

SUMMARY and FISCAL NOTE*

Department:	Dept. Contact:	CBO Contact:
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** 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 taxation; defining the sourcing of gross income arising from the activities of printing, and publishing newspapers, periodicals, or magazines; and modifying, effective January 1, 2024, the definition of printing, and publishing newspapers, periodicals, or magazines in accordance with ESS2B 5199 (2023); and amending Section 5.45.081 of the Seattle Municipal Code.

Summary and Background of the Legislation: As a city that imposes a Business and Occupation tax (B & O), Seattle has adopted and is governed by the mandatory provisions of the State Model Municipal Business and Occupation Tax Ordinance (Model Ordinance). Cities that impose a local B & O tax must adopt changes, as required by RCW 35.102.040, to their own codified model ordinances to reflect current state law resulting from changes made by the state legislature. During the 2023 regular session, the Washington State Legislature passed ESS2B 5199 (2023), amending the Model Ordinance. The amendment modifies the definition of printing, and of publishing newspapers, periodicals, or magazines, effective January 1, 2024. This legislation updates SMC 5.45.081 to comply with the State’s changes to the Model Ordinance. To remain in compliance the City of Seattle must adopt this change by January 1, 2024.

The state legislature’s change to the definition of printing and publishing affects only State B & O tax collections, and will have a de minimis effect or no change on city tax collections.

2. CAPITAL IMPROVEMENT PROGRAM

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

3. SUMMARY OF FINANCIAL IMPLICATIONS

Does this legislation amend the Adopted Budget? ___ Yes X No

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?
None.

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

Yes. Cities that impose a business and occupation tax must adopt changes in state law to the model ordinance as required by RCW 35.102.140. A city that does not comply with the model ordinance may not impose a tax on the privilege of engaging in business activities in

the City. The City of Seattle projects B & O tax revenues of approximately \$368 million in 2024. If this legislation is not approved prior to January 1, 2024, the City would lose a portion of this revenue for the period beginning January 1, 2024, up until it adopts the mandatory provisions of the model ordinance.

4. OTHER IMPLICATIONS

- a. **Does this legislation affect any departments besides the originating department?**
No.
- 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?**

This legislation ensures city compliance with state requirements to modify the City's model B & O tax ordinance. The changes being made, concerning granting an exemption from the state's B & O tax to printers and publishers of newspapers, magazines and periodicals, are not anticipated to have any effect on vulnerable or historically disadvantaged communities.

- f. **Climate Change Implications**
 - 1. **Emissions: Is this legislation likely to increase or decrease carbon emissions in a material way?**
No.
 - 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.**
No.
- 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