

provided to non-profit and private sector entities and their sub-recipients as compensation for research and development, or to support research and development, in the life sciences by the United States, State of Washington, local or municipal government or any instrumentality thereof; and

WHEREAS, in June 2017, the deduction authorized in Ordinance 123877 expired; and

WHEREAS, prior to the deduction authorized in Ordinance 123877, the contractual form of government grants and awards had been and continues to evolve, placing an additional emphasis on specific deliverable products and potentially, in the absence of this deduction, subjects some of this funding to the City's gross receipts tax; and

WHEREAS, evaluation of the effect of the deduction on grant applications and awards indicates that federal funding for life sciences research in Seattle increased by over 40 percent, or almost \$200 million, over the period the deduction had been in place through 2015; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. Section 5.45.100 of the Seattle Municipal Code, last amended by Ordinance 124089, is amended as follows:

5.45.100 Deductions((-))

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W. Funding provided to nonprofit and private sector entities and their sub-recipients as compensation for research and development, or to support research and development, in the life sciences by the United States, State of Washington, local, or municipal government or any instrumentality thereof may be deducted from the measure of tax.

Section 2. The Director shall establish rules under the authority of Seattle Municipal Code 5.55.165 for taxpayers to report gross receipts that are eligible for the deduction provided in Section 1 of this ordinance.

Section 3. Section 1 of this ordinance shall take effect on April 1, 2019.

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 _____ day of _____, 2018, and signed by me in open session in authentication of its passage this _____ day of _____, 2018.

President _____ of the City Council

Approved by me this _____ day of _____, 2018.

Jenny A. Durkan, Mayor

Filed by me this _____ day of _____, 2018.

Monica Martinez Simmons, City Clerk

(Seal)