ORDINANCE No. 113501

COUNCIL BILL No. 106111

AN ORDINANCE adding a new subsection to Seattle Municipal Code § 3.14.810 (Ordinance 102151 § 5) in order to take tax revenues into consideration in determining the lowest bidder in purchases of supplies, materials, or equipment.

COMPTROLLER FILE No.

Introduced: APR 20 1987	By: EXECUTIVE REQUEST
Referred: APR 20 1987	To: FINANCE & PERS
Referred:	To:
Referred:	To:
Reported: JUL 6 1987	Second Reading: JUL 6 1987
Third Reading: JUL 6 1987	Signed: JUL 6 1987
Presented to Mayor: JUL 7 1987	Approved: JUL 13 1987
Returned to City Clerk: JUL 13 1987	Published:
Vetoed by Mayor:	Veto Published:
Passed over Veto:	Veto Sustained:

Law Department

The City of

Honorable President:

Your Committee on F&P

to which was referred the within Co

report that we have considered the

Vot

Amendment

The City of Seattle--Legislative Department

Date Reported
and Adopted

REPORT OF COMMITTEE

President:

mittee on Finance & Personnel

was referred the within Council Bill No. 106111

t we have considered the same and respectfully recommend that the same:

PASS 7/12/82

Vote 7-0

Committee Chair

23.C.B. 106111

JGB:bjw
1/30/87

ORDINANCE 113501

AN ORDINANCE adding a new subsection to Seattle Municipal Code § 3.14.810 (Ordinance 102151 § 5) in order to take tax revenues into consideration in determining the lowest bidder in purchases of supplies, materials, or equipment.

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. There is added to Seattle Municipal Code § 3.14.810 (Section 5 of Ordinance 102151, as last amended by Section 1 of Ordinance 110009) a new subsection H. as follows:

H. As authorized by RCW 39.30.040, for determining the lowest and best bidder, the City Purchasing Agent shall take into consideration the tax revenues derived by the City from its business and occupation or utility taxes (Seattle Municipal Code Chapters 5.44 and 5.48) and its sales and use taxes (Seattle Municipal Code Chapter 5.60) from the proposed purchase.

(To be used for all Ordinances except Emergency.)

Section 2. This ordinance shall take effect and be in force thirty days from and after its passage and approval, if approved by the Mayor; otherwise it shall take effect at the time it shall become a law under the provisions of the city charter.

Passed by the City Council the 6th day of July, 1987

and signed by me in open session in authentication of its passage this 6th day of July, 1987

President of the City Council.

Approved by me this 13th day of July, 1987.

Mayor.

Filed by me this 13th day of July, 1987.

Norward J. Brooks

Attest: City Comptroller and City Clerk.

(SEAL)

Published

By Theresa Dunbar
Deputy Clerk.

☐ PUBLISH ☐ DO NOT PUBLISH

CITY ATTORNEY

CS 9.1.6

Your City, Seattle

Executive Department-Purchasing
Tomi H. Terao, Purchasing Agent
Charles Royer, Mayor

835-87

February 18, 1987
Ref: 1-982

TO: Seattle City Council
City of Seattle

VIA: Jim Ritch, Budget Director

SUBJECT: Legislation Permitting Consideration of Tax Revenues in Making City Purchases

Honorable Councilmembers:

Attached is proposed legislation providing for consideration of tax revenue to the City in determining the lowest and best bidder for supplies, material or equipment. The proposed legislation would add a subsection to Ordinance 102151.

Sincerely,

TOMI H. TERAO
Purchasing Agent

Attachment

THT:ejm

City of Seattle

Executive Department-Office of Management and Budget
James P. Ritch, Director
Charles Royer, Mayor

June 5, 1987

The Honorable Dolores Sibonga
Council Finance Chair
Seattle City Council

Dear Ms. Sibonga:

Attached you will find a letter from Tomi Terao, Purchasing Agent, which addresses your questions raised at the May 21 Finance Committee meeting regarding Council Bill 106111. We have reviewed both the proposed ordinance and the attached letter and are in concurrence with both.

We are available to answer any further questions which may arise.

