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ORDINANCE _____

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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:

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

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Passed by the City Council the ____ day of _____, 2012, and
signed by me in open session in authentication of its passage this
____ day of _____, 2012.

President _____ of the City Council

Approved by me this ____ day of _____, 2012.

Michael McGinn, Mayor

Filed by me this ____ day of _____, 2011.

Monica Martinez Simmons, City Clerk

(Seal)

FISCAL NOTE FOR NON-CAPITAL PROJECTS

Department:	Contact Person/Phone:	CBO Analyst/Phone:
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: