

Amendment 7 Version 1 to CB 121028 – B&O Tax ORD

Sponsor: Chair Strauss

Tax credit for stevedoring activities

Effect: This amendment would create a tax credit for stevedoring, which is generally the activity of loading and unloading ships at port, equal to the amount of eligible income received multiplied by the tax rate increase imposed by CB 121028. The Office of City Finance anticipates additional staffing needs related to the addition of a credit program, which would be determined by way of a future budget request. This credit would expire after tax year 2029.

This amendment also adds a recital.

The Office of Economic and Revenue Forecasts estimates this credit would reduce annual revenues from the business and occupation tax restructure by approximately \$750,000.

Add a whereas clause to CB 121028 as follows:

WHEREAS, by increasing the business and occupation tax small business threshold to \$2 million in gross revenues and by implementing a standard deduction for the first \$2 million in gross revenues earned, over 90 percent of businesses in Seattle will either pay no or fewer taxes; and

WHEREAS, The City of Seattle should continue to assess the impacts of the restructuring of the business and occupation tax on the maritime industry, particularly in light of ongoing changes in federal tariff policy; and

WHEREAS, RCW 35.21.711 requires a majority vote of the people to raise business and occupation tax rates to the rates proposed in this ordinance; NOW, THEREFORE,

Add a new Section 4 to CB 121028 as follows, add Section 5.45.105 to the bill title's list of affected code sections, and renumber subsequent sections and section references as appropriate:

Section 4. Subject to and contingent upon approval of the qualified voters of the City, a new Section 5.45.105 is added to the Seattle Municipal Code as follows:

5.45.105 Credits

Credit for stevedoring. Persons taxable under Section 5.45.050 that receive gross receipts from stevedoring and associated activities pertinent to the conduct of goods and commodities in waterborne interstate or foreign commerce under RCW 82.04.260 shall be allowed a credit against those taxes equal to the amount of gross receipts from stevedoring and associated activities pertinent to the conduct of goods and commodities in waterborne interstate or foreign commerce under RCW 82.04.260 multiplied by the rate of the tax for that business, minus the rate immediately preceding the effective date of this ordinance. This credit may be taken against tax obligations for tax years 2026, 2027, 2028, and 2029.

Amend Section 6 to CB 121028 as follows and renumber subsequent sections and section references as appropriate:

Section 6. Subject to and contingent upon approval of the qualified voters of the City, this ordinance shall be automatically repealed without subsequent City Council action on January 1, 2030, unless the City by July 31, 2029 passes an ordinance extending its effectiveness. The duration of the extension may be no more than four years. This section does not limit the City's ability to pass other ordinances that amend the credits in Seattle Municipal Code Section 5.45.105, the business and occupation tax threshold in Seattle Municipal Code Section 5.55.040, or the standard deduction in Seattle Municipal Code subsection 5.45.100.W.

Amend Section 9 to CB 121028 as follows and renumber subsequent sections and section references as appropriate:

Section 9. Sections 1 through ~~((6))~~ 7 of this ordinance shall take effect subject to and contingent upon approval of the qualified voters of the City as authorized by RCW 35.21.711 and in accordance with applicable law. All other sections of this ordinance shall take effect and be in force 30 days after its approval by the Mayor, but if this ordinance is not approved and returned by the Mayor within ten days after presentation, then those sections shall take effect as provided by Seattle Municipal Code Sections 1.04.020 and 1.04.070.