

**CITY OF SEATTLE**

**ORDINANCE \_\_\_\_\_**

**COUNCIL BILL \_\_\_\_\_**

..title

AN ORDINANCE related to increasing the Business License Tax Certificate Fee and amending Sections 5.30.060 and 5.55.030 of the Seattle Municipal Code.

..body

WHEREAS, Mayor Murray’s 2016 State of the City speech doubled the original goal for

expanding the City’s police force from 100 new officers to a total of 200; and

WHEREAS, the recently completed police staffing study validated community concerns about

the need to increase police visibility and investigatory resources; and

WHEREAS, Mayor Murray’s 2016 State of the City called for updates and increased capacity at

the City’s 911 call center; and

WHEREAS, the Seattle Police Department’s (SPD) call center is facing increasing call volumes

that have placed a growing strain on the current system. Calls have increased by 13

percent since 2010, and recent trends show no slowing in this growth; and

WHEREAS, initial work in developing ~~the~~ SPD’s budget for the 2017-2018 biennium has

identified the need for a number of significant information technology investments; and

WHEREAS, SPD is engaged in several large-scale technology projects. These include

development of a Data Analysis Platform (DAP) that will allow SPD to ~~both~~ closely track

both individual officer performance and department-wide trends with an envisioned

future state allowing for better use of available crime data to target police resources and

deployment of ~~Body Worn Cameras~~ body-worn cameras to all patrol officers; and

WHEREAS, additional revenues are needed in order to fund these vital measures; and

WHEREAS, the City currently imposes a business license tax certificate fee on businesses

engaging in business in the City; and

1 WHEREAS, the business license tax certificate fee is currently set at an annual rate of \$110 for  
2 businesses with worldwide gross income of more than \$20,000 and at \$55 for businesses  
3 with worldwide gross income of \$20,000 or less; and

4 WHEREAS, the City Council wishes to maintain the existing business license tax fee rates for  
5 the vast majority of businesses; and

6 WHEREAS, the City wishes to fund a minimum of 80 percent of the total anticipated annual  
7 costs for the new goal of expanding police staffing and other law enforcement initiatives  
8 through an increase in the business and occupation tax and through changes to the  
9 business license tax certificate fee rates and tier structure; and

10 WHEREAS, the City anticipates funding the balance of costs for expanding police staffing and  
11 other law enforcement initiatives beginning in 2019 through a combination of efficiencies  
12 and growth in the General Subfund; and

13 WHEREAS, in order to raise additional revenue, the City intends to increase the business license  
14 tax certificate fee rates and also to increase the number of business license tax fee rate  
15 tiers; s from two to five with the rates ranging from \$80 to \$580; NOW, THEREFORE,

16 **BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:**

17 Section 1. Subsection 5.55.030.A of the Seattle Municipal Code, which section was last  
18 amended by Ordinance 124808, is amended as follows:

19 **5.55.030 License requirements**

20 A. No person, unless specifically exempted, shall engage in any business activity,  
21 profession, trade, or occupation in the City without having first obtained and being the holder of  
22 a valid and subsisting license to do so, to be known as a “business license tax certificate.” ((The  
23 fee for the business license tax certificate shall be \$110 for persons with worldwide gross income

1 of the business and value of products of more than \$20,000 in the current calendar year that  
2 engage in any business activity, profession, trade or occupation in the City prior to July 1st and  
3 \$55 for persons beginning their activity on or after July 1st. The business license tax certificate  
4 fee for persons with worldwide gross income of the business and value of products of \$20,000 or  
5 less in the current calendar year will be \$55 if prior to July 1st and \$27.50 for persons beginning  
6 their activity on or after July 1st. The fee shall accompany the application for the license.))

7 Effective January 1, 2017 through December 31, 2017, tThe fee for the business license  
8 tax certificate shall be:

9 1. Fifty-five Eighty dollars for persons with taxable gross income of the  
10 business and value of products of less than \$20,000 in the most recent complete calendar year  
11 that engage in any business activity, profession, trade, or occupation in the City prior to July 1~~st~~  
12 and \$27.50 \$40 for such persons beginning their activity on or after July 1~~st~~;

13 2. One hundred ten One hundred sixty dollars for persons with taxable gross  
14 income of the business and value of products of \$20,000 or more but less than \$500,000  
15 \$100,000 in the most recent complete calendar year that engage in any business activity,  
16 profession, trade, or occupation in the City prior to July 1~~st~~ and \$55 \$80 for such persons  
17 beginning their activity on or after July 1~~st~~;

