



SEATTLE CITY COUNCIL

Legislative Summary

CB 119405

Record No.: CB 119405

Type: Ordinance (Ord)

Status: Passed

Version: 1

Ord. no: Ord 125720

In Control: City Clerk

File Created: 10/09/2018

Final Action: 11/26/2018

Title: AN ORDINANCE relating to business license tax certificates and business licenses; amending Sections 5.30.030, 5.55.030, and 6.208.050 of the Seattle Municipal Code.

Date

Notes:

Filed with City Clerk:

Mayor's Signature:

Sponsors: Bagshaw

Vetoed by Mayor:

Veto Overridden:

Veto Sustained:

Attachments:

Drafter: adam.schaefer@seattle.gov

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	10/16/2018	Mayor's leg transmitted to Council	City Clerk			
1	City Clerk	11/07/2018	sent for review	Council President's Office			
	Action Text: The Council Bill (CB) was sent for review. to the Council President's Office						
	Notes:						
1	Council President's Office	11/07/2018	sent for review	Select Budget Committee			
	Action Text: The Council Bill (CB) was sent for review. to the Select Budget Committee						
	Notes:						
1	City Council	11/13/2018	referred	Select Budget Committee			
	Action Text: The Council Bill (CB) was referred. to the Select Budget Committee						
	Notes:						
1	Select Budget Committee	11/14/2018	pass				Pass
	Action Text: The Committee recommends that City Council pass the Council Bill (CB).						

Notes:

In Favor: 7 Chair Bagshaw, Member González , Member Herbold, Member Johnson,
Member Juarez, Member Mosqueda, Member O'Brien

Opposed: 0

Absent(NV): 2 Member Harrell, Member Sawant

1 City Council 11/19/2018 passed Pass

Action Text: The Council Bill (CB) was passed by the following vote, and the President signed the Bill:

Notes:

In Favor: 9 Councilmember Bagshaw, Councilmember González , Council
President Harrell, Councilmember Herbold, Councilmember Johnson,
Councilmember Juarez, Councilmember Mosqueda, Councilmember
O'Brien, Councilmember Sawant

Opposed: 0

1 City Clerk 11/21/2018 submitted for Mayor
Mayor's signature

1 Mayor 11/26/2018 Signed

1 Mayor 11/26/2018 returned City Clerk

1 City Clerk 11/26/2018 attested by City Clerk

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

Notes:

CITY OF SEATTLE

ORDINANCE

125720

COUNCIL BILL

119405

AN ORDINANCE relating to business license tax certificates and business licenses; amending Sections 5.30.030, 5.55.030, and 6.208.050 of the Seattle Municipal Code.

WHEREAS, during the 2017 regular session, the Washington State Legislature enacted EHB 2005, now codified as chapter 35.90 RCW, to improve the business climate in the state by simplifying the administration of business licenses; and

WHEREAS, as required by RCW 35.90.080, a committee of cities has worked with the Association of Washington Cities to draft a model ordinance that: (1) establishes a uniform minimum threshold under which a person is relieved of the requirement to obtain a city's general business license; and (2) that establishes a uniform definition of "engaging in business within the city;" and

WHEREAS, under RCW 35.90.090, cities that impose a general business license must adopt the mandatory provisions of the model ordinance by January 1, 2019; and

WHEREAS, under Seattle Municipal Code (SMC) Section 5.55.030, the City currently requires that all persons engaged in business in the City, unless specifically exempted, obtain a business license tax certificate; and under SMC Section 6.208.010, the City also requires that all persons engaged in business in the City, unless specifically exempted, obtain a business license; and

WHEREAS, the City intends to adopt the model ordinance as required by RCW 35.90.090 to establish a minimum licensing threshold of two thousand dollars and to conform to the uniform definition of "engaging in business within the city;"; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. Subsection 5.30.030.B of the Seattle Municipal Code, which section was last amended by Ordinance 124963, is amended as follows:

5.30.030 Definitions, E—F

* * *

B. “Engaging in business”

1. The term “engaging in business ((activity))” means commencing, conducting, or continuing in business, and also the exercise of corporate or franchise powers, as well as liquidating a business when the liquidators thereof hold themselves out to the public as conducting such business.

2. Subsection 5.30.030.B.3 sets forth examples of activities that constitute engaging in business in the City, and establishes safe harbors for certain of those activities so that a person who meets the criteria may engage in de minimis business activities in the City without having to register and obtain a business license tax certificate, obtain a business license, or pay City business and occupation taxes. The activities listed in subsection 5.30.030.B.3 are illustrative only and are not intended to narrow the definition of “engaging in business” in subsection 5.30.030.B.1 above. If an activity is not listed, the issue of whether it constitutes engaging in business in the City shall be determined by considering all the facts and circumstances and applicable law.

