

SUMMARY and FISCAL NOTE*

Department:	Contact Person/Phone:	Executive Contact/Phone:
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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

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

This legislation does not have direct financial implications.

This legislation is anticipated to result in increased revenues in 2017 of \$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 2017 of \$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: