ORDINANCE No. 116099

Law Department

COUNCIL BILL No. 109034

AN ORDINANCE repealing the exemption from business and occupation taxes for gambling activities of for-profit organizations and amending Sections 5.44.090 and 5 .44.0IO therefore.

The City

Honorable President:

Your Committee on Finance,

to which was referred the within Co

report that we have considered the

Do pass. 4-

3/4/92

Full Council

COMPTROLLER FILE No.

Introduced: MAR 2 1992	By: WEEKS
Referred: MAR 2 1992	To: Finance, Budget Management & Personnel
Referred:	To:
Referred:	To:
Reported: MAR 3 1992	Second Reading: MAR 9 1992
Third Reading: MAR 9 1992	Signed: MAR 9 1992
Presented to Mayor: MAR 9 1992	Approved: MAR 13 1992
Returned to City Clerk: MAR 13 1992	Published:
Vetoed by Mayor:	Veto Published:
Passed over Veto:	Veto Sustained:

OK

Department

The City of Seattle--Legislative Department

Date Reported and Adopted

REPORT OF COMMITTEE

le President:

mmittee on Finance, Budget, Management & Personnel

was referred the within Council Bill No. 109034

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

Do pass. 4-0

3/4/92

d Council vote 7-0

Jim Ellis

Committee Chair

DHH:HS
2/3/92
Pulltab/B&O.Ord

ORDINANCE 116099

AN ORDINANCE repealing the exemption from business and occupation taxes for gambling activities of for-profit organizations and amending Sections 5.44.090 and 5.44.010 therefor.

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. Seattle Municipal Code Section 5.44.010 (Ordinance 72630, Section 9, as last amended by Ordinance 114515, Section 1) is further amended as follows:

5.44.090 Exemption - Designated. The provisions of this chapter shall not apply to:

A. Any person in respect to a business activity with respect to which tax liability is specifically imposed under the provision of SMC Chapter 5.48(Business Utilities Tax) or SMC ((~~Chapter~~)) Section 5.52.010 B (Non Profit Organization Gambling Tax) as amended;

B. Any person in respect to insurance business upon which a tax based on gross premiums is paid to the state; provided that the provisions of this sub-section shall not exempt any person engaging in the business of insurance as a broker as defined in RCW 48.17.020 or as a solicitor as defined in RCW 48.17.030; and provided further, that the provisions of this subsection shall not exempt any bonding company from tax with respect to gross income derived from the completion of any contract as to which it is a surety, or as to any liability as successor to the liability of the defaulting contractor;

C. Any person in respect to the agricultural business

according to the provisions of RCW 82.04.330;

D. Any person in respect to the business of conducting boxing contests and sparring and/or wrestling matches and exhibitions for the conduct of which a license must be secured from the State Athletic Commission;

E. Any person in respect to the business of conducting race meets for the conduct of which a license must be secured from the State Horse Racing Commission;

F. Any person in respect to his employment in the capacity of an employee or servant as distinguished from that of an independent contractor;

G. Any person in respect to certain fraternal and beneficiary organizations according to the provisions of RCW 82.04.370;

H. The gross income received by the United States or any instrumentality thereof, by the state, or any municipal subdivision thereof, or by any religious society, association or corporation, through the operation of any hospital, clinic, resort or other institution devoted exclusively to the care or healing of human beings; provided, that no exemption is granted where the income therefrom inures to the benefit of any physician, surgeon, stockholder or individual by virtue of ownership or control of such hospital, clinic, resort or other institution;

I. The gross proceeds derived from the sale of real estate; provided, that this exemption shall not be construed to allow a deduction of amounts received as commissions from the sale of real estate, nor as fees, handling charges, discounts, interest of similar financial charges resulting from, or relating to, real estate transactions;

J. The business of manufacturing, selling, or distributing motor vehicle fuel, as the term "motor vehicle fuel" is defined in RCW 82.36.010;

K. Liquor as that term is defined in RCW 66.04.010(16);

L. Any nonprofit organization in respect to the operation of "sheltered workshops," as such term is defined in RCW 82.04.385. (Ord. 114515 § 1, 1989: Ord. 105308 § 1, 1976: Ord. 103449 § 1, 1974: Ord. 100946 § 2, 1972: Ord. 94555 § 1, 1966: Ord. 81150 § 2, 1952: Ord. 72630 § 9, 1943.)

