

# INITIATIVE PETITION FOR SUBMISSION TO THE SEATTLE CITY COUNCIL

## PROTECT PAID SICK LEAVE

## YES I-125

## ENFORCE MIN WAGE

**Please Return Your Initiative Petition  
Or Contact Us At:**

YES ON I-125 COMMITTEE  
P.O. Box 1285, Seattle, WA 98111  
(206) 382-5552 | [www.yeson125.com](http://www.yeson125.com)

### To the City Council of The City of Seattle:

We, the undersigned registered voters of The City of Seattle, State of Washington, propose and ask for the enactment as an ordinance of the measure known as Initiative Measure No. 125 entitled:

Initiative 125 concerns enhanced enforcement of labor-standards regulations funded by business license fees.

If passed, this initiative would require the Office of Labor Standards to provide outreach to employees and employers on labor-standards laws and to investigate potential labor-standards violations and workplaces with vulnerable employees. Most businesses with incomes over \$20,000 would pay an annual license surcharge equal to \$0.01 per employee-hour worked in the city. Fifty percent of proceeds would fund contracts with eligible employee advocacy organizations, 10% would fund contracts with employer-advocacy organizations, and 40% would fund investigations and other labor-standards activities.

Should this measure be enacted into law?

Yes

No

A full, true and correct copy of which is included herein, and we petition the Council to enact said measure as an ordinance; and, if not enacted within forty-five (45) days from the time of receipt thereof by the City Council, then to be submitted to the qualified electors of The City of Seattle for approval or rejection at the next regular election or at a special election in accordance with Article IV, Section 1 of the City Charter; and each of us for himself or herself says: I have personally signed this petition; **I am a registered voter of The City of Seattle, State of Washington, and my residence address is correctly stated.**

### WARNING: Ordinance 94289 provides as follows:

"Section 1. It is unlawful for any person:

1. To sign or decline to sign any petition for a City initiative, referendum, or Charter amendment, in exchange for any consideration or gratuity or promise thereof; or
2. To give or offer any consideration or gratuity to anyone to induce him or her to sign or not to sign a petition for a City initiative, referendum, or Charter amendment; or
3. To interfere with or attempt to interfere with the right of any voter to sign or not to sign a petition for a City initiative, referendum, or Charter amendment by threat, intimidation or any other corrupt means or practice; or
4. To sign a petition for a City initiative, referendum, or Charter amendment with any other than his or her true name, or to knowingly sign more than one (1) petition for the same initiative, referendum or Charter amendment measure, or to sign any such petition knowing that he or she is not a registered voter of The City of Seattle.

The provisions of this ordinance shall be printed as a warning on every petition for a City initiative, referendum, or Charter amendment.

Section 2. Any person violating any of the provisions of this ordinance shall upon conviction thereof be punishable by a fine of not more than Five Hundred Dollars (\$500) or by imprisonment in the City Jail for a period not to exceed six (6) months, or by both such fine and imprisonment."

Petitioner's Signature	Printed Name	Residence Address Street and Number	Date Signed
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AN ACT relating to the enforcement of the City of Seattle's labor standards laws: ensuring labor standards enforcement by improving and providing additional enforcement mechanisms; providing for the retention of one or more non-governmental entities to engage in community outreach and enforcement; providing a funding mechanism for such retention; imposing a business license surcharge; and amending Sections 3.14.945 and 5.55.030 of the Seattle Municipal Code.

WHEREAS, the City of Seattle is a leader on wage, labor, and workforce practices that enhance equity, address the 'wage gap', defined as the difference between the amounts of money paid to different genders and races, often for doing the same work, and create a fair and healthy economy for workers, businesses and residents, and the City has enacted ordinances related to criminal wage theft, paid sick and safe time, use of conviction and arrest records in employment decisions, and minimum wage and minimum compensation requirements for employees working in Seattle; and,

WHEREAS, the City of Seattle launched the Race and Social Justice Initiative in 2004, led by the Office of Civil Rights ("OCR"), with the vision of achieving racial equity in the community and the mission of ending institutionalized racism in City government, promoting inclusion and full participation of all residents, and partnering with the community to achieve racial equity across Seattle; and

WHEREAS, in Ordinance 124490, the City Council made a finding of fact that "[i]n Seattle, the weight of income inequality falls disproportionately on people of color and on women. More than 34 percent of all women and over 40 percent of African Americans and Asian and Pacific Islander Americans rank among low wage workers in Seattle. For Latinos, that number is nearly 50 percent, and it is 70 percent for Native Americans;" and

WHEREAS, labor standards are civil rights for all workers and any violation of these rights has a disproportionate impact on women, people of color, people with limited English proficiency, workers just entering the work force, and other vulnerable workers; and

WHEREAS, the Office of Civil Rights has successfully implemented two labor standards ordinances relating to paid sick and safe time (Ordinance 123698) and the use of conviction and arrest records in employment decisions (Ordinance 124201); and

WHEREAS, on June 2, 2014, the City Council unanimously passed, and on June 3, 2014, the Mayor signed, Ordinance 124490, establishing minimum wage and minimum compensation rates for employees working in Seattle; and

