

2019 - 2020 Seattle City Council Green Sheet

Ready for Notebook

Tab	Action	Option	Version
41	6	A	1

Budget Action Title: Pass C.B. 119377 allowing a B&O tax deduction for revenue from grants, contracts, and sub-awards received as compensation for, or to support, life sciences research

Ongoing: Yes

Has CIP Amendment: No Has Budget Proviso: No

Primary Sponsor: Budget Chair

Councilmembers:

Staff Analyst: Erik Sund

Council Bill or Resolution: 119377

Date	Total	BC	SB	TM	LG	BH	LH	RJ	DJ	MO	KS
	Yes										
	No										
	Abstain										
	Absent										

Budget Action description:

This green sheet recommends passage of C.B. 119377, which would reestablish a Business License Tax (B&O Tax) deductibility of income received by life science research organizations from grants, contracts, and sub-awards from government sources. The City offered this same deduction for 5 years (June 2012 – June 2017) under Ordinance 123877. The primary beneficiaries of the previous deduction were nonprofit research entities receiving income from previously taxable sources. Nonprofit entities, which collectively received roughly 85% of the tax benefit from the 2012 legislation, were already able to take deductions for federal grants, but not for contracts or sub-awards. Private sector entities were not allowed to take deductions for any grants, contracts or sub-awards. The cost to the City in lost General Fund revenues from 2012 through 2017 was approximately \$500,000 per year. The revenue forecast accompanying the Mayor’s Proposed 2019-2020 budget incorporates a \$500,000 annual reduction in revenues due to the assumed approval of this legislation.