

## **BILL SUMMARY & FISCAL NOTE**

<b>Department:</b>	<b>Contact Person/Phone:</b>	<b>Executive Contact/Phone:</b>
Legislative	Nate Van Duzer/4-8806	NA

### **1. BILL SUMMARY**

**Legislation Title:** AN ORDINANCE related to imposing a tax on engaging in the business of making retail sales of firearms and ammunition; amending Sections 5.30.010, 5.30.060, 5.55.010, 5.55.040, 5.55.060, 5.55.150, 5.55.165, 5.55.220, and 5.55.230 of the Seattle Municipal Code; and adding a new Chapter 5.80 to the Seattle Municipal Code.

#### **Summary and background of the Legislation:**

This legislation creates a gun violence tax on the sale of firearms and ammunition in Seattle. The revenue proceeds from the gun violence tax would be dedicated to gun safety research and prevention programs and research. The gun violence tax is \$25 per firearm sold and \$.05 per round of ammunition sold and is paid by retailers on the same schedule as the business license tax.

Sales of antique firearms, sales that the retailer delivers to buyers outside of Washington State, and sales to government agencies may be deducted from the tax. Individuals who sell no more than one firearm within the City per quarter are exempted from the firearms tax; individuals who sell fewer than 100 rounds of ammunition within the City per quarter are exempted from the ammunition tax. The gun violence tax will take effect in 2016.

The legislation dedicates the revenues from this tax into a new fund with the purpose of funding efforts to mitigate the public health, welfare, and safety impacts of gun violence, including but not limited to basic research, prevention and youth education and employment programs, in addition to administrative costs to manage the fund and make tax system modifications as needed.

#### **Background**

In 2013, Seattle became the first city in the nation to conduct basic research on gun safety. The City Council-funded research led to a report from the Harborview Injury Prevention and Research Center that established that “gun violence begets gun violence.” The research found that individuals hospitalized for a firearm injury were 30 times more likely to be re-hospitalized for another firearm injury than people admitted to the hospital for non-injury reasons.

As a result, Harborview’s research and medical staff developed a hospital-based intervention program for gun violence victims designed to reduce future hospitalizations from gun violence. Research and programmatic efforts like what the Harborview staff have proposed would be eligible for funding from the gun violence tax.

## 2. CAPITAL IMPROVEMENT PROGRAM

**This legislation creates, funds, or amends a CIP Project.**

(If box is checked, please 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.)

Project Name:	Project I.D.:	Project Location:	Start Date:	End Date:	Total Cost:

## 3. SUMMARY OF FINANCIAL IMPLICATIONS

Please check one:

**This legislation has direct financial implications.** (If the legislation has direct fiscal impacts (appropriations, revenue, positions), fill out the relevant sections below. If the financial implications are indirect or longer-term, describe them in narrative in the "Other Implications" section.)

**This legislation does not have direct financial implications.**  
 (Please skip to "Other Implications" section at the end of the document and answer questions a-i.)

Budget program(s) affected:	General Fund \$		Other \$	
	2015	2016	2015	2016
Estimated \$ Appropriation change:	\$0			\$0
Estimated \$ Revenue change:	Revenue to General Fund		Revenue to Other Funds	
	2015	2016	2015	2016
	\$0		\$0	\$300,000 to \$500,000
Positions affected:	No. of Positions		Total FTE Change	
	2015	2016	2015	2016
Other departments affected:				

### 3.a. Appropriations

**This legislation adds, changes, or deletes appropriations.**

(If this box is checked, please complete this section. If this box is not checked, please proceed to Revenues)

Fund Name and number	Dept	Budget Control Level Name/##*	2015 Appropriation Change	2016 Estimated Appropriation Change
Firearms and Ammunition Tax	FAS	Firearms and Ammunition Tax	\$0	\$0

Fund 12200		BCL A9FIRE		
<b>TOTAL</b>			<b>\$0</b>	<b>\$0</b>

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

(This table should reflect appropriations that are a direct result of this legislation. In the event that the project/programs associated with this ordinance had, or will have, appropriations in other legislation please provide details in the Appropriation Notes section below. If the appropriation is not complete supported by revenue/reimbursements listed below, please identify the funding source (e.g. available fund balance) to cover this appropriation in the notes section. Also indicate if the legislation changes appropriations one-time, ongoing, or both.)

Appropriations Notes:

Total costs are undetermined at this time; however, they are unlikely to be material.

**3.b. Revenues/Reimbursements**

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

(If this box is checked, please complete this section. If this box is not checked, please proceed to Positions)

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

Fund Name and Number	Dept	Revenue Source	2015 Revenue	2016 Estimated Revenue
Firearms and Ammunition Tax Fund 12200	FAS	Firearms and Ammunition Tax	\$0	\$300,000-500,000
<b>TOTAL</b>			<b>\$0</b>	<b>\$300,000-500,000</b>

(This table should reflect revenues/reimbursements that are a direct result of this legislation. In the event that the issues/projects associated with this ordinance/resolution have revenues or reimbursements that were, or will be, received because of previous or future legislation or budget actions, please provide details in the Notes section below. Do the revenue sources have match requirements? If so, what are they?)

Revenue/Reimbursement Notes:

Revenue estimates have proven to be difficult due to the lack of available information. We estimate Revenue for this tax to be between \$300,000-500,000 per year based on available information.

**3.c. Positions**

**This legislation adds, changes, or deletes positions.**

(If this box is checked, please complete this section. If this box is not checked, please proceed to Other Implications)

**Total Regular Positions Created, Modified, or Abrogated through this Legislation, Including FTE Impact:**

Position # for Existing Positions	Position Title & Department*	Fund Name & #	Program & BCL	PT/FT	2015 Positions	2015 FTE	Does it sunset? (If yes, explain below in Position Notes)
<b>TOTAL</b>							

\* List each position separately

(This table should only reflect the actual number of positions created by this legislation. In the event that positions have been, or will be, created as a result of previous or future legislation or budget actions, please provide details in the Notes section below.)

Position Notes:

**4. OTHER IMPLICATIONS**

**a) Does the legislation have indirect or long-term financial impacts to the City of Seattle that are not reflected in the above?**

Gun violence carries substantial costs to its victims and society at large. Every effort funded by the revenues of this tax that reduces the probability of gun violence from taking place will save lives and money.

**b) Is there financial cost or other impacts of not implementing the legislation?**

Public Health of Seattle & King County estimated the total economic costs of firearm deaths and injuries in the County to average \$181 million per year from 2009-2013.

**c) Does this legislation affect any departments besides the originating department?**

The Department of Finance and Administrative services will process the tax revenues.

**d) Is a public hearing required for this legislation?**

No

**e) Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?**

No

**f) Does this legislation affect a piece of property?**

No

**g) Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities?**

Interpersonal gun violence takes a particular toll on communities of color; young African American men are most acutely at risk. Efforts funded by the gun violence tax that mitigate the public health, welfare, and safety impacts of gun violence will benefit this population.

**h) If this legislation includes a new initiative or a major programmatic expansion: What are the long-term and measurable goals of the program? Please describe how this legislation would help achieve the program's desired goals.**

The long-term goal of this legislation is to raise funds in an effort to mitigate the public health, welfare, and safety impacts of gun violence. The City will be able to track how much revenue is raised each year and analyze the programs to which that revenue is dedicated.

**i) Other Issues:**

Burgess/Van Duzer  
LEG Gun Violence Tax SUM  
June 29, 2015  
#1a

**List attachments below:**