WHEREAS, on November 24, 2014, the City Council unanimously passed, and on December 2, 2014, the Mayor signed, Ordinance 124645, creating an administrative process for wage and tip compensation complaints by establishing wage and tip compensation requirements, prescribing remedies and enforcement procedures, and adding provisions related to wage theft; and

WHEREAS, on November 24, 2014, the City Council unanimously passed, and on December 2, 2014, the Mayor signed, Ordinance 124643, creating, among other things, an Office of Labor Standards ("OLS") and describing the functions and mission of OLS, which functions include administering and enforcing City of Seattle ordinances relating to minimum wage and minimum compensation (Chapter 14.19), paid sick and safe time (Chapter 14.16), use of criminal history in employment decisions (Chapter 14.17), and wage and tip compensation requirements (Chapter 14.20); and

WHEREAS, on December 14, 2015, the City Council unanimously passed, and on December 17, 2015, the Mayor signed Ordinance 124960, prescribing additional remedies, strengthening procedures to enforce and enhancing implementation of ordinances relating to minimum wage and minimum compensation (Chapter 14.19), paid sick and safe time (Chapter 14.16), use of conviction and arrest records in employment decisions (Chapter 14.17), and/or wage and tip compensation requirements (Chapter 14.20), and recognizing that data-driven directed investigations are more effective than complaint-based investigations at creating and maintaining employer compliance with labor standards laws; and

WHEREAS, in order to fulfill the goals and promises referenced above, and to improve and enhance the ability of OLS to accomplish its functions and mission, the people of the City of Seattle find that amendments to Sections 3.14.945 and 5.55.030 of the Seattle Municipal Code are necessary; NOW, THEREFORE,

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

Section 1. Section 3.14.945 of the Seattle Municipal Code, last amended by Ordinance 124643, is amended as follows:

### 3.14.945 Office of Labor Standards

There is established in the Office for Civil Rights an Office of Labor Standards, under the direction of the Mayor. There shall be a Division Director to manage the Office of Labor Standards. The Director of the Office for Civil Rights shall appoint the Division Director subject to the approval of the Mayor. The mission of the Office of Labor Standards is to protect workers' wages, working conditions, and safety and health, and to end barriers to workplace equity for women, communities of color, immigrants and refugees, and other vulnerable workers. It is the intent of the people of the City of Seattle to provide for robust enforcement of any City of Seattle ordinances relating to minimum wage and minimum compensation (Chapter 14.19), paid sick and safe time (Chapter 14.16), use of conviction and arrest records in employment decisions (Chapter 14.17), and/or wage and tip compensation requirements (Chapter 14.20), or any other Seattle ordinance relating to labor standards (collectively, "labor standards laws") by ensuring that the Office of Labor Standards performs directed investigations into alleged violations of labor standards laws, by ensuring that the Office of Labor Standards may contract with community organizations to perform outreach to employees and employers to educate them about their rights and obligations under labor standards laws and additional enforcement of labor standards laws, and to provide funding mechanisms for such investigations and outreach.

The functions of the Office of Labor Standards are as follows:

A. Promoting labor standards by means of outreach and education and technical assistance and training;

B. Collecting and analyzing data on the city's work force and workplaces;

C. Administering and enforcing City of Seattle ordinances relating to minimum wage and minimum compensation (Chapter 14.19), paid sick and safe time (Chapter 14.16), use of criminal history in employment decisions (Chapter 14.17), and wage and tip compensation requirements (Chapter 14.20) (,);

D. Providing education and outreach to employers and employees about their rights and obligations under City of Seattle ordinances relating to minimum wage and minimum compensation (Chapter 14.19), paid sick and safe time (Chapter 14.16), use of criminal history in employment decisions (Chapter 14.17), and wage and tip compensation requirements (Chapter 14.20) and providing technical assistance to small businesses.

1. The Office of Labor Standards will accomplish the foregoing functions in part by using funds generated by the business license surcharge provided for in subsection 5.55.030.B to contract with community-based employee advocate organizations, or coalitions of advocate organizations, to perform outreach, education, and compliance assistance to employees who work in Seattle with regard to their rights under labor standards laws and to contract with community-based employer advocacy organizations to perform outreach, education, and compliance assistance to employers with employees who work in Seattle with regard to their obligations under labor standards laws.

2. The Office of Labor Standards shall select community-based employee advocacy organizations in a manner that ensures outreach, education, and compliance assistance to workers in multiple languages.

3. The Division Director of the Office of Labor Standards shall establish eligibility rules for community-based organizations or coalitions of community-based organizations to contract with the Office of Labor Standards. In order to ensure the effectiveness of the grants to community based organizations or coalitions these rules shall include requirements that the mission and vision of the community-based organization and/or coalition are predominantly devoted to outreach, education, and/or enforcement of labor standards; that the organization or coalition has in-house staff with experience doing outreach to workers in multiple languages, including but not limited to one out of the top five languages spoken other than English in Seattle; that the organization or coalition has previous experience successfully working with the City on compliance around labor standards; that the organization or coalition will provide comprehensive referral services; that the organization or coalition will serve workers from any impacted industries; and that the organization or coalition has access to legal staff dedicated to ensuring compliance with the City's labor standards laws.