Section 2. Seattle Municipal Code Section 5.44.010 (Ordinance 72630, Section 9, as last amended by Ordinance 114515, Section 1) is further amended as follows:

5.44.010 Deductions allowed in computing license fees. In computing the license fee or tax, there may be deducted from the measure of tax the following items:

A. Amounts derived by persons, other than those engaged in banking, loan, security or other financial businesses, from investments or the use of money as such;

B. Amounts derived from bona fide initiation fees, dues, contributions, donations, tuition fees and endowment funds. The provisions of this subsection shall not be construed to exempt any person, association or society from tax liability upon selling tangible personal property or upon providing facilities or services for which a special charge is made to members or others; provided, that dues which are for, or graduated upon, the amount of service rendered by the recipient thereof are not permitted as a deduction under this chapter;

C. The amount of cash discount actually taken by the purchaser. This deduction is not allowed in arriving at the

taxable amount under the extractive and/or manufacturing classifications with respect to articles produced or manufactured, the reported values of which, for the purposes of this tax, have been computed according to the provisions of Section 5.44.060;

D. The amount of credit losses actually sustained by taxpayers whose regular books of account are kept upon an accrual basis;

E. Amounts derived from business which the city is prohibited from taxing under the constitution or laws of the state or the Constitution or laws of the United States, and any amounts collected by the taxpayer as an excise tax, including but not limited to the leasehold excise tax, retail sales and use tax, admissions tax and gambling tax;

F. Amounts received from the United States or any instrumentality thereof or from the state of Washington or any municipal corporation or political sub-division thereof as compensation for, or to support, health or social welfare services rendered by a health or social welfare organization or by a municipal corporation or political subdivision. The terms "health or social welfare services" and "health or social welfare organization," have the meanings contained in RCW 82.04.431, enacted as Chapter 196, Laws of 1979, 1st. Ex. Sess. Section 6, as now existing or hereafter amended;

G. Amounts excluded by allocation or apportionment pursuant to Section 5.44.070 through 5.44.078 inclusive, provided, no allocation or apportionment by Section 5.44.072 through 5.44.076 inclusive shall reduce taxes payable with respect to extracting or manufacturing under subsections A and B of Section 5.44.030.

H. With respect to any non-profit, tax-exempt organization, as defined in SMC Section 5.40.010 C and registered as provided in SMC Section 5.40.080 through 5.40.085, revenues from admission charges, as defined in SMC Section 5.40.010, to an opera, concert, dance recital, or like musical entertainment, a play, puppet show or dramatic reading, an exhibition of painting, sculpture, or artistic or historical objects or a museum, historic vessel or science center, when admission taxes do not apply under SMC Section 5.40.020.

I. Amounts received by artistic or cultural organizations which represent income derived from business activities conducted by the organizations, if the artistic or cultural organization is registered as provided in SMC Section 5.40.080 through 5.40.085. The term "artistic or cultural organization" has the meanings contained in RCW 82.04.4328, as now existing or hereafter amended. (Ord. 113690 § 3, 1987: Ord. 112029 § 4, 1984: Ord. 111448 § 1, 1983: Ord. 110476 § 6, 1982: Ord.108707 § 1, 1979: Ord. 73335 § 4, 1944: Ord. 72630 § 10, 1943.)

Section 3. 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 9th day of March, 1992,

and signed by me in open session in authentication of its passage this 9th day of March, 1992.

Geo. F. Benson
President of the City Council.

Approved by me this 13th day of March, 1992.

Norman B. Rice
Mayor.

Filed by me this 13th day of March, 1992.

Attest: Norward J. Brooks
City Comptroller and City Clerk.