18 3. Four hundred eighty Two hundred forty dollars for persons with taxable  
19 gross income of the business and value of products of \$500,000 \$100,000 or more but less than  
20 \$2,000,000 \$500,000 in the most recent complete calendar year that engage in any business  
21 activity, profession, trade, or occupation in the City prior to July 1~~st~~ and \$240 \$120 for such  
22 persons beginning their activity on or after July 1~~st~~;

1 4. Three hundred twenty dollars for persons with taxable gross income of the  
2 business and value of products of \$500,000 or more but less than \$2,000,000 in the most recent  
3 complete calendar year that engage in any business activity, profession, trade, or occupation in  
4 the City prior to July 1st and \$160 for such persons beginning their activity on or after July 1st;  
5 or

6 54. One thousand Five hundred eighty dollars for persons with taxable gross  
7 income of the business and value of products of \$2,000,000 or more in the most recent complete  
8 calendar year that engage in any business activity, profession, trade, or occupation in the City  
9 prior to July 1st and \$500 \$290 for such persons beginning their activity on or after July 1st.

10 Effective January 1, 2018 to December 31, 2018, the fee for the business license tax  
11 certificate shall be:

12 1. Fifty-five dollars for persons with taxable gross income of the business  
13 and value of products of less than \$20,000 in the most recent complete calendar year that engage  
14 in any business activity, profession, trade, or occupation in the City prior to July 1 and \$27.50 for  
15 such persons beginning their activity on or after July 1;

16 2. One hundred ten dollars for persons with taxable gross income of the  
17 business and value of products of \$20,000 or more but less than \$500,000 in the most recent  
18 complete calendar year that engage in any business activity, profession, trade, or occupation in  
19 the City prior to July 1 and \$55 for such persons beginning their activity on or after July 1;

20 3. Four hundred eighty dollars for persons with taxable gross income of the  
21 business and value of products of \$500,000 or more but less than \$2,000,000 in the most recent  
22 complete calendar year that engage in any business activity, profession, trade, or occupation in  
23 the City prior to July 1 and \$240 for such persons beginning their activity on or after July 1;

1                   4. One thousand dollars for persons with taxable gross income of the  
2 business and value of products of \$2,000,000 or more but less than \$5,000,000 in the most recent  
3 complete calendar year that engage in any business activity, profession, trade, or occupation in  
4 the City prior to July 1 and \$500 for such persons beginning their activity on or after July 1.

5                   5. Two thousand dollars for persons with taxable gross income of the  
6 business and value of products of \$5,000,000 or more in the most recent complete calendar year  
7 that engage in any business activity, profession, trade, or occupation in the City prior to July 1  
8 and \$1,000 for such persons beginning their activity on or after July 1.

9                   Effective January 1, 2019 to December 31, 2019, the fee for the business license tax  
10 certificate shall be:

11                   1. Fifty-five dollars for persons with taxable gross income of the business  
12 and value of products of less than \$20,000 in the most recent complete calendar year that engage  
13 in any business activity, profession, trade, or occupation in the City prior to July 1 and \$27.50 for  
14 such persons beginning their activity on or after July 1;

15                   2. One hundred ten dollars for persons with taxable gross income of the  
16 business and value of products of \$20,000 or more but less than \$500,000 in the most recent  
17 complete calendar year that engage in any business activity, profession, trade, or occupation in  
18 the City prior to July 1 and \$55 for such persons beginning their activity on or after July 1;

19                   3. Five hundred dollars for persons with taxable gross income of the business  
20 and value of products of \$500,000 or more but less than \$2,000,000 in the most recent complete  
21 calendar year that engage in any business activity, profession, trade, or occupation in the City  
22 prior to July 1 and \$250 for such persons beginning their activity on or after July 1;

1                   4. One thousand two hundred dollars for persons with taxable gross income  
2 of the business and value of products of \$2,000,000 or more but less than \$5,000,000 in the most  
3 recent complete calendar year that engage in any business activity, profession, trade, or  
4 occupation in the City prior to July 1 and \$600 for such persons beginning their activity on or  
5 after July 1.

6                   5. Two thousand four hundred dollars for persons with taxable gross income  
7 of the business and value of products of \$5,000,000 or more in the most recent complete calendar  
8 year that engage in any business activity, profession, trade, or occupation in the City prior to July  
9 1 and \$1,200 for such persons beginning their activity on or after July 1.