4. Decision-making for the allocation of funds to be used for outreach must be based on a data-driven approach targeting demographics and industries that are most impacted.

E. Conducting directed investigations into violations of City of Seattle ordinances relating to minimum wage and minimum compensation (Chapter 14.19), paid sick and safe time (Chapter 14.16), use of criminal history in employment decisions (Chapter 14.17), and wage and tip compensation requirements (Chapter 14.20), which the Office of Labor Standards shall do

1. whenever it has reason to believe that a violation has occurred or will occur, provided that the Office of Labor Standards shall consult with the Labor Standards Advisory Commission to establish criteria for determining when the circumstances for conducting directed investigations have been met;

2. whenever circumstances show that violations are likely to occur within a class of businesses because the workforce contains significant numbers of workers who are vulnerable to violations of Chapter 14.16, Chapter 14.17, Chapter 14.19 or Chapter 14.20 or the workforce is unlikely to volunteer information regarding such violations.

F. This section shall be liberally construed in favor of its purposes. Nothing in this section shall be interpreted or applied so as to create any power or duty in conflict with federal or state law.

Section 2. Section 5.55.030 of the Seattle Municipal Code, last amended by Ordinance 124808, is amended to read as follows:

### 5.55.030 License requirements

A.

1. No person, unless specifically exempted, shall engage in any business activity, profession, trade or occupation in the City without having first obtained and being the holder of a valid and subsisting license to do so, to be known as a "business license tax certificate." The fee for the business license tax certificate shall be \$110 for persons with worldwide gross income of the business and value of products of more than \$20,000 in the current calendar year that engage in any business activity, profession, trade or occupation in the City prior to July 1st and \$55 for persons beginning their activity on or after July 1st. The business license tax certificate fee for persons with worldwide gross income of the business and value of products of \$20,000 or less in the current calendar year will be \$55 if prior to July 1st and \$27.50 for persons beginning their activity on or after July 1st. The fee shall accompany the application for the license.

The business license tax certificate shall expire at the end of the calendar year for which it is issued. The business license tax certificate shall be personal and nontransferable except as provided in subsection 5.55.030.G. Applications for the business license tax certificate shall be made to the Director of Finance and Administrative Services (FAS) on forms provided by the Director. Each business license tax certificate shall be numbered, shall show the name, place and character

of the business of the licensee, and such other information as the Director deems necessary, and shall at all times be conspicuously posted in the place of business for which it is issued.

If the licensee changes the place of business, the licensee shall return the business license tax certificate to the Director and a new business license tax certificate shall be issued for the new place of business free of charge.

2. In addition to the fee for the business license tax certificate set in this subsection 5.55.030.A, there shall be an annual business license tax certificate surcharge ("business license tax certificate surcharge") for business license tax certificates issued or renewed after expiration on or after January 1, 2017. The business license tax certificate surcharge shall apply to businesses required to pay the \$110 fee for persons with worldwide gross income of the business and value of products of more than \$20,000 in the current calendar year.

a. The business license tax certificate surcharge is calculated by determining the number of employee hours worked in Seattle during the preceding calendar year and then multiplying that figure by \$0.01.

b. Annual employee hours worked in Seattle during the preceding calendar year are calculated based on the sum of the four quarterly reports submitted to the Washington State Department of Labor and Industries for the preceding calendar year for any and all weeks during which at least one employee worked for compensation in Seattle.

c. It shall be the responsibility of the employer to determine the number of hours worked in Seattle during the preceding calendar year. Businesses that did not file quarterly reports with the Washington State Department of Labor and Industries shall determine the number of hours worked within the City of Seattle during the preceding calendar year and demonstrate to the satisfaction of FAS, if required, that the number of employee hours worked in Seattle during the preceding calendar year is accurate.

d. For purposes of determining the number of hours worked in Seattle during the preceding calendar year, hours worked by all employees who worked for compensation shall be counted, including but not limited to employees who worked in full-time employment, part-time employment, joint employment, temporary employment, or through the services of a temporary services or staffing agency or similar entity.

e. The Director of FAS may require the business to provide it with copies of its quarterly reports to the Washington State Department of Labor and Industries.

f. New businesses. The business license tax certificate surcharge shall not apply to employers until they have filed four quarters of reports with the Washington State Department of Labor and Industries.

g. Temporary agencies. The following provisions shall apply to businesses engaged in the practice of providing temporary employees or workers ("temporary agencies") to businesses located within the City and to businesses located within the city which utilize the services of such employees or workers:

1) Temporary agencies shall include all temporary employees and workers placed with businesses located within Seattle who remain employees of the temporary agency while performing their jobs in calculating the number of employee hours worked by their employees.

