SEATTLE CITY COUNCIL

Legislative Summary

CB 118716

Record No.:	CB 118716	**Type:**	Ordinance (Ord)	**Status:**	Passed
Version:	1	**Ord. no:**	Ord 125084	**In Control:**	City Clerk
				File Created:	05/31/2016
				Final Action:	07/29/2016

Title: AN ORDINANCE related to increasing the Business License Tax rates and amending Section 5.45.050 of the Seattle Municipal Code.

Notes:

Sponsors: Burgess

Attachments:

Drafter: adam.schaefer@seattle.gov

	Date
Filed with City Clerk:	
Mayor's Signature:	
Vetoed by Mayor:	
Veto Overridden:	
Veto Sustained:	

Filing Requirements/Dept Action:

History of Legislative File

Legal Notice Published: ☐ Yes ☐ No

Ver-sion:	Acting Body:	Date:	Action:	Sent To:	Due Date:	Return Date:	Result:
1	Mayor	06/07/2016	Mayor's leg transmitted to Council	City Clerk			

Action Text: The Council Bill (CB) was Mayor's leg transmitted to Council. to the City Clerk
Notes:

Ver-sion:	Acting Body:	Date:	Action:	Sent To:	Due Date:	Return Date:	Result:
1	City Clerk	06/07/2016	sent for review	Council President's Office			

Action Text: The Council Bill (CB) was sent for review. to the Council President's Office
Notes:

Ver-sion:	Acting Body:	Date:	Action:	Sent To:	Due Date:	Return Date:	Result:
1	Council President's Office	06/10/2016	sent for review	Affordable Housing, Neighborhoods, and Finance Committee			

Action Text: The Council Bill (CB) was sent for review. to the Affordable Housing, Neighborhoods, and Finance Committee
Notes:

1	Full Council	07/05/2016	referred	Affordable Housing, Neighborhoods, and Finance Committee	
1	Affordable Housing, Neighborhoods, and Finance Committee	07/06/2016	discussed		

Action Text: The Council Bill (CB) was discussed.
Notes:

1	Affordable Housing, Neighborhoods, and Finance Committee	07/20/2016	pass		Pass

Action Text: The Committee recommends that Full Council pass the Council Bill (CB).
In Favor: 4 Chair Burgess, Vice Chair Herbold, Member Johnson, Alternate O'Brien
Opposed: 0

1	Full Council	07/25/2016	passed		Pass

Action Text: The Council Bill (CB) was passed by the following vote, and the President signed the Bill:
In Favor: 8 Councilmember Burgess, Councilmember González , Council President Harrell, Councilmember Herbold, Councilmember Johnson, Councilmember Juarez, Councilmember O'Brien, Councilmember Sawant
Opposed: 0

1	City Clerk	07/26/2016	submitted for Mayor's signature	Mayor	

Action Text: The Council Bill (CB) was submitted for Mayor's signature. to the Mayor
Notes:

1	Mayor	07/29/2016	Signed		

Action Text: The Council Bill (CB) was Signed.
Notes:

1	Mayor	07/29/2016	returned	City Clerk	

Action Text: The Council Bill (CB) was returned. to the City Clerk
Notes:

1	City Clerk	07/29/2016	attested by City Clerk		

Action Text: The Ordinance (Ord) was attested by City Clerk.
Notes:

CITY OF SEATTLE

ORDINANCE 125084

COUNCIL BILL 118716

AN ORDINANCE related to increasing the Business License Tax rates and amending Section 5.45.050 of the Seattle Municipal Code.

WHEREAS, Mayor Murray's 2016 State of the City speech doubled the original goal for expanding the City's police force from 100 new officers to a total of 200; and

WHEREAS, the recently completed police staffing study validated community concerns about the need to increase police visibility and investigatory resources; and

WHEREAS, Mayor Murray's 2016 State of the City called for updates and increased capacity at the City's 911 call center; and

WHEREAS, the Seattle Police Department's (SPD) call center is facing increasing call volumes that have placed a growing strain on the current system. Calls have increased by 13 percent since 2010, and recent trends show no slowing in this growth; and

WHEREAS, initial work in developing the SPD's budget for the 2017-2018 biennium has identified the need for a number of significant information technology investments; and

WHEREAS, SPD is engaged in several large-scale technology projects. These include development of a Data Analysis Platform (DAP) that will allow SPD to both closely track individual officer performance and department-wide trends with an envisioned future state allowing for better use of available crime data to target police resources and deployment of Body-Worn Cameras to all patrol officers; and

WHEREAS, additional revenues are needed in order to fund these vital measures; and

WHEREAS, the City is increasing the current business license tax rates in two steps, with the first increase effective January 1, 2017, and the second increase effective January 1, 2018; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. Section 5.45.050 of the Seattle Municipal Code, which section was last amended by Ordinance 123074, is amended as follows:

5.45.050 - Imposition of the tax—Tax or fee levied

Except as provided in subsection 5.55.040.D.1, there is hereby levied upon and shall be collected from every person a tax for the act or privilege of engaging in business activities within the City, whether the person's office or place of business be within or without the City. The tax shall be in amounts to be determined by application of rates against gross proceeds of sale, gross income of business, or value of products, including by-products, as the case may be, as follows:

A. Upon every person engaging within the City in business as an extractor; as to such persons the amount of the tax with respect to such business shall be equal to the value of the products, including by-products, extracted within the City for sale or for commercial or industrial use, multiplied by the rate of .00215 <u>through December 31, 2016, and beginning January 1, 2017, through December 31, 2017, by the rate of .00219, and beginning January 1, 2018, by the rate of .00222</u>. The measure of the tax is the value of the products, including by-products, so extracted, regardless of the place of sale or the fact that deliveries may be made to points outside the City.

B. Upon every person engaging within the City in business as a manufacturer; as to such persons the amount of the tax with respect to such business shall be equal to the value of the products, including by-products, manufactured or processed within the City, multiplied by the rate of .00215 through December 31, 2016, and beginning January 1, 2017, through December 31, 2017, by the rate of .00219, and beginning January 1, 2018, by the rate of .00222. The measure of the tax is the value of the products, including by-products, so manufactured or processed, regardless of the place of sale or the fact that deliveries may be made to points outside the City.

C. Upon every person engaging within the City in the business of making sales of retail services, or making sales at wholesale or retail; as to such persons, the amount of tax with respect to such business shall be equal to the gross proceeds of such sales of the business without regard to the place of delivery of articles, commodities, or merchandise sold, multiplied by the rate of .00215 through December 31, 2016, and beginning January 1, 2017, through December 31, 2017, by the rate of .00219, and beginning January 1, 2018, by the rate of .00222.

D. Upon every person engaging within the City in the business of:

1. Printing;

2. Both printing and publishing newspapers, magazines, periodicals, books, music, and other printed items;

3. Publishing newspapers, magazines, and periodicals;

4. Extracting for hire;

5. Processing for hire; or

6. Conducting a tour operator business; as to such persons, the amount of tax on such business shall be equal to the gross income of the business multiplied by the rate of .00215 through December 31, 2016, and beginning January 1, 2017, through December 31, 2017, by the rate of .00219, and beginning January 1, 2018, by the rate of .00222.

E. Upon every motor carrier engaging within the City in the business of transporting freight for hire, as to such persons, the amount of the tax with respect to such business shall be equal to the gross income from the transport of freight picked up in the City multiplied by the rate of .00415 through December 31, 2016, and beginning January 1, 2017, through December 31, 2017, by the rate of .00423, and beginning January 1, 2018, by the rate of .00427. The business of transporting freight for hire includes the business of leasing or renting motor vehicles operated by the lessor, or by a person under the control of the lessor, to transport freight for hire.

F. Upon every person engaging within the City in the business of providing international investment management services, as to such persons, the amount of tax with respect to such business shall be equal to the gross income or gross proceeds of sales of the business multiplied by a rate of .0015 through December 31, 2016, and beginning January 1, 2017, through December 31, 2017, by the rate of .00153, and beginning January 1, 2018, by the rate of .00155.