3. Without being all inclusive, any one of the following activities conducted within the City by a person, or its employee, agent, representative, independent contractor, broker or another acting on its behalf constitutes engaging in business and requires a person to register and obtain a business license tax certificate and a business license:

1 a. Owning, renting, leasing, maintaining, or having the right to use, or
2 using, tangible personal property, intangible personal property, or real property permanently or
3 temporarily located in the City, in connection with a business activity;

4 b. Owning, renting, leasing, using, or maintaining an office, place of
5 business, or other establishment in the City in which business activities are conducted;

6 c. Soliciting sales;

7 d. Making repairs or providing maintenance or service to real or tangible
8 personal property, including warranty work and property maintenance;

9 e. Providing technical assistance or service, including quality control,
10 product inspections, warranty work, or similar services on or in connection with tangible
11 personal property sold by the person or on its behalf;

12 f. Installing, constructing, or supervising installation or construction of
13 real or tangible personal property;

14 g. Soliciting, negotiating, or approving franchise, license, or other similar
15 agreements;

16 h. Collecting current or delinquent accounts;

17 i. Picking up and transporting tangible personal property, solid waste
18 construction debris, or excavated materials;

19 j. Providing disinfecting and pest control services, employment and labor
20 pool services, home nursing care, janitorial services, appraising, landscape architectural services,
21 security system services, surveying, and real estate services including the listing of homes and
22 managing real property;

1 k. Rendering professional services such as those provided by accountants,
2 architects, attorneys, auctioneers, consultants, engineers, professional athletes, barbers, baseball
3 clubs and other sports organizations, chemists, consultants, psychologists, court reporters,
4 dentists, doctors, detectives, laboratory operators, teachers, and veterinarians;

5 l. Meeting with customers or potential customers, even when no sales or
6 orders are solicited at the meetings;

7 m. Training or recruiting agents, representatives, independent contractors,
8 brokers, or others domiciled or operating on a job in the City, acting on its behalf, or for
9 customers or potential customers;

10 n. Investigating, resolving, or otherwise assisting in resolving customer
11 complaints;

12 o. In-store stocking or manipulating products or goods, sold to and owned
13 by a customer, regardless of where sale and delivery of the goods took place; or

14 p. Delivering goods in vehicles owned, rented, leased, used, or maintained
15 by the person who sold the goods or another acting on its behalf(~~or~~;

16 ~~q. Accepting or executing a contract with the City, irrespective of whether~~
17 ~~the goods or services are delivered within or without the City, or whether the person's office or~~
18 ~~place of business is within or without the City)) .~~

19 4. If a person, or its employee, agent, representative, independent contractor,
20 broker, or another acting on the person's behalf, engages in no other activities in or with the City
21 but the following, it need not register and obtain a business license tax certificate or a business
22 license and pay tax:

23 a. Meeting with suppliers of goods and services as a customer;

b. Meeting with government representatives in their official capacity,
other than those performing contracting or purchasing functions;

c. Attending meetings, such as board meetings, retreats, seminars, and
conferences or other meetings wherein the person does not provide training in connection with
tangible personal property sold by the person or on its behalf. This provision does not apply to
any board of director member or attendee engaging in business such as a member of a board of
directors who attends a board meeting;

d. Renting tangible or intangible property as a customer when the property
is not used in the City;

e. Attending, but not participating in, a "trade show" or "multiple vendor
events". Persons participating at a trade show shall review ~~((the City's trade show ordinance,))~~
Chapter 6.20;

f. Conducting advertising through the mail;

g. Soliciting sales by phone from a location outside the City; or

h. Accepting or executing a contract with the City when:

1) The aggregate value of all City contracts with the person during
the calendar year is \$5,000 or less and the person is engaged in no other business within the City;
or

2) The person's only source of revenue consists of contracts with
the City for neighborhood planning purposes, sister city associations, or Arts Commission grants,
and is less than the taxable threshold amount provided in subsection 5.55.040.D.

5. A seller located outside the City merely delivering goods into the City by
means of common carrier is not required to register and obtain a business license tax certificate

1 or a business license provided that it engages in no other business activities in the City. Such
2 activities do not include those in subsection 5.30.030.B.4.

