

Amendment 8 Version 1 to CB 121028 – B&O Tax ORD

Sponsor: Vice Chair Rivera

Tax credit for comprehensive cancer centers

Effect: Under Washington RCW 82.04.4265, federally tax-exempt income received by comprehensive cancer centers is exempted from the State’s business and occupation tax (B&O tax). This income is taxable under the City’s B&O tax. This amendment would create a tax credit for eligible comprehensive cancer centers equal to the amount of federally tax-exempt income received by a center 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.

Due to disclosure constraints, the potential revenue impact cannot be reported. However, while actual taxpayer data is confidential, Fred Hutchinson Cancer Center independently reports that the restructure would add an additional \$3.3 million to their annual tax bill. While this is self-reported data, it provides a rough estimate of the potential revenue impacts from this amendment.

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 of the Seattle Municipal Code is added as follows:

5.45.105 Credits

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.

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 Subject to and contingent upon approval of the qualified voters of the City, this ordinance shall be automatically repealed without subsequent City Council action on January 1, 2030, unless the City by July 31, 2029 passes an ordinance extending its effectiveness.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.