G. Upon every other person engaging within the City in any business activity other than or in addition to those enumerated in the above subsections; as to such persons, the amount of tax on account of such activities shall be equal to the gross income of the business multiplied by the rate of .00415 through December 31, 2016, and beginning January 1, 2017, through December 31, 2017, by the rate of .00423, and beginning January 1, 2018, by the rate of .00427. This subsection includes, among others, and without limiting the scope hereof (whether or not title to material used in the performance of such business passes to another by accession, merger, or other than by outright sale), persons engaged in the business of developing ((~~,~~)) or producing custom software or of customizing canned software, producing royalties or commissions, persons engaged in the business of freight brokering, and persons engaged in the business of rendering any type of service which does not constitute a sale at retail, a sale at wholesale, or a retail service.

Section 2. Pursuant to RCW 35.21.706, this ordinance is subject to the referendum procedure specified in that state law. A referendum petition may be filed within seven days of the passage of the ordinance with the filing officer of the City, which is hereby designated to be the City Clerk, located on the third floor of City Hall, 600 Fourth Avenue, Seattle, Washington. Within ten days of filing the petition, the City Clerk shall confer with the petitioner concerning the form and style of the petition, issue the petition an identification number, and secure an accurate, concise, and positive ballot title from the City Attorney. The petitioner shall then have 30 days in which to secure the signatures of not less than 15 percent of the registered voters of the City, as of the last municipal general election, upon petition forms which contain the ballot title and the full text of the measure to be referred. Signed petition forms that are timely submitted to the City Clerk shall be transmitted to the King County Director of Records and Elections, who shall verify the sufficiency of the signatures on the petition and report to the City Clerk. If sufficient valid signatures are properly submitted, the City Clerk shall so inform the City Council, which shall submit the referendum measure to the voters at a special election to be held on the next City election date, as provided in RCW 29A.04.330, that occurs not less than 45 days after the county's report of sufficiency is received by the City Clerk, unless a general election will occur within 90 days of receipt of that report, in which event the proposed ordinance will be submitted at the general election. State law, RCW 35.21.706, provides that the referendum procedure in this section is exclusive and that this ordinance is not subject to any other referendum or initiative process.

Section 3. 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.

Passed by the City Council the 25th day of July, 2016, and signed by me in open session in authentication of its passage this 25th day of July, 2016.

President ____________ of the City Council

Approved by me this 28th day of July, 2016.

Edward B. Murray, Mayor

Filed by me this 29th day of July, 2016.

Monica Martinez Simmons, City Clerk

(Seal)

SUMMARY and FISCAL NOTE*

Department:	Contact Person/Phone:	Executive Contact/Phone:
FAS	Joseph Cunha/233-7820	David Hennes/684-0537

** Note that the Summary and Fiscal Note describes the version of the bill or resolution as introduced; final legislation including amendments may not be fully described.*

1. BILL SUMMARY

Legislation Title: AN ORDINANCE related to increasing the Business License Tax rates and amending Section 5.45.050 of the Seattle Municipal Code.

Summary and background of the Legislation:
This legislation increases all City of Seattle Business & Occupations Tax rates in two successive steps in 2017 and 2018. The rates will increase a total of 3.2%, 2% effective January 1, 2017 and 1.2% effective January 1, 2018. B&O rates were last increased in 1992.

2. CAPITAL IMPROVEMENT PROGRAM

____ **This legislation creates, funds, or amends a CIP Project.**

3. SUMMARY OF FINANCIAL IMPLICATIONS

__X_ **This legislation does not have direct financial implications.**

This legislation is anticipated to result in increased revenues in 2017of $4.3 million. In order to administer these changes, future legislation will contain increased appropriations and position adds.

4. OTHER IMPLICATIONS

a) **Does the legislation have indirect or long-term financial impacts to the City of Seattle that are not reflected in the above?**
This legislation is anticipated to result in increased revenues in 2017of $4.3 million. In order to administer these changes, future legislation will contain increased appropriations and position adds.

b) **Is there financial cost or other impacts of not implementing the legislation?**
The financial cost of not implementing the legislation is the annual loss of the additional B&O revenues, which beginning in 2018 will be approximately $8 million annually.

c) **Does this legislation affect any departments besides the originating department?**
Not significantly. FAS and SeaIT will work together to implement the tax rate change. Additionally the City's FileLocal vendor will have to make necessary changes within that shared system.

d) Is a public hearing required for this legislation?
No.

e) Does this legislation require landlords or sellers of real property to provide information regarding the property to a buyer or tenant?
No.

f) Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?
No.