3 The City expressly intends that engaging in business include any activity sufficient to
4 establish nexus for purposes of applying the tax or license fee under the law and the constitutions
5 of the United States and the State of Washington.

6 Nexus is presumed to continue as long as the taxpayer benefits from the activity that
7 constituted the original nexus generating contact or subsequent contacts.

8 Section 2. Section 5.55.030 of the Seattle Municipal Code, which section was last
9 amended by Ordinance 125083, is amended as follows:

10 **5.55.030 License requirements – Minimum license threshold**

11 * * *

12 H. Any person or business whose annual value of products, gross proceeds of sales, or
13 gross income of the business in the City is equal to or less than \$2,000 and who does not
14 maintain a place of business within the City shall be exempt from the business license tax
15 certificate requirements in this Chapter 5.55.

16 Section 3. Section 6.208.050 of the Seattle Municipal Code, enacted by Ordinance
17 124963, is amended as follows:

18 **6.208.050 Exemptions**

19 Any person exempt under Section 5.45.090 or subsection 5.55.030.H from obtaining a business
20 license tax certificate is exempt from obtaining a business license under this Chapter 6.208. This
21 exemption does not apply to other licenses required under this Title 6 or activities that require a
22 special permit.

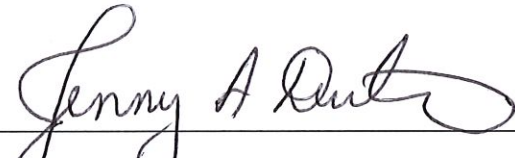
Section 4. This ordinance shall take effect and be in force 30 days after its approval by the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it shall take effect as provided by Seattle Municipal Code Section 1.04.020.

Passed by the City Council the 19th day of November, 2018,
and signed by me in open session in authentication of its passage this 19th day of
November, 2018.



President _____ of the City Council

Approved by me this 26th day of November, 2018.


Jenny A. Durkan, Mayor

Filed by me this 26th day of NOVEMBER, 2018.


Monica Martinez Simmons, City Clerk

(Seal)

STATE OF WASHINGTON -- KING COUNTY

--SS.

368335

No.

CITY OF SEATTLE, CLERKS OFFICE

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:125697-125727 ORDINANC

was published on

12/11/18

The amount of the fee charged for the foregoing publication is the sum of \$569.50, which amount has been paid in full.



Subscribed and sworn to before me on

12/11/2018

Notary public for the State of Washington,
residing in Seattle

State of Washington, King County

City of Seattle

The full text of the following legislation, passed by the City Council on November 19, 2018, and published below by title only, will be mailed upon request, or can be accessed at <http://seattle.legistar.com>. For information on upcoming meetings of the Seattle City Council, please visit <http://www.seattle.gov/council/calendar>.

Ordinance 125697

Council Bill 119409

AN ORDINANCE appropriating money to pay certain audited claims and ordering the payment thereof.

Ordinance 125698

Council Bill 119390

AN ORDINANCE authorizing, in 2018, acceptance of funding from non City sources (commonly known as the 3rd quarter grant acceptance ordinance); authorizing the heads of the Executive Department, Department of Education and Early Learning, Seattle Fire Department, and Seattle Department of Transportation to accept specified grants, private funding, and subsidized loans and to execute, deliver, and perform corresponding agreements; and ratifying and confirming certain prior acts.

Ordinance 125699

Council Bill 119391

AN ORDINANCE amending Ordinance 125493, which amended the 2018 Budget (Ordinance 125475), including the 2018-2023 Capital Improvement Program (CIP); changing appropriations to various departments and budget control levels, and from various funds in the Budget; adding new projects; revising project allocations for certain projects in the 2018-2023 CIP; creating exempt positions; amending existing CIP project descriptions; and ratifying and confirming certain prior acts; all by a 3/4 vote of the City Council.

Ordinance 125700

Council Bill 119381

AN ORDINANCE relating to Seattle Center parking charges; amending Section 17.19.010 of the Seattle Municipal Code.

Ordinance 125701

Council Bill 119382

AN ORDINANCE relating to the Seattle Center Department; modifying the Seattle Center Fee Range Schedule authorized by Section 17.16.015 of the Seattle Municipal Code, and repealing Attachment A to Ordinance 125199.

Ordinance 125702

Council Bill 119385

AN ORDINANCE relating to fees charged by the Seattle Animal Shelter; and amending Chapter 9.26 of the Seattle Municipal Code.