2) Businesses located within Seattle that utilize temporary employees or workers provided by a temporary agency shall not include the temporary employees or workers in calculating the number of their employee hours unless those employees become employees of such businesses while so employed.

h. Underreporting of employees. If the Director determines that the number of employee hours worked in Seattle during the previous year was underreported by more than 20 percent at the time of application or renewal, the business shall pay the balance of the applicable business license tax certificate surcharge together with a penalty of 20 percent of such balance due. The business shall also reimburse the City for any accounting, legal, or administrative expenses incurred by the City in determining the underreporting or in collecting the additional amounts. The Director shall mail written notice of the amount to be paid and the business shall pay said amount to the City within 30 days.

i. The proceeds of the business license tax certificate surcharge imposed in this Section 5.55.030.A.2 shall be used solely for the following purposes:

1) 40 percent of the fee collected shall be used to fund the operations of the Office of Labor Standards, including but not limited to investigators and one dedicated full-time employee for administration of licenses.

2) 50 percent of the fee shall be granted by the Office of Labor Standards to fund contracts with community-based organizations to perform outreach, education, and compliance assistance to employees that work in Seattle with regard to their rights under City of Seattle ordinances relating to minimum wage and minimum compensation (Chapter 14.19), paid sick and safe time (Chapter 14.16), use of conviction and arrest records in employment decisions (Chapter 14.17), and/or wage and tip compensation requirements (Chapter 14.20), or any other Seattle ordinance relating to labor standards.

3) 10 percent of the fee shall be used by the Office of Labor Standards to fund contracts to perform outreach and education to Seattle's businesses about their obligations under and compliance with City of Seattle ordinances relating to minimum wage and minimum compensation (Chapter 14.19), paid sick and safe time (Chapter 14.16), use of conviction and arrest records in employment decisions (Chapter 14.17), and/or wage and tip compensation requirements (Chapter 14.20), or any other Seattle ordinance relating to labor standards.

B. When business is transacted at two or more separate places by one taxpayer, a separate business license tax certificate for each place at which business is transacted with the public shall be required. A \$10 license fee shall be imposed and accompany each application for the business license tax certificate required for each additional business location.

C. No person to whom a business license tax certificate has been issued pursuant to this chapter shall suffer or allow any other person for whom a separate license is required to operate under or display his or her license; nor shall such other person operate under or display such license.

D. As provided in Section 6.20.040, a participant at an event, identified in the list supplied by the promoter or organizer, shall be exempt from the business license tax certificate fee established by subsection 5.55.030.A, or the fee for a separate business location established by subsection 5.55.030.B, on account of business activities at the licensed event for the duration of the event license; provided however, that such participant is not otherwise engaging in business in the City as such term is defined in Section 5.30.030.B.2.

E. Any business license tax certificate 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 tax certificate shall be subject to penalties in the following amounts:

1. \$10 if not received on or before the last day of the month following the expiration date.

2. \$20 if not received on or before the last day of the second month following the expiration date.

3. All business license tax certificates 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 tax certificate fees other than those due upon expiration for the renewal of a license, when due during the term of any license shall constitute grounds for revocation of or the refusal to renew said license.

F. Licenses for amusement devices will be in addition to this business license tax certificate and will be assessed pursuant to Section 5.32.170. It is unlawful for any person to own any amusement device, which is available for use by the public, without having first obtained an amusement device license issued in accordance with the provisions of this Chapter 5.55 and Chapter 5.32. The license shall be attached to the amusement device at all times when in use or play or available for use or play so that it is readily visible. The amusement device license will be prorated semi-annually in the same manner as the business license tax certificate; however, the amusement device license expires annually on November 30th.

G. A business license tax certificate or amusement device license cannot be assigned or transferred, except that a license may be transferred:

1. To the surviving or new corporation, whenever the licensed corporation is merged or consolidated pursuant to RCW Chapter 23B.11, as now or hereafter amended;

2. To the surviving partner, or to a new partnership which consists exclusively of the surviving partners, whenever one partner of a licensed partnership dies;

3. To the surviving spouse, whenever one spouse of a licensed marital community dies;

4. To any one or more former partners, whenever a licensed partnership is dissolved and one or more of the former partners of the licensed partnership continue the operation of the business as an individual proprietorship or partnership without the addition of any new partner, and all of the other former partners consent in writing to the transfer of the license, which written consent shall be filed with the application for such transfer;

5. To one spouse, whenever a licensed marital community is dissolved and the other spouse consents in writing to the transfer of the license, which written consent shall be filed with the application for such transfer;

6. In case of the death of any licensee before the expiration of his or her license, his or her administrator or executor, duly appointed as such by order of court, may continue to act under said license for the unexpired term thereof upon filing with the City proof of such appointment.

As used in this subsection, the term "partnership" includes joint venture, and the term "partner" includes a co-venturer.

Section 3. The several provisions of this measure are declared to be separate and severable and an order of any court of competent jurisdiction holding invalid any clause, sentence, paragraph, subdivision, section, or portion of this measure, or holding invalid the application thereof to any person or circumstance, shall not affect the validity of the remainder of this measure or the validity of its application to other persons or circumstances.