Sincerely,

JIM RITCH
Budget Director

JR/mh/ea

cc: Tomi Terao, Purchasing Agent

Attachments

RECEIVED
JUN 11 1987
DOLORES SIBONGA
SEATTLE CITY COUNCIL MEMBER

Your City, Seattle

Executive Department-Purchasing
Tomi H. Terao, Purchasing Agent
Charles Royer, Mayor

June 2, 1987
Ref: 1-902

REC'D OMB JUN 10 1987

836006

The Honorable Dolores Sibonga
Council Finance Chair
The City of Seattle

SUBJECT: Council Bill 106111

Thank you for raising your concerns during the Finance Committee meeting on May 21, 1987 with regard to Council Bill 106111 and allowing us to address those concerns in this letter.

You asked if OMB and the Law Department had reviewed this this legislation. You indicated there was no OMB transmittal letter in the file. Enclosed herewith is a copy of the OMB transmittal letter dated April 8, 1987 to Douglas Jewett from Jim Ritch and received by this office on April 15, 1987. Also enclosed please find a copy of a January 30, 1987 letter to the Purchasing Agent from Jorgen Bader, Assistant City Attorney, indicating that the Law Department had drafted this legislation for us.

Council Bill 106111 provides that the Purchasing Agent shall take City tax revenues into consideration when determing the lowest and best bidder of a proposed purchase. RCW 39.30.040 authorizes such consideration.

RCW 39.30.040 Competitive bidding - Local governments may consider tax revenues. (1) Whenever a unit of local government is required to make purchases from the lowest bidder or from the supplier offering the lowest price for the items desired to be purchased, the unit of local government may, at its option when awarding a purchase contract, take into consideration tax revenue it would receive from purchasing the supplies, materials, or equipment from a supplier located within its boundaries. The unit of local government must award the purchase

continued on page two

contract to the lowest bidder after such tax revenue has been considered. The tax revenues which units of local government may consider include sales taxes that the unit of local government imposes upon the sale of such supplies, materials, or equipment from the supplier to the unit of local government, and business and occupation taxes that the unit of local government imposes upon the supplier that are measured by the gross receipts of the supplier from such sale. Any unit of local government which considers tax revenues it would receive from the imposition of taxes upon a supplier located within its boundaries, shall also consider tax revenues it would receive from taxes it imposes upon a supplier located outside its boundaries.

RCW 39.30.040 was added by Substitute Senate Bill 3398 in 1985 and was supported by The City of Seattle and the Association of Washington Cities.

The Purchasing Office's current practice of determining lowest bidder is to consider only the gross purchase price. This Council Bill provides that the purchase price net of B&O, and sales and use tax revenue derived by the City shall be taken into consideration.

For example, let's say we have two vendors for a particular bid item, one from Bellevue and the other from Seattle. Both bids, with sales tax, are $10,000 each. This would mean the Bellevue firm would be the apparent lowest bidder based on gross purchase price alone.

	BELLEVUE	SEATTLE
Gross Purchase Price	$ 9,250.70	$ 9,267.84
Sales Tax Rate	(8.1%)	(7.9%)
Sales Tax	749.30	732.16
Net Purchase Price	$10,000.00	$10,000.00

Using the provisions of the proposed ordinance, the Purchasing Agent would consider tax revenues to be derived from the bids:

	BELLEVUE	SEATTLE
City Sales Tax Revenue (.68%)		63.02
City B&O Tax Revenue (.185%)	17.11	17.14
Gross Purchase Price Net of Tax Revenue	$ 9,233.59	$ 9,187.68

Continued on page three

Thus in considering the tax revenue returned to the City from the purchase, the Seattle vendor would be the apparent lowest bidder.

You asked if the legislation would result in a "local preference." This proposed ordinance results in local preference only if the local bidder is also the lowest bidder net of tax revenue. The legislation provides that the Purchasing Agent shall take into consideration monetary costs and tax revenue benefits in determining the lowest bidder. This is particularly cost beneficial to the City with bids involving large dollar value.

This Council Bill has no impact on the City's duty to meet Women's and Minority Business Utilization goals as provided in Seattle Municipal Code Chapter 20.46.

Again, thank you for giving us the opportunity to explain more fully the impact of Council Bill 106111. We feel this proposed ordinance allows the City one more way to meet the challenge of these tight fiscal times. Should you have any questions or concerns before the next time this Council Bill is considered by the Finance Committee, please contact this office at 684-0444.