Ordinance 125703

Council Bill 119384

AN ORDINANCE relating to regulatory business and professional license fees; adjusting business and professional license fees associated with the regulated activities of public parking lots and garages, used goods, adult entertainment, and marijuana; and amending Seattle Municipal Code Sections 6.48.020, 6.204.080, 6.270.060, and 6.500.080.

Ordinance 125704

Council Bill 119386

AN ORDINANCE related to fees and charges for permits and activities of the Seattle Department of Construction and Inspections, related fees by other departments, and technical corrections; amending Sections 22.900B.010, 22.900B.020, 22.900C.010, 22.900D.010, 22.900D.090, 22.900D.100, 22.900D.110, 22.900D.140,

22.900D.160, 22.900E.020, 22.900E.030, 22.900E.040, 22.900E.050, 22.900E.060, 22.900F.010, 22.900G.010, and 22.900G.015 of the Seattle Municipal Code.

Ordinance 125705

Council Bill 119387

AN ORDINANCE related to the Rental Registration and Inspection Ordinance program, administered by the Seattle Department of Construction and Inspections; adding Seattle Municipal Code (SMC) Sections 22.900H.070 and 22.900H.080; and amending SMC Sections 22.214.040, 22.214.050, 22.900H.020, 22.900H.030, 22.900H.050, and 22.900H.060.

Ordinance 125706

Council Bill 119388

AN ORDINANCE relating to street and sidewalk use; amending the Street Use Permit Fee Schedule authorized by Section 15.04.074 of the Seattle Municipal Code; removing street vacation fees from the Seattle Municipal Code in conformity with the new Street Use Permit Fee Schedule; and amending Section 15.62.030 of the Seattle Municipal Code.

Ordinance 125707

Council Bill 119389

AN ORDINANCE relating to the Building and Construction Codes, Subtitle VI, Fire Code; adding, deleting, and revising various Seattle Fire Department permit, certificate, inspection, and plan review fees and related provisions; and amending Sections 15.35.010, 22.602.010, 22.602.045, 22.602.050, 22.602.070, and 22.602.090 of the Seattle Municipal Code.

Ordinance 125708

Council Bill 119383

AN ORDINANCE relating to the Department of Parks and Recreation; establishing the 2019-2020 fee schedule for the use of park properties and other park and recreation facilities and services; and superseding previous park and recreation fee schedules.

Ordinance 125709

Council Bill 119349

AN ORDINANCE relating to the City Light Department; amending rates, terms, and conditions for the use and sale of electricity supplied by the City Light Department for 2019 and 2020; and amending Sections 21.49.020, 21.49.030, 21.49.052, 21.49.055, 21.49.057, 21.49.058, 21.49.060, 21.49.065, and 21.49.085 of the Seattle Municipal Code.

Ordinance 125710

Council Bill 119350

AN ORDINANCE relating to the City Light Department; amending Section 21.49.086 of the Seattle Municipal Code to create Net Wholesale Revenue targets for 2019 and 2020 consistent with those assumed in the City Light 2019-2024 Strategic Plan approved by the City Council via Resolution 31819.

Ordinance 125711

Council Bill 119394

AN ORDINANCE relating to the electric system of The City of Seattle; adopting a system or plan of additions and betterments to and extensions of the existing municipal light and electric power generation, transmission, and distribution system of the City; authorizing the issuance and sale of municipal light and power revenue bonds for the purposes of providing funds to pay part of the cost of carrying out that system or plan, providing for the reserve fund requirement (if any), and paying the costs of issuance of the bonds; providing parameters for the bond sale terms including conditions, covenants, and other sale terms; describing the lien of the bonds and authorizing their issuance as either senior lien parity bonds or as junior lien bonds; and ratifying and confirming certain prior acts.

Ordinance 125712

Council Bill 119395

AN ORDINANCE relating to the drainage and wastewater system of The City of Seattle; amending Ordinance 125454 to increase the authorized principal amount of drainage and wastewater revenue bonds to be issued for the purposes of paying all or part of the cost of carrying out the system or plan of additions and betterments to and extensions of the existing drainage and wastewater system; making certain other technical amendments to Ordinance 125454 and Exhibit B thereto; and ratifying and confirming certain prior acts.

Ordinance 125713

Council Bill 119396

AN ORDINANCE relating to the municipal water system of The City of Seattle; adopting a system or plan of additions and betterments to and extensions of the existing municipal water system; authorizing the issuance and sale of water system revenue bonds in one or more series for the purposes of paying part of the cost of carrying out that system or plan, providing for the reserve requirement, and paying the costs of issuance of the bonds; providing parameters for the bond sale terms including conditions, covenants, and other sale terms; describing the lien of the bonds; creating certain accounts of the City relating to the bonds; and ratifying and confirming certain prior acts.

