herein proscribed on or before the date of the expiration of such license. Any licensee who fails to make payment on or prior to the expiration date of said business license shall be subject to penalties in the following amounts:

1. Ten Dollars ~~(((\$10.00)))~~ if not received on or before the last day of the month following the ~~((due))~~ expiration date.
2. Twenty Dollars ~~(((\$20.00)))~~ if not received on or before the last day of the second month following the ~~((due))~~ expiration date.

3. All business licenses issued subsequent to the initial license period shall be deemed renewal licenses if there has been no discontinuance of the licensee's operations or activities. Nonpayment by the licensee of taxes or business license fees other than those due upon expiration for the renewal of a license, ~~((and taxes))~~ when due ~~((by the licensee))~~ during the term of any license shall constitute grounds for revocation ~~((or suspension))~~ of or the refusal to renew said license.

\*\*\*

Section 2. Effective January 1, 2010, Section 5.55.230 of the Seattle Municipal Code, as last amended by Ordinance 122564, is amended as follows:

SMC 5.55.230 ~~((Suspension or r))~~Revocation of, or refusal to renew ~~((of))~~business license.

A. The Director, or his or her designee, ~~((shall have))~~ has the power and authority to ~~((suspend or))~~ revoke or refuse to renew any business license or amusement device license issued under the provisions of this chapter. The Director, or his or her designee, shall notify such licensee in writing by certified mail of the ~~((suspension or))~~ revocation of, or refusal to renew, his or her license and on what ~~((the))~~ grounds ~~((therefor))~~ such a decision was based. The Director may revoke or refuse to renew ~~((A))~~any license issued under this chapter ~~((may be suspended or revoked based))~~ on one or more of the following grounds:

1. The license was procured by fraud or false representation of fact.
2. The licensee has failed to comply with any provisions of this chapter.
3. The licensee has failed to comply with any provisions of SMC Chapters 5.32, 5.35, 5.37, 5.40, 5.45, 5.46, 5.48 or 5.52.
4. The licensee is in default in any payment of any license fee or tax under Title 5 or Title 6.

The period of revocation or non-renewal shall be at least one year, and the licensee or any person ~~((as defined in SMC Section 5.30.040 F))~~ in which the licensee is a principal shall not again be licensed during such period.

B. ~~((Any licensee may, w))~~ Within ~~((thirty))~~ 30 ~~(())~~ days from the date that the ~~((suspension or))~~ revocation or refusal to renew notice was mailed to the licensee, the licensee may appeal ~~((from))~~ such ~~((suspension or))~~ revocation or refusal to renew by filing a written notice of appeal ("petition") setting forth the grounds therefor with the Office of the Hearing Examiner. The licensee must provide a copy of the petition to the Director and the City Attorney on or before the date the petition is filed with the Hearing Examiner. The hearing shall be conducted in

accordance with the procedures for hearing contested cases in the Seattle Administrative Code (Chapter 3.02 of the Seattle Municipal Code). The Hearing Examiner shall set a date for hearing said appeal and notify the licensee by mail of the time and place of the hearing. After the hearing thereon the Hearing Examiner shall, after making appropriate findings of fact ~~((and))~~ conclusions of law, affirm, modify, or overrule the ~~((suspension or))~~ revocation or refusal to renew, and reinstate the license. The Hearing Examiner ~~((and))~~ may impose any terms upon the continuance of the license that he or she ~~((which))~~ the Hearing Examiner may deem advisable. No ~~((suspension or))~~ revocation of, or refusal to renew ~~((of))~~ a license issued pursuant to the provisions of this chapter shall take effect until ~~((thirty))~~ 30 ~~(())~~ days after the mailing of the notice thereof by the Director, and if appeal is taken as herein prescribed, the ~~((suspension or))~~ revocation or refusal to renew shall be stayed pending final action by the Hearing Examiner. All licenses ~~((which))~~ that are ~~((suspended or))~~ revoked or refused to be renewed by the Director shall be surrendered to the City on the effective date of such ~~((suspension or))~~ revocation or refusal to renew. No business license shall be renewed and no new license shall be issued to the licensee or to any person ~~((as defined by SMC Subsection 5.30.040 F))~~ in which the licensee is a principal for a period of one year where the license has been revoked or not renewed by a decision of the Director pursuant to this Section. The decision of the Hearing Examiner shall be final. The licensee and/or the Director may seek review of the decision of the Hearing Examiner ~~((to))~~ in the Superior Court of Washington in and for King County within fourteen (14) days from the date of the decision.

C. Upon revocation of any license no portion of the license fee shall be returned to the licensee.

Section 3. Effective January 1, 2010, a new Section 5.55.125 is added to the Seattle Municipal Code as follows:

#### SMC 5.55.125 Amnesty

The Director may from time to time declare periods of amnesty in which the penalties imposed under SMC 5.55.110 A, B or D, or any combination thereof, may be waived. Such periods of amnesty and the terms thereof may be established upon a finding by the Director that they are likely to have the effect of increasing revenues to the City. The Director may promulgate rules and procedures to implement the provisions of this section.

Section 4. 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 23rd day of November, 2009, and signed by me in open session in authentication of its passage this 23rd day of November, 2009.

Richard Conlin

President of the City Council

Approved by me this 1st day of December, 2009.

Gregory J. Nickels, Mayor

Filed by me this 3rd day of December, 2009.

Publication ordered by the City Clerk  
Date of publication in the Seattle Daily Journal of Commerce, December 10, 2009.  
12/10(248060)

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