### Sponsor Information:

**Adam Glickman**  
**4402 28th Ave. S, Seattle, WA 98108**  
**(206) 295-9613**  
**adamglickmanflora@gmail.com**



**City of Seattle Legislative Department  
Office of the City Clerk**  
Monica Martinez Simmons, City Clerk

---

*Via E-mail and USPS*

April 27, 2016

Adam Glickman  
4402 28th Avenue S.  
Seattle, WA 981081

**SUBJECT:** Proposed Initiative Measure No.125, concerning enforcement of  
the City of Seattle's labor standard laws

Dear Mr. Glickman:

Please be advised the ballot titled for proposed Initiative Measure No. 125, filed on April 19, 2016, has been prepared by the City Attorney's Office in accordance with SMC 2.08.020 and RCW 29A.36.071. The title reads as follows:

**THE CITY OF SEATTLE  
INITIATIVE MEASURE NUMBER 125**

**Initiative 125 concerns enhanced enforcement of labor-standards regulations funded by business license fees.**

**If passed, this initiative would require the Office of Labor Standards to provide outreach to employees and employers on labor-standards laws and to investigate potential labor-standards violations and workplaces with vulnerable employees. Most businesses with incomes over \$20,000 would pay an annual license surcharge equal to \$0.01 per employee-hour worked in the city. Fifty percent of proceeds would fund contracts with eligible employee-advocacy organizations, 10% would fund contracts with employer-advocacy organizations, and 40% would fund investigations and other labor-standards activities.**

**Should this measure be enacted into law?**

Yes   
No

***[End of Title]***

600 4<sup>th</sup> Avenue Floor 3, PO Box 94728, Seattle, Washington 98124-4728  
(206) 684-8344 Fax: (206) 386-9025 TTY: (206) 233-0025  
email: [clerk@seattle.gov](mailto:clerk@seattle.gov)

Accommodations for people with disabilities provided upon request. An equal opportunity employer

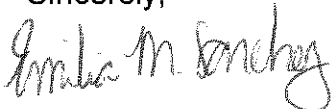
Adam Glickman  
April 27, 2016  
Page 2

Effective today, the Office of the City Clerk has approved as to form the revised version of the Initiative that you submitted on April 25, 2016, a clean copy of which is attached to this letter.

The initiative process is outlined in Article IV, Section 1 of the City Charter, Seattle Municipal Code Section 2.08, and the Revised Code of Washington (RCW) 29A.36.071, 29A.36.080 and 29A.36.090. Please be advised the signed petitions for Initiative Measure No. 125 must be filed with the City Clerk within 180 days from approval notification. The 180-day count will begin Thursday, April 28, 2016. The number of signatures required shall be equal to or not less than ten percent of the total number of votes cast for the office of Mayor at the last preceding municipal election (2013). The minimum number of resident registered voter signatures required is 20,638. The last date that signatures may and shall be filed with my office is Monday, October 24, 2016, at 5:00 p.m. Once the petitions are filed, the appropriate documentation and petition signatures will be processed and transmitted to the King County Elections Department for verification of the sufficiency of signatures in accordance with state law. If King County Elections Department determines there are insufficient verified signatures, an additional 20-day period shall be allowed.

Should you have any questions, please feel free to contact me at (206) 684-8361 or via e-mail at [monica.simmons@seattle.gov](mailto:monica.simmons@seattle.gov).

Sincerely,



for

Monica Martinez Simmons  
City Clerk

Attachment – Approved Ballot Petition

**INITIATIVE PETITION FOR SUBMISSION TO THE SEATTLE CITY COUNCIL**

To the City Council of The City of Seattle:

We, the undersigned registered voters of The City of Seattle, State of Washington, propose and ask for the enactment as an ordinance of the measure known as Initiative Measure No. .... entitled:

(the established ballot title of the measure),

a full, true and correct copy of which is included herein, and we petition the Council to enact said measure as an ordinance; and, if not enacted within forty-five (45) days from the time of receipt thereof by the City Council, then to be submitted to the qualified electors of The City of Seattle for approval or rejection at the next regular election or at a special election in accordance with Article IV, Section 1 of the City Charter; and each of us for himself or herself says: I have personally signed this petition; I am a registered voter of The City of Seattle, State of Washington, and my residence address is correctly stated.

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2. To give or offer any consideration or gratuity to anyone to induce him or her to sign or not to sign a petition for a City initiative, referendum, or Charter amendment; or
3. To interfere with or attempt to interfere with the right of any voter to sign or not to sign a petition for a City initiative, referendum, or Charter amendment by threat, intimidation or any other corrupt means or practice; or
4. To sign a petition for a City initiative, referendum, or Charter amendment with any other than his or her true name, or to knowingly sign more than one (1) petition for the same initiative, referendum or Charter amendment measure, or to sign any such petition knowing that he or she is not a registered voter of The City of Seattle.

The provisions of this ordinance shall be printed as a warning on every petition for a City initiative, referendum, or Charter amendment.

Section 2. Any person violating any of the provisions of this ordinance shall upon conviction thereof be punishable by a fine of not more than Five Hundred Dollars (\$500) or by imprisonment in the City Jail for a period not to exceed six (6) months, or by both such fine and imprisonment."