Ordinance 125714

Council Bill 119397

AN ORDINANCE relating to the municipal water system of The City of Seattle; authorizing the issuance and sale, from time to time in multiple series, of water system revenue bonds for the purpose of carrying out the current or advance refunding of all or a portion of the City's outstanding water system revenue bonds pursuant to an approved refunding plan, providing for the reserve requirement, and paying the administrative costs of carrying out such refundings and paying costs of issuance of those Refunding Parity Bonds; describing the lien of those Refunding Parity Bonds; providing parameters for the bond sale terms including conditions, covenants, and other sale terms; rescinding the authorization to issue any future Refunding Parity Bonds under Ordinance 121939 (as amended by Ordinance 122837, as amended and restated by Ordinance 124339, and as further amended by Ordinance 125183); authorizing the Director of Finance to enter into agreements providing for the disposition of the Refunding Parity Bond proceeds; and ratifying and confirming certain prior acts.

Ordinance 125715

Council Bill 119393

AN ORDINANCE relating to contracting indebtedness; authorizing and providing for the issuance and sale of limited tax general obligation bonds to pay all or part of the costs of various elements of the City's capital improvement program and for other City purposes approved by ordinance, and to pay the costs of issuance of the bonds; providing parameters for the bond sale terms including conditions, covenants, and other sale terms; creating the 2019 Multipurpose LTGO Bond Fund; amending Ordinance 125197; and ratifying and confirming certain prior acts.

Ordinance 125716

Council Bill 119380

AN ORDINANCE relating to the financing of the Seattle Streetcar operations; amending Ordinance 122424 to extend an interfund loan from the Move Seattle Levy Fund to the Seattle Streetcar Operations Fund.

Ordinance 125717

Council Bill 119379

AN ORDINANCE relating to the financing of Seattle Center's operations; authorizing the loan of funds in the amount of \$5,000,000

from the Unrestricted Cumulative Reserve Fund to the Seattle Center Fund to support the operations of Seattle Center during the temporary closure of KeyArena; and providing for the repayment thereof.

Ordinance 125718

Council Bill 119376

AN ORDINANCE relating to the taxation of sweetened beverages; amending Ordinance 125324 to amend the uses of the proceeds of the Sweetened Beverage Tax.

Ordinance 125719

Council Bill 119406

AN ORDINANCE relating to the School Safety Traffic and Pedestrian Improvement Fund; amending Sections 5.81.010 and 5.82.010 of the Seattle Municipal Code; and transferring money from the School Safety Traffic and Pedestrian Improvement Fund to the General Fund for one-time expenditures.

Ordinance 125720

Council Bill 119405

AN ORDINANCE relating to business license tax certificates and business licenses; amending Sections 5.30.030, 5.55.030, and 6.208.050 of the Seattle Municipal Code.

Ordinance 125721

Council Bill 119378

AN ORDINANCE relating to the Neighborhood Matching Fund Program; establishing new program guidelines and an automatic carry-forward policy.

Ordinance 125722

Council Bill 119375

AN ORDINANCE relating to the Department of Parks and Recreation; authorizing an amendment to the Interlocal Agreement between The City of Seattle and the Seattle Park District.

Ordinance 125723

Council Bill 119401

AN ORDINANCE conditioning the Seattle Department of Transportation's 2019 grant applications.

Ordinance 125724

Council Bill 119392

AN ORDINANCE adopting a budget, including a capital improvement program and position modifications, for The City of Seattle for 2019; and creating positions exempt from civil service; all by a 2/3 vote of the City Council.

Ordinance 125725

Council Bill 119370

AN ORDINANCE relating to the levy of property taxes; fixing the rates and/or amounts of taxes to be levied, and levying the same upon all taxable property, both real and personal, in The City of Seattle, to finance the departments and activities of City government and to provide for the general obligation bond interest and redemption requirements for the year beginning on the first day of January 2019; and ratifying and confirming certain prior acts.

Ordinance 125726

Council Bill 119371

AN ORDINANCE authorizing the levy of regular property taxes by The City of Seattle for collection in 2019, representing an increase above the regular property taxes levied for collection in 2018; and ratifying and confirming certain prior acts.

Ordinance 125727

Council Bill 119407

AN ORDINANCE related to monitoring and inspecting vacant buildings for compliance with the requirements of the Housing and Building Maintenance Code; amending Sections 22.206.200 and 22.208.090 of the Seattle Municipal Code.

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