

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

**Sponsor:** Councilmember 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 revenue received multiplied by the tax rate increase imposed by CB 121028. The credit would sunset after 4 years. This amendment also adds a recital.

Based on information from the Office of Economic and Revenue Forecasts, this credit would reduce GF revenue from the business and occupation tax restructure by approximately \$1.5 million. Further, the Office of City Finance anticipates additional staffing needs related to the addition credits, which would be determined by way of a future budget request.

Add a whereas clause to CB 121028 as follows:

WHEREAS, the Seattle Housing Investment Plan, as requested in the City Council’s Statement of Legislative Intent OH-001S-A, will provide critical information on the most strategic use of City funding, including the JumpStart Fund, to support housing production goals; 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,

Amend Section 5 of CB 121028 as follows:

Section 5. Subject to and contingent upon approval of the qualified voters of the City, a new Section 5.45.105 of the Seattle Municipal Code is added as follows:

## **5.45.105 Credits**

A. Credit for comprehensive cancer centers. Persons taxable under Section 5.45.050 that receive gross receipts that are exempt from state business and occupation tax under RCW 82.04.4265 shall be allowed a credit against those taxes equal to the amount of gross receipts that is exempt from state business and occupation tax under RCW 82.04.4265 multiplied by: the rate of the tax for that business, minus the rate immediately preceding the effective date of this ordinance.

B. Credit for pediatric hospitals. Nonprofit hospitals specializing primarily in pediatric medicine taxable under Section 5.45.050 shall be allowed a credit against those taxes equal to the amount of gross receipts that is taxable under Section 5.45.050 multiplied by: the rate of the tax for that business, minus the rate immediately preceding the effective date of this ordinance.

1. For the purposes of this section:

a. "Hospital" has the meaning established in Revised Code of Washington Chapter 70.41.020.

b. "Nonprofit" means a corporation or organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

c. "Specializing primarily in pediatric medicine" means a hospital providing clinically appropriate health care for the special needs of pediatric and young adult patients whose care and diagnosis is best treated with pediatric expertise.

2. The calculation of the credit applies solely to gross receipts from hospital services and shall not include gross receipts from retail, wholesale, or manufacturing business activity.

C. 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.