

Ordinance No. 123877

Council Bill No. 117438

AN ORDINANCE relating to the business license tax and other taxes; amending the tax code to allow a deduction for grants, contracts and sub-awards received as compensation for or to support life sciences research and development; adding a new subsection to Seattle Municipal Code Section 5.45.100 in connection therewith.

Related Legislation File:

Date Introduced and Referred: <b>4.2.12</b>	To: (committee): <b>Government Performance + Finance</b>
Date Re-referred:	To: (committee):
Date Re-referred:	To: (committee):
Date of Final Action: <b>April 30, 2012</b>	Date Presented to Mayor: <b>May 1, 2012</b>
Date Signed by Mayor: <b>5.7.12</b>	Date Returned to City Clerk: <b>5.8.12</b>
Published by Title Only <input checked="" type="checkbox"/>	Date Vetoed by Mayor:
Published in Full Text	
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: *Boyer*

Committee Action:

Date	Recommendation	Vote
<b>4-18-2012</b>	<b>PASS</b>	<b>TB SC 2-0</b>

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

Full Council Action:

Date	Decision	Vote
<b>April 23, 2012</b>	<b>Held until April 30, 2012</b>	<b>7-0 (excused: Burgess, Conlin)</b>
<b>April 30, 2012</b>	<b>Passed as Amended</b>	<b>8-0 (excused: Conlin)</b>

*Law Department*

ORDINANCE 123877

AN ORDINANCE relating to the business license tax and other taxes; amending the tax code to allow a deduction for grants, contracts and sub-awards received as compensation for or to support life sciences research and development; adding a new subsection to Seattle Municipal Code Section 5.45.100 in connection therewith.

WHEREAS, Seattle's life sciences community, including non-profit and private sector research entities, is conducting work that serves the greater public good and producing research products that are made available to the broader academic and scientific community; and

WHEREAS, Seattle's life sciences community receives government grants, contracts and sub-awards to support their research and development activities; and

WHEREAS, the contractual form of government grants and awards has been evolving, placing an additional emphasis on specific deliverable products and potentially subjecting some of this funding to the City's gross receipts tax; NOW, THEREFORE,

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

Section 1. Section 5.45.100 of the Seattle Municipal Code, last amended by Ordinance 123704, is amended by adding a new subsection as follows:

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**5.45.100 W. Organizations Conducting Life Sciences Research and Development.**

Funding provided to non-profit and private sector entities and their sub-recipients as compensation for research and development, or to support research and development, in the life sciences by the United States, State of Washington, local or municipal government or any instrumentality thereof may be deducted from the measure of tax.

Section 2. The deduction established by Section 1 shall expire five years after the effective date of the ordinance codified by this Chapter unless extended by City Council by ordinance. The City Council will consider such an extension after evaluating both the fiscal and policy impacts of the deduction. This evaluation, which will include both an estimate of foregone revenues and an assessment of how grant applications and awards have been affected by the deduction, will be completed by the Department of Finance and Administrative Services

1 and Council Central Staff 54 months after the effective date or the ordinance to ensure sufficient  
2 time for legislative action on any proposed extension.

3 Section 3. The Director shall establish rules under the authority of SMC 5.55.165 for  
4 taxpayers to report gross receipts which are eligible for the deduction provided in Section 1.

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

8  
9 Passed by the City Council the 30<sup>th</sup> day of April, 2012, and  
10 signed by me in open session in authentication of its passage this  
11 30<sup>th</sup> day of April, 2012.

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14 President \_\_\_\_\_ of the City Council

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16 Approved by me this 7<sup>th</sup> day of May, 2012.

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19 Michael McGinn, Mayor

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21 Filed by me this 8<sup>th</sup> day of May, 2011.

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24 Monica Martinez Simmons, City Clerk

25 (Seal)

**FISCAL NOTE FOR NON-CAPITAL PROJECTS**

<b>Department:</b>	<b>Contact Person/Phone:</b>	<b>CBO Analyst/Phone:</b>
Department of Finance and Administrative Services	Jamie Carnell/615-0493	Jennifer Devore/615-1328

**Legislation Title:**

AN ORDINANCE relating to the business license tax and other taxes; amending the tax code to allow a deduction for grants, contracts and sub-awards received as compensation for or to support life sciences research and development; adding a new subsection to Seattle Municipal Code Section 5.45.100 in connection therewith.