(SEAL)

Published

By Margaret Carter
Deputy Clerk.

☐ PUBLISH ☐ DO NOT PUBLISH

CITY ATTORNEY _____

CS 8.1.6

City of Seattle

Executive Department-Office of Management and Budget

Andrew J. Lofton, Director
Norman B. Rice, Mayor

92 FEB -3 AM 10:50
SEATTLE CITY COUNCIL

92-18

OK 2/4/92

January 27, 1992

The Honorable Mark Sidran
City Attorney
City of Seattle

Dear Mr. Sidran:

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

REQUESTING DEPARTMENT	Personnel
SUBJECT:	AN ORDINANCE repealing the exemption from business and occupation taxes for gambling activities of for-profit organizations and amending Sections 5.44.090 and 54.44.010 therefore.

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

After reviewing this request and any necessary redrafting of the enclosed legislation, return the legislation to OMB. Any specific questions regarding the legislation can be directed to Rod Brandon, at 684-8036.

Sincerely,

Norman B. Rice
Mayor

by Rod Brandon for

ANDREW J. LOFTON
Budget Director

RB\lka

Enclosure

cc: Director, Personnel

RECEIVED OMB
JAN 06 1992

Your
Seattle
Department of Licenses and Consumer Affairs

Dale H. Tiffany, Director
Norman B. Rice, Mayor

M E M O R A N D U M

TO: Andrew J. Lofton, Director
Office of Management and Budget

VIA: Rod Brandon, Budget Analyst

FROM: Dale H. Tiffany, Director Dale
Department of Licenses and Consumer Affairs

DATE: January 3, 1992

SUBJECT: ORDINANCE REPEALING THE EXEMPTION FROM BUSINESS AND OCCUPATION TAXES FOR GAMBLING ACTIVITIES OF FOR-PROFIT ORGANIZATIONS

Attached is a proposed ordinance for your review and subsequent transmittal to the Law Department. The Seattle Municipal Code Chapter 5.44 (Business and Occupation Tax) exempts all gambling activities authorized under SMC 5.52. Gambling activities were limited to non-profit organizations conducting bingo, raffle and amusement games within Seattle. Recent legislation has expanded gambling activities to include punchboard and pulltab operations by for-profit and not-for-profit organizations.

It was the intent of the City to tax income generated from these activities. Current language of SMC 5.44 exempts all gambling activities. Therefore, this ordinance is necessary to limit the exemption to only non-profit organizations conducting raffles, bingo and amusement games within the City.

For your information, Jorgen Bader has given us guidance in the preparation of this ordinance.

If you have any questions or modifications, please give me a call at 4-8444.

DHT:jlk
Attachment

cc: David Haley, AFIS Manager

o:\omb1

TIME AND DATE STAMP

SPONSORSHIP

THE ATTACHED DOCUMENT IS SPONSORED FOR FILING WITH THE CITY COUNCIL BY THE MEMBER(S) OF THE CITY COUNCIL WHOSE SIGNATURE(S) ARE SHOWN BELOW:

Tom Ward

FOR CITY COUNCIL PRESIDENT USE ONLY

COMMITTEE(S) REFERRED TO:

PRESIDENT'S SIGNATURE

C.S. 20-28

STATE OF WASHINGTON - KING COUNTY

15003
City of Seattle

—ss.

No.

Affidavit of Publication

The undersigned, on oath states that he is an authorized representative of The Daily Journal of Commerce, a daily newspaper, which newspaper is a legal newspaper of general circulation and it is now and has been for more than six months prior to the date of publication hereinafter referred to, published in the English language continuously as a daily newspaper in Seattle, King County, Washington, and it is now and during all of said time was printed in an office maintained at the aforesaid place of publication of this newspaper. The Daily Journal of Commerce was on the 12th day of June, 1941, approved as a legal newspaper by the Superior Court of King County.

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

ORD: 116099

was published on
03/24/92

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

C. Trent

Subscribed and sworn to before me on
03/25/92

Jennifer A. Nicholson

Notary Public for the State of Washington,
residing in Seattle