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WHEREAS, the City of Seattle is a leader on wage, labor, and workforce practices that enhance equity, address the 'wage gap', defined as the difference between the amounts of money paid to different genders and races, often for doing the same work, and create a fair and healthy economy for workers, businesses and residents, and the City has enacted ordinances related to criminal wage theft, paid sick and safe time, use of conviction and arrest records in employment decisions, and minimum wage and minimum compensation requirements for employees working in Seattle; and,

WHEREAS, the City of Seattle launched the Race and Social Justice Initiative in 2004, led by the Office of Civil Rights ("OCR"), with the vision of achieving racial equity in the community and the mission of ending institutionalized racism in City government, promoting inclusion and full participation of all residents, and partnering with the community to achieve racial equity across Seattle; and

WHEREAS, in Ordinance 124490, the City Council made a finding of fact that "[i]n Seattle, the weight of income inequality falls disproportionately on people of color and on women. More than 34 percent of all women and over 40 percent of African Americans and Asian and Pacific Islander Americans rank among low wage workers in Seattle. For Latinos, that number is nearly 50 percent, and it is 70 percent for Native Americans;" and

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administering and enforcing City of Seattle ordinances relating to minimum wage and minimum compensation (Chapter 14.19), paid sick and safe time (Chapter 14.16), use of criminal history in employment decisions (Chapter 14.17), and wage and tip compensation requirements (Chapter 14.20); and

WHEREAS, on December 14, 2015, the City Council unanimously passed, and on December 17, 2015, the Mayor signed Ordinance 124960, prescribing additional remedies, strengthening procedures to enforce and enhancing implementation of ordinances relating to minimum wage and minimum compensation (Chapter 14.19), paid sick and safe time (Chapter 14.16), use of conviction and arrest records in employment decisions (Chapter 14.17), and/or wage and tip compensation requirements (Chapter 14.20), and recognizing that data-driven directed investigations are more effective than complaint-based investigations at creating and maintaining employer compliance with labor standards laws; and

WHEREAS, in order to fulfill the goals and promises referenced above, and to improve and enhance the ability of OLS to accomplish its functions and mission, the people of the City of Seattle find that amendments to Sections 3.14.945 and 5.55.030 of the Seattle Municipal Code are necessary; NOW, THEREFORE,

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

Section 1. Section 3.14.945 of the Seattle Municipal Code, last amended by Ordinance 124643, is amended as follows:

**3.14.945 Office of Labor Standards**

There is established in the Office for Civil Rights an Office of Labor Standards, under the direction of the Mayor. There shall be a Division Director to manage the Office of Labor Standards. The Director of the Office for Civil Rights shall appoint the Division Director subject to the approval of the Mayor. The mission of the Office of Labor Standards is to protect workers' wages, working conditions, and safety and health, and to end barriers to workplace equity for women, communities of color, immigrants and refugees, and other vulnerable workers. It is the intent of the people of the City of Seattle to provide for robust enforcement of any City of Seattle ordinances relating to minimum wage and minimum compensation (Chapter 14.19), paid sick and safe time (Chapter 14.16), use of conviction and arrest records in employment decisions (Chapter 14.17), and/or wage and tip compensation requirements (Chapter 14.20), or any other Seattle ordinance relating to labor standards (collectively, "labor standards laws") by ensuring that the Office of Labor Standards performs directed investigations into alleged violations of labor standards laws, by ensuring that the Office of Labor Standards may contract with community organizations to perform outreach to employees and employers to educate them about their rights and obligations under labor standards laws and additional enforcement of labor standards laws, and to provide funding mechanisms for such investigations and outreach.

The functions of the Office of Labor Standards are as follows:

A. Promoting labor standards by means of outreach and education and technical assistance and training;

B. Collecting and analyzing data on the city's work force and workplaces;

C. Administering and enforcing City of Seattle ordinances relating to minimum wage and minimum compensation (Chapter 14.19), paid sick and safe time (Chapter 14.16), use of criminal history in employment decisions (Chapter 14.17), and wage and tip compensation requirements (Chapter 14.20) ((-)) ;

D. Providing education and outreach to employers and employees about their rights and obligations under City of Seattle ordinances relating to minimum wage and minimum compensation (Chapter 14.19), paid sick and safe time (Chapter 14.16), use of criminal history in employment decisions (Chapter 14.17), and wage and tip compensation requirements (Chapter 14.20) and providing technical assistance to small businesses.

1. The Office of Labor Standards will accomplish the foregoing functions in part by using funds generated by the business license surcharge provided for in subsection 5.55.030.B to contract with community-based employee advocate organizations, or coalitions of advocate organizations, to perform outreach, education, and compliance assistance to employees who work in Seattle with regard to their rights under labor standards laws and to contract with community-based employer advocacy organizations to perform outreach, education, and compliance assistance to employers with employees who work in Seattle with regard to their obligations under labor standards laws.

2. The Office of Labor Standards shall select community-based employee advocacy organizations in a manner that ensures outreach, education, and compliance assistance to workers in multiple languages.

