

## SUMMARY and FISCAL NOTE\*

<b>Department:</b>	<b>Dept. Contact:</b>	<b>CBO Contact:</b>
LEG	Jasmine Marwaha / 635-8941	

*\* Note that the Summary and Fiscal Note describes the version of the bill or resolution as introduced; final legislation including amendments may not be fully described.*

### **1. BILL SUMMARY**

**Legislation Title:** AN ORDINANCE relating to amusement device licenses; repealing the requirement for an amusement device license; repealing Chapter 5.32 of the Seattle Municipal Code; and amending Sections 5.30.010, 5.30.020, 5.30.060, 5.55.010, 5.55.030, 5.55.040, 5.55.060, 5.55.150, 5.55.165, 5.55.220, 5.55.230, 6.208.020, and 6.208.050 of the Seattle Municipal Code.

**Summary and Background of the Legislation:** This legislation would repeal the requirement for businesses to obtain a license before providing an amusement device for public use. The objective of the repeal is to reduce the barrier to entry for amusement-oriented businesses in Seattle, and to provide economic relief to current businesses that rely on amusement devices, as the city transitions to a post-pandemic environment.

An amusement device is defined in Seattle Municipal Code Section 5.30.020.C as “any machine or device which provides recreation or entertainment for which a charge is made for use or play. It includes, but is not limited to, pool and billiard tables, shuffleboards, music machines, video games, pinball games, riding devices, panoram and peepshow devices, televisions and devices for display of pictures or views on film; provided, that it does not mean or include any machine or device used exclusively for the vending of merchandise.”

In 2019, the amusement device license fee generated \$95,550 in General Fund revenue, with 68 businesses applying for licenses. In 2022, the Finance and Administrative Services department (FAS) received license applications from 46 businesses, generating \$46,700 in General Fund revenue.

The annual license fee for an amusement device that is activated upon insertion of payment is 100 times the price of one play or use of the device, rounded to the next highest \$50, and not to exceed \$1,500 per device per year. The license fee for other amusement devices is a flat \$500 per year. The license fee is further capped depending on the specific type of amusement device. For example, the fee for a countertop device or electronic dart board is capped at \$25 per year, while pool tables, shuffle boards, jukeboxes, or other music devices are capped at \$50 per year. Operators of special events that have amusement devices pay a maximum fee of \$100 per event.

Many of these amusement devices generate business income that is not subject to sales tax, and thus the license fees allow for some revenue capture of this business activity. However, some amusement devices are subject to sales tax according to [WAC 458-20-187](#). These devices include air hockey, billiards, pool, foosball, darts, shuffleboard, ping pong, and

similar games. The revenue from other amusement devices – such as pinball and arcade games – are not subject to retail sales tax, but would still be subject to a Business and Occupation (B&O) tax under the “Services and other Activities” classification.

The requirements for amusement device licenses in different municipalities within King County vary, but are typically a flat dollar amount per device, if an amusement device license is required at all. For example, Federal Way requires an annual license fee of \$100 per “novelty amusement device,” and Kent requires \$50 per amusement device, while Bellevue and Renton do not require amusement device licenses.

Other municipal jurisdictions have repealed similar license fees in recent years, in an effort to ease regulatory burdens for businesses in the wake of the pandemic. These jurisdictions include New York City, Aurora, CO, and Spokane, WA.

**2. CAPITAL IMPROVEMENT PROGRAM**

**Does this legislation create, fund, or amend a CIP Project?**  Yes  No

If yes, please fill out the table below and attach a new (if creating a project) or marked-up (if amending) CIP Page to the Council Bill. Please include the spending plan as part of the attached CIP Page. If no, please delete the table.

**3. SUMMARY OF FINANCIAL IMPLICATIONS**

**Does this legislation amend the Adopted Budget?**  Yes  No

If there are no changes to appropriations, revenues, or positions, please delete the table below.

**Does the legislation have other financial impacts to The City of Seattle that are not reflected in the above, including direct or indirect, short-term or long-term costs?**

This legislation would result in reduced revenue from any licenses that would have been filed for the rest of 2023 and 2024. The total revenue estimated to be received from this license fee in 2023 and 2024 is \$64,000 each year.

**Are there financial costs or other impacts of *not* implementing the legislation?**

No.

If there are no changes to appropriations, revenues, or positions, please delete sections 3.a., 3.b., and 3.c. and answer the questions in Section 4.

**3.a. Appropriations**

This legislation adds, changes, or deletes appropriations.

Fund Name and Number	Dept	Budget Control Level Name/Number*	2023 Appropriation Change	2024 Estimated Appropriation Change
<b>TOTAL</b>				

\*See budget book to obtain the appropriate Budget Control Level for your department.

**Appropriations Notes:**

**3.b. Revenues/Reimbursements**

  **x**   This legislation adds, changes, or deletes revenues or reimbursements.

**Anticipated Revenue/Reimbursement Resulting from This Legislation:**

Fund Name and Number	Dept	Revenue Source	2023 Revenue	2024 Estimated Revenue
00100 – General Fund	FAS	Amusement Device Tax Revenue (Acct: 321900)	\$64,000	\$64,000
<b>TOTAL</b>			<b>\$64,000</b>	<b>\$64,000</b>

**Revenue/Reimbursement Notes:**

**4. OTHER IMPLICATIONS**

- a. Does this legislation affect any departments besides the originating department?**  
 This legislation would impact FAS by reducing administration costs and staff time associated with enforcing this license fee.
  
- b. Is a public hearing required for this legislation?**  
 No.
  
- c. Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?**  
 No.
  
- d. Does this legislation affect a piece of property?**  
 No
  
- e. Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities? What is the Language Access plan for any communications to the public?**  
 Central Staff does not have enough information to determine whether there are RSJI implications, either positive or negative. The demographic breakdown of current or potential business owners applying for amusement device licenses is unknown. Forgoing the revenue generated from this license fee is not likely to negatively impact the City’s RSJI efforts, given the relatively small scale of revenue at issue.

**f. Climate Change Implications**

**1. Emissions: Is this legislation likely to increase or decrease carbon emissions in a material way?**

N/A

**2. Resiliency: Will the action(s) proposed by this legislation increase or decrease Seattle's resiliency (or ability to adapt) to climate change in a material way? If so, explain. If it is likely to decrease resiliency in a material way, describe what will or could be done to mitigate the effects.**

N/A

**g. If this legislation includes a new initiative or a major programmatic expansion: What are the specific long-term and measurable goal(s) of the program? How will this legislation help achieve the program's desired goal(s)?**

N/A

**Summary Attachments (if any):**