**Summary of the Legislation:**

Provides a business and occupation tax deduction to the life science business community for grants, contract or subawards funded directly or indirectly by the United States, State of Washington, local or municipal government. The legislation applies to a nonprofit entity or its subrecipient.

**Background:**

This legislation is the result of outreach conducted by the City Council and the Department of Finance and Administrative services to the life science community via the Greater Seattle Chamber and the Downtown Seattle Association to better understand a business and occupation tax issue which arose from the taxation of federally funded grant nonprofit and subrecipient business activities.

Please check one of the following:

**This legislation does not have any financial implications.**

NOTE: This legislation allows a tax deduction to the life science community for grants received, but the City's research indicates the revenue change will be immaterial to the City.

**This legislation has financial implications.**

**Other Implications:**

- a) **Does the legislation have indirect financial implications, or long-term implications?**  
No

- b) What is the financial cost of not implementing the legislation?**  
There is no financial cost for not implementing this legislation.
- c) Does this legislation affect any departments besides the originating department?**  
No
- d) What are the possible alternatives to the legislation that could achieve the same or similar objectives?**  
There are no alternatives to this legislation.
- e) Is a public hearing required for this legislation?**  
N/A
- f) Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?**  
N/A
- g) Does this legislation affect a piece of property?**  
N/A
- h) Other Issues:**

**List attachments to the fiscal note below:**

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THIS VERSION IS NOT ADOPTED

1 Passed by the City Council the \_\_\_\_ day of \_\_\_\_\_, 2012, and  
2 signed by me in open session in authentication of its passage this  
3 \_\_\_\_ day of \_\_\_\_\_, 2012.

4 \_\_\_\_\_  
5 \_\_\_\_\_  
6 President \_\_\_\_\_ of the City Council

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8 Approved by me this \_\_\_\_ day of \_\_\_\_\_, 2012.

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10 \_\_\_\_\_  
11 Michael McGinn, Mayor

12  
13 Filed by me this \_\_\_\_ day of \_\_\_\_\_, 2011.

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15 \_\_\_\_\_  
16 Monica Martinez Simmons, City Clerk

17 (Seal)

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**THIS VERSION IS NOT ADOPTED**

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STATE OF WASHINGTON – KING COUNTY

--SS.

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284149  
CITY OF SEATTLE, CLERKS OFFICE

No. 123877 123878

**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.

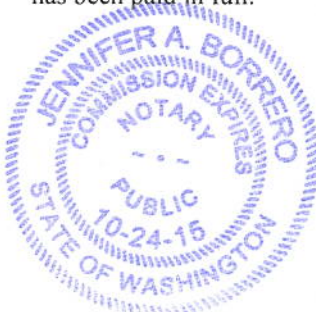
The notice in the exact form annexed, was published in regular issues of The Daily Journal of Commerce, which was regularly distributed to its subscribers during the below stated period. The annexed notice, a

CT: TITLE ONLY ORDINANCE

was published on

05/15/12

The amount of the fee charged for the foregoing publication is the sum of \$ 41.85, which amount has been paid in full.



Affidavit of Publication

A handwritten signature in blue ink, appearing to be "M. J. ...".

Subscribed and sworn to before me on

05/15/12

Notary public for the State of Washington,  
residing in Seattle



## State of Washington, King County

### City of Seattle Title Only Ordinances

The full text of the following legislation, passed by the City Council on April 30, 2012, and published below by title only, will be mailed upon request, or can be accessed at <http://clerk.seattle.gov>. For information on upcoming meetings of the Seattle City Council, please visit <http://www.seattle.gov/council/calendar>.

Contact: Office of the City Clerk at (206) 684-8344.

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#### ORDINANCE NO. 123878

AN ORDINANCE appropriating money to pay certain audited claims and ordering the payment thereof.

Date of publication in the Seattle Daily Journal of Commerce, May 15, 2012.

5/15(284149)