3. The Division Director of the Office of Labor Standards shall establish eligibility rules for community-based organizations or coalitions of community-based organizations to contract with the Office of Labor Standards. In order to ensure the effectiveness of the grants to community based organizations or coalitions these rules shall include requirements that the mission and vision of the community-based organization and/or coalition are predominantly devoted to outreach, education, and/or enforcement of labor standards; that the organization or coalition has in-house staff with experience doing outreach to workers in multiple languages, including but not limited to one out of the top five languages spoken other than English in Seattle; that the organization or coalition has previous experience successfully working with the City on compliance around labor standards; that the organization or coalition will provide comprehensive referral services; that the organization or coalition will serve workers from any impacted industries; and that the organization or coalition has access to legal staff dedicated to ensuring compliance with the City's labor standards laws.

4. Decision-making for the allocation of funds to be used for outreach must be based on a data-driven approach targeting demographics and industries that are most impacted.



E. Conducting directed investigations into violations of City of Seattle ordinances relating to minimum wage and minimum compensation (Chapter 14.19), paid sick and safe time (Chapter 14.16), use of criminal history in employment decisions (Chapter 14.17), and wage and tip compensation requirements (Chapter 14.20), which the Office of Labor Standards shall do

1. whenever it has reason to believe that a violation has occurred or will occur, provided that the Office of Labor Standards shall consult with the Labor Standards Advisory Commission to establish criteria for determining when the circumstances for conducting directed investigations have been met;

2. whenever circumstances show that violations are likely to occur within a class of businesses because the workforce contains significant numbers of workers who are vulnerable to violations of Chapter 14.16, Chapter 14.17, Chapter 14.19 or Chapter 14.20 or the workforce is unlikely to volunteer information regarding such violations.

F. This section shall be liberally construed in favor of its purposes. Nothing in this section shall be interpreted or applied so as to create any power or duty in conflict with federal or state law.

Section 2. Section 5.55.030 of the Seattle Municipal Code, last amended by Ordinance 124808, is amended to read as follows:

### **5.55.030 License requirements**

A.

1. No person, unless specifically exempted, shall engage in any business activity, profession, trade or occupation in the City without having first obtained and being the holder of a valid and subsisting license to do so, to be known as a "business license tax certificate." The fee for the business license tax certificate shall be \$110 for persons with worldwide gross income of the business and value of products of more than \$20,000 in the current calendar year that engage in any business activity, profession, trade or occupation in the City prior to July 1st and \$55 for persons beginning their activity on or after July 1st. The business license tax certificate fee for persons with worldwide gross income of the business and value of products of \$20,000 or less in the current calendar year will be \$55 if prior to July 1st and \$27.50 for persons beginning their activity on or after July 1st. The fee shall accompany the application for the license.

The business license tax certificate shall expire at the end of the calendar year for which it is issued. The business license tax certificate shall be personal and nontransferable except as provided in subsection 5.55.030.G. Applications for the business license tax certificate shall be made to the Director of Finance and Administrative Services (FAS) on forms provided by the Director. Each business license tax certificate shall be numbered, shall show the name, place and character of the business of the licensee, and such other information as the Director deems necessary, and shall at all times be conspicuously posted in the place of business for which it is issued.

If the licensee changes the place of business, the licensee shall return the business license tax certificate to the Director and a new business license tax certificate shall be issued for the new place of business free of charge.

2. In addition to the fee for the business license tax certificate set in this subsection 5.55.030.A, there shall be an annual business license tax certificate surcharge (“business license tax certificate surcharge”) for business license tax certificates issued or renewed after expiration on or after January 1, 2017. The business license tax certificate surcharge shall apply to businesses required to pay the \$110 fee for persons with worldwide gross income of the business and value of products of more than \$20,000 in the current calendar year.

a. The business license tax certificate surcharge is calculated by determining the number of employee hours worked in Seattle during the preceding calendar year and then multiplying that figure by \$0.01.

b. Annual employee hours worked in Seattle during the preceding calendar year are calculated based on the sum of the four quarterly reports submitted to the Washington State Department of Labor and Industries for the preceding calendar year for any and all weeks during which at least one employee worked for compensation in Seattle.

c. It shall be the responsibility of the employer to determine the number of hours worked in Seattle during the preceding calendar year. Businesses that did not file quarterly reports with the Washington State Department of Labor and Industries shall determine the number of hours worked within the City of Seattle during the preceding calendar year and demonstrate to the satisfaction of FAS, if required, that the number of employee hours worked in Seattle during the preceding calendar year is accurate.

d. For purposes of determining the number of hours worked in Seattle during the preceding calendar year, hours worked by all employees who worked for compensation shall be counted, including but not limited to employees who worked in full-time employment, part-time employment, joint employment, temporary employment, or through the services of a temporary services or staffing agency or similar entity.

e. The Director of FAS may require the business to provide it with copies of its quarterly reports to the Washington State Department of Labor and Industries.

f. New businesses. The business license tax certificate surcharge shall not apply to employers until they have filed four quarters of reports with the Washington State Department of Labor and Industries.

g. Temporary agencies. The following provisions shall apply to businesses engaged in the practice of providing temporary employees or workers (“temporary agencies”) to businesses located within the City and to businesses located within the city which utilize the services of such employees or workers:

1) Temporary agencies shall include all temporary employees and workers placed with businesses located within Seattle who remain employees of the temporary agency while performing their jobs in calculating the number of employee hours worked by their employees.