Very truly yours,

for TOMI H. TERAO
Purchasing Agent

THT:akm

Attachment 2

cc: Cindy Maisel, Dupty Mayor
Jim Ritch, OMB

City of Seattle

Executive Department-Office of Management and Budget
James P. Ritch, Director
Charles Royer, Mayor

April 8, 1987

OK JB 4/15/87 e 4:40 510 #9207

Bader

The Honorable Douglas Jewett
City Attorney
City of Seattle

Dear Mr. Jewett:

The Mayor is proposing to the City Council that the enclosed legislation be adopted.

REQUESTING DEPARTMENT: Purchasing

SUBJECT: An ordinance adding a new subsection to Seattle Municipal Code Subsection 3.14.810 (Ordinance 102151, Subsection 5) in order to take tax revenues into consideration in determining the lowest bidder in purchase of supplies, materials, or equipment.

Pursuant to the City Council's S.O.P. 100-014, the Executive Department is forwarding this request for legislation directly to your office for review and drafting.

After reviewing this request and drafting appropriate legislation:

(X) File the legislation with the City Clerk for formal introduction to the City Council as an Executive Request.

( ) Do not file with City Council, but return the proposed legislation to OMB for our review. Return to _____.

Sincerely,

Charles Royer
Mayor

by

JIM RITCH
Budget Director

JR/mh/lb

Enclosure

cc: Tomi Terao, Purchasing Agent

ROUTING SLIP FOR REQUESTS FOR LEGISLATIVE ACTION

Originating Department Executive - Purchasing

Date February 18, 1987

Subject Legislation permitting consideration of tax revenues in making City purchases.

	Date Received	Date Forwarded
OMB		
Law		
City Clerk		

Legislation should be routed in the order listed.

THE CITY OF SEATTLE

LAW DEPARTMENT

MUNICIPAL BUILDING . SEATTLE, WASHINGTON 98104

AREA CODE 206 TELEPHONE 625-2402

DOUGLAS N. JEWETT, CITY ATTORNEY

January 30, 1987

RECEIVED

FEB 2 1987

CITY OF SEATTLE
PURCHASING

Tomi Terao
Purchasing Agent
400 Yesler Building
Seattle, Washington 98104

Re: Consideration of Tax Revenes in City Purchases

Dear Mr. Terao:

Pursuant to your request, we are forwarding to you an ordinance providing for you to take into consideration tax revenues to the City in determining the lowest and best bidder. Since Seattle Municipal Code Section 5.44.040 imposes a business and occupationtax upon doing business with the City, local sales and use taxes are primarily affected.

Yours very truly,

The Law Department

Jorgen G. Bader

By JORGEN G. BADER
Assistant City Attorney

JGB:bjw
encl.

City of Seattle

ORDINANCE 113501

ORDINANCE adding a new subsection to Seattle Municipal Code § 3.14.810 (Ordinance 102151 § 5) in order to take tax revenues into consideration in determining the lowest bidder in purchases of supplies, materials, or equipment.

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. There is added to Seattle Municipal Code § 3.14.810 (Section 5 of Ordinance 102151, as last amended by Section 1 of Ordinance 110809) a new subsection H. as follows:

H. As authorized by RCW 39.30.040, for determining the lowest and best bidder, the City Purchasing Agent shall take into consideration the tax revenues derived by the City from its business and occupation or utility taxes (Seattle Municipal Code Chapters 5.44 and 5.48) and its sales and use taxes (Seattle Municipal Code Chapter 5.60) from the proposed purchase.

Section 2. This ordinance shall take effect and be in force thirty days from and after its passage and approval, if approved by the Mayor; otherwise it shall take effect at the time it shall become a law under the provisions of the city charter.

Passed by the City Council the 6th day of July, 1987, and signed by me in open session in authentication of its passage this 6th day of July, 1987.

SAM SMITH,
President of the City Council.

Approved by me this 13th day of July, 1987.

CHARLES ROYER,
Mayor.

Filed by me this 13th day of July, 1987.

Attest: NORWARD J. BROOKS,
City Comptroller and City Clerk.

(Seal) By THERESA DUNBAR,
Deputy Clerk.

Publication ordered by NORWARD J. BROOKS, Comptroller and City Clerk.

Date of official publication in *Daily Journal of Commerce*, Seattle, July 15, 1987. (C-914-X)

C-914-X

Affidavit of Publication

STATE OF WASHINGTON
KING COUNTY—SS.

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 refered 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

Ordinance No. 113501

was published on July 15, 1987

R. Coffee

Subscribed and sworn to before me on
July 15, 1987

Notary Public for the State of Washington,
residing in Seattle.