g) Does this legislation affect a piece of property?
No.

h) Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities?
This legislation is not anticipated to have significant implications for the principles of race and social justice. The legislation increases the Business & Occupations tax rates on businesses gross income. The increase is relatively small and the effect on any given business and the customers of those businesses will also be relatively small. For example, a retail business with $1 million of gross receipts will pay an additional $70. A retail business with $300,000 of gross receipts will pay an additional $21. A service business with $1 million of gross receipts will pay an additional $120. A service business with $300,000 of gross receipts will pay an additional $36. It does not create any additional accounting or reporting requirements for businesses or individuals.

i) If this legislation includes a new initiative or a major programmatic expansion: What are the long-term and measurable goals of the program? Please describe how this legislation would help achieve the program's desired goals.
N/A.

j) Other Issues:

List attachments/exhibits below:

STATE OF WASHINGTON – KING COUNTY

--ss.

340355
CITY OF SEATTLE CLERKS OFFICE

No. 125081,82,83,84,85,86,87

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

CT:TITLE ONLY ORDINANCES

was published on

08/08/16

The amount of the fee charged for the foregoing publication is the sum of $ 151.53, which amount has been paid in full.

JENNIFER A BARNES
COMMISSION EXPIRES
NOTARY
PUBLIC
10-24-19
STATE OF WASHINGTON

Subscribed and sworn to before me on

08/08/2016

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 July 25, 2016 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.

Ordinance 125081

Council Bill 118674

AN ORDINANCE relating to land use and zoning: amending the Official Land Use Map at pages 3 and 13 to rezone land in the Bitter Lake Village Hub Urban Village; and amending Sections 23.47A.005, 23.47A.009, 23.47A.014 and 23.86.012 of the Seattle Municipal Code to change regulations for street-level uses, designate Linden Avenue North as a principal pedestrian street, and adopt development standards for certain properties in the Bitter Lake Village Hub Urban Village.

Ordinance 125082

Council Bill 118712

AN ORDINANCE relating to the for-hire industry, including wheelchair accessible taxis and for-hire industry insurance; amending Sections 6.310.260, 6.310.300, and 6.310.500 and repealing Section 6.310.335 of the Seattle Municipal Code.

Ordinance 125083

Council Bill 118715

AN ORDINANCE related to increasing the Business License Tax Certificate Fee and amending Sections 5.30.060 and 5.55.030 of the Seattle Municipal Code.

Ordinance 125084

Council Bill 118716

AN ORDINANCE related to increasing the Business License Tax rates and amending Section 5.45.050 of the Seattle Municipal Code.

Ordinance 125085

Council Bill 118721

AN ORDINANCE relating to the Seattle Department of Transportation's Next Generation Intelligent Transportation System; authorizing the Director of the Department of Transportation to acquire, accept, and record, on behalf of The City of Seattle, a deed for street purposes for a portion of Block A, City Gardens, from Rainier TT LLC, a Washington limited liability company; laying off, opening, widening, extending, establishing, and designating the property for street purposes; placing the real property conveyed by such deed under the jurisdiction of the Department of Transportation; and ratifying and confirming certain prior acts.

Ordinance 125086

Council Bill 118723

AN ORDINANCE relating to the Seattle Department of Transportation jurisdictional property located in Lots 1, 2, and 3, Block 13, Lake View Addition to the City of Seattle, commonly referred to as 805 NE Northlake Place ("Property") and declaring it as surplus to the City's needs; superseding in part Ordinance 114502 relating to the sale of the Property; authorizing the sale of the Property for fair market value through a negotiated sale to the University of Washington, and if such sale is not completed within one year of being offered for sale then through an open and competitive sales process to be managed by the Department of Finance and Administrative Services; authorizing the Director of Transportation, or his designee, to execute all necessary documents to accomplish the sale of the Property; and designating the proceeds from the sale.

Ordinance 125087

Council Bill 118724

AN ORDINANCE accepting 22 limited purpose easements for public sidewalk, utility, alley turn-around, or public access purposes; placing the real property conveyed by such easements under the jurisdiction of the Seattle Department of Transportation; and ratifying and confirming certain prior acts.

Date of publication in the Seattle Daily Journal of Commerce, August 8, 2016.

8/8(340355)