2) Businesses located within Seattle that utilize temporary employees or workers provided by a temporary agency shall not include the temporary employees or workers in calculating the number of their employee hours unless those employees become employees of such businesses while so employed.

h. Underreporting of employees. If the Director determines that the number of employee hours worked in Seattle during the previous year was underreported by more than 20 percent at the time of application or renewal, the business shall pay the balance of the applicable business license tax certificate surcharge together with a penalty of 20 percent of such balance due. The business shall also reimburse the City for any accounting, legal, or administrative expenses incurred by the City in determining the underreporting or in collecting the additional amounts. The Director shall mail written notice of the amount to be paid and the business shall pay said amount to the City within 30 days.

i. The proceeds of the business license tax certificate surcharge imposed in this Section 5.55.030.A.2 shall be used solely for the following purposes:

1) 40 percent of the fee collected shall be used to fund the operations of the Office of Labor Standards, including but not limited to investigators and one dedicated full-time employee for administration of licenses.

2) 50 percent of the fee shall be granted by the Office of Labor Standards to fund contracts with community-based organizations to perform outreach, education, and compliance assistance to employees that work in Seattle with regard to their rights under City of Seattle ordinances relating to minimum wage and minimum compensation (Chapter 14.19), paid sick and safe time (Chapter 14.16), use of conviction and arrest records in employment decisions (Chapter 14.17), and/or wage and tip compensation requirements (Chapter 14.20), or any other Seattle ordinance relating to labor standards.

3) 10 percent of the fee shall be used by the Office of Labor Standards to fund contracts to perform outreach and education to Seattle's businesses about their obligations under and compliance with City of Seattle ordinances relating to minimum wage and minimum compensation (Chapter 14.19), paid sick and safe time (Chapter 14.16), use of conviction and arrest records in employment decisions (Chapter 14.17), and/or wage and tip compensation requirements (Chapter 14.20), or any other Seattle ordinance relating to labor standards.

B. When business is transacted at two or more separate places by one taxpayer, a separate business license tax certificate for each place at which business is transacted with the public shall be required. A \$10 license fee shall be imposed and accompany each application for the business license tax certificate required for each additional business location.

C. No person to whom a business license tax certificate has been issued pursuant to this chapter shall suffer or allow any other person for whom a separate license is required to operate under or display his or her license; nor shall such other person operate under or display such license.

D. As provided in Section 6.20.040, a participant at an event, identified in the list supplied by the promoter or organizer, shall be exempt from the business license tax certificate fee established by subsection 5.55.030.A, or the fee for a separate business location established by subsection 5.55.030.B, on account of business activities at the licensed event for the duration of the event license; provided however, that such participant is not otherwise engaging in business in the City as such term is defined in Section 5.30.030.B.2.

E. Any business license tax certificate 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 tax certificate shall be subject to penalties in the following amounts:

1. \$10 if not received on or before the last day of the month following the expiration date.

2. \$20 if not received on or before the last day of the second month following the expiration date.

3. All business license tax certificates 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 tax certificate fees other than those due upon expiration for the renewal of a license, when due during the term of any license shall constitute grounds for revocation of or the refusal to renew said license.

F. Licenses for amusement devices will be in addition to this business license tax certificate and will be assessed pursuant to Section 5.32.170. It is unlawful for any person to own any amusement device, which is available for use by the public, without having first obtained an amusement device license issued in accordance with the provisions of this Chapter 5.55 and Chapter 5.32. The license shall be attached to the amusement device at all times when in use or play or available for use or play so that it is readily visible. The amusement device license will be prorated semi-annually in the same manner as the business license tax certificate; however, the amusement device license expires annually on November 30th.

G. A business license tax certificate or amusement device license cannot be assigned or transferred, except that a license may be transferred:

1. To the surviving or new corporation, whenever the licensed corporation is merged or consolidated pursuant to RCW Chapter 23B.11, as now or hereafter amended;

2. To the surviving partner, or to a new partnership which consists exclusively of the surviving partners, whenever one partner of a licensed partnership dies;

3. To the surviving spouse, whenever one spouse of a licensed marital community dies;

4. To any one or more former partners, whenever a licensed partnership is dissolved and one or more of the former partners of the licensed partnership continue the operation of the business as an individual proprietorship or partnership without the addition of any new partner, and all of the other former partners consent in writing to the transfer of the license, which written consent shall be filed with the application for such transfer;

5. To one spouse, whenever a licensed marital community is dissolved and the other spouse consents in writing to the transfer of the license, which written consent shall be filed with the application for such transfer;

6. In case of the death of any licensee before the expiration of his or her license, his or her administrator or executor, duly appointed as such by order of court, may continue to act under said license for the unexpired term thereof upon filing with the City proof of such appointment.

As used in this subsection, the term "partnership" includes joint venture, and the term "partner" includes a co-venturer.

Section 3. The several provisions of this measure are declared to be separate and severable and an order of any court of competent jurisdiction holding invalid any clause, sentence, paragraph, subdivision, section, or portion of this measure, or holding invalid the application thereof to any person or circumstance, shall not affect the validity of the remainder of this measure or the validity of its application to other persons or circumstances.

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