

**SUMMARY and FISCAL NOTE\***

<b>Department:</b>	<b>Dept. Contact/Phone:</b>	<b>CBO Contact/Phone:</b>
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*\* 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**

- 1. Legislation 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.
- 2. Summary and background of the Legislation:**

During the 2017 regular session, the Washington State Legislature enacted EHB 2005, now codified as chapter 35.90 RCW. The intent of the legislation is to improve the business climate in the state by simplifying the administration of business licenses. As required by RCW 35.90.080, a committee of cities worked with the Association of Washington Cities to draft a model ordinance that: (1) establishes a uniform minimum threshold of two thousand dollars, under which a person is relieved of the requirement to obtain a city’s general business license; and (2) establishes a uniform definition of “engaging in business within the city.”

The City currently requires, under SMC 5.55.030, that all persons engaged in business in the City, unless specifically exempted, obtain a business license tax certificate. The City also requires, under SMC 6.208.010, that all persons engaged in business in the City, unless specifically exempted, obtain a business license. Both the business license and the business license tax certificate would be considered “general business licenses” under RCW 35.90.010(4) and subject to the mandatory threshold. In short, the adoption of the model ordinance provisions will relieve businesses that are not located in the City and that do only a small amount of business in the City, from the obligation of obtaining a business license tax certificate and a business license.

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. Accordingly, the bill adopts the model ordinance as required by RCW 35.90.090 and establishes a minimum licensing threshold of two thousand dollars. The bill also makes several minor and technical changes to the City’s definition of “engaging in business within the City to conform to the uniform definition of that term.

**2. CAPITAL IMPROVEMENT PROGRAM**

- a. Does this legislation create, fund, or amend a CIP Project?**     \_\_\_ Yes \_\_\_X\_ No

**3. SUMMARY OF FINANCIAL IMPLICATIONS**

a. Does this legislation amend the Adopted Budget?  Yes  No

<b>Budget program(s) affected:</b>				
<b>Appropriation change (\$):</b>	<b>General Fund \$</b>		<b>Other \$</b>	
	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>
<b>Estimated revenue change (\$):</b>	<b>Revenue to General Fund</b>		<b>Revenue to Other Funds</b>	
	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>
	0	(213,000)		0
<b>Positions affected:</b>	<b>No. of Positions</b>		<b>Total FTE Change</b>	
	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>

b. Does the legislation have other financial impacts to the City of Seattle that are not reflected in the above, including direct or indirect, short-term or long-term costs?

None.

c. Is there financial cost or other impacts of *not* implementing the legislation?

Yes. 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. A city that has not complied by January 1, 2019, may not enforce its general business licensing requirements on any person until the date that the mandatory provisions of the model ordinance take effect within the city.

**3.e. Revenues/Reimbursements**

This legislation adds, changes, or deletes revenues or reimbursements.  
**Anticipated Revenue/Reimbursement Resulting from this Legislation:**

<b>Fund Name and Number</b>	<b>Dept</b>	<b>Revenue Source</b>	<b>2019 Revenue</b>	<b>2020 Estimated Revenue</b>
00100	FAS	B&O Tax	0	(213,000)
<b>TOTAL</b>				

Is this change one-time or ongoing? Ongoing

**4. OTHER IMPLICATIONS**

a. Does this legislation affect any departments besides the originating department?  
 No.

- b. Is a public hearing required for this legislation?**  
No.
- c. Does this legislation require landlords or sellers of real property to provide information regarding the property to a buyer or tenant?**  
No.
- d. Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?**  
No.
- e. Does this legislation affect a piece of property?**  
No.
- f. Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities?**

Under current law, all persons engaging in business in the City must obtain a business license tax certificate and a business license. The adoption of the model ordinance provisions in this bill will relieve businesses that are not located in the City and that do only a small amount of business in the City, from the obligation of obtaining a business license tax certificate and a business license. This will make it easier for businesses to come into the City to do small projects or make limited sales to persons located in Seattle. Because all Washington cities that issue business licenses must adopt this bill, there will be predictable and uniform laws for persons doing business in multiple cities. To the extent that vulnerable or historically disadvantaged communities engage in limited amount of business in the City or are customers of such businesses, this bill will facilitate those transactions.

- g. If this legislation includes a new initiative or a major programmatic expansion: What are the specific long-term and measurable goal(s) of the program? How will this legislation help achieve the program's desired goal(s).**

N/A

**List attachments/exhibits below:**