10                   On January 1, 2020 and on January 1 of every year thereafter, the fees for the business  
11 license tax certificate shall be increased for all persons consistent with the rate of growth of the  
12 prior year's ~~June-to-June~~ Consumer Price Index (CPI-U) for the Seattle-Tacoma-Bremerton area  
13 as published by the United States Department of Labor. To calculate the new annual fees, each  
14 prior year's fee will be multiplied by the sum of one and the annual percent change in the CPU-  
15 U. If the annual change in the CPI-U is negative, no adjustment shall be made for the year. The  
16 amount of the fees so calculated will be rounded to the nearest whole dollar.

17                   The fee shall accompany the application for the license. Persons who did not engage in  
18 business in the City in the most recent complete calendar year shall pay the minimum full or  
19 partial year fee amount at the time of application and the ~~director~~ Director shall bill the person  
20 after the conclusion of the calendar year of the application for any remaining amount based on  
21 the fee schedule in this subsection 5.55.030.A and the person's taxable gross income of the  
22 business and value of products during the calendar year of the application.

1 The business license tax certificate shall expire at the end of the calendar year for which  
2 it is issued. The business license tax certificate shall be personal and nontransferable except as  
3 provided in subsection 5.55.030.G. Applications for the business license tax certificate shall be  
4 made to the Director of Finance and Administrative Services on forms provided by the Director.  
5 Each business license tax certificate shall be numbered, shall show the name, place, and  
6 character of the business of the licensee, and such other information as the Director deems  
7 necessary, and shall at all times be conspicuously posted in the place of business for which it is  
8 issued.

9 If the licensee changes the place of business, the licensee shall return the business license  
10 tax certificate to the Director and a new business license tax certificate shall be issued for the  
11 new place of business free of charge.

12 Section 2. Section 5.30.060 of the Seattle Municipal Code, last amended by Ordinance  
13 124833, is amended as follows:

14 **5.30.060 Definitions, T—Z**

15 A. “Tax year,” “taxable year.” “Tax year” or “taxable year” means the calendar year.

16 B. “Taxable gross income of the business and the value of products,” as used in  
17 Section 5.55.030 to determine the business license tax certificate fee, means the taxpayer’s total  
18 amount of gross income of the business and the value of products less any deductions available  
19 to the taxpayer under Chapter 5.45.

20 ((B)) C. “Taxpayer” means any “person,” as herein defined, required by Chapter  
21 5.55 to have a business license tax certificate, or liable for any license, tax or fee, or for the  
22 collection of any tax or fee, under Chapters 5.32 ( ~~((Amusement Devices))~~ Revenue Code), 5.35  
23 (Commercial Parking Tax), 5.40 (Admission Tax), 5.45 (Business License Tax), 5.46 (Square

1 Footage Tax), 5.48 (Business Tax—Utilities), 5.50 (Firearms and Ammunition Tax), and 5.52  
2 (Gambling Tax) or who engages in any business or who performs any act for which a tax or fee  
3 is imposed under those chapters.

4 ((C)) D. “Telecommunications service” or “~~((Telephone))~~ telephone business”  
5 means the electronic transmission, conveyance, or routing of voice, data, audio, video, or any  
6 other information or signals to a point, or between or among points. It includes such  
7 transmission, conveyance, or routing in which computer processing applications are used to act  
8 on the form, code, or protocol of the content for purposes of transmission, conveyance, or  
9 routing without regard to whether such service is referred to as voice over internet protocol  
10 services or is classified by the ~~((federal communications commission))~~ Federal Communications  
11 Commission as enhanced or value added. Telecommunication services or telephone business also  
12 includes ancillary services that are associated with or incidental to the provision of  
13 telecommunication services including, but not limited to, conference bridging, detailed  
14 telecommunications billing, directory assistance, vertical service, or voice mail services as  
15 defined in RCW 82.04.065.

16 Telecommunication services or telephone business also includes those activities  
17 previously used to define telephone business such as the providing by any person of access to a  
18 local telephone network, local telephone network switching service, toll service, cellular or  
19 mobile telephone service, coin telephone services, pager service, or the providing of telephonic,  
20 video, data, or similar communication or transmission for hire, via a local telephone network, toll  
21 line or channel, cable, microwave, or similar communication or transmission system. The term  
22 includes the provision of cooperative or farmer line telephone services or associations operating  
23 exchanges. The term also includes the provision of transmission to and from the site of an



1 internet provider via a local telephone network, toll line or channel, cable, microwave, or similar  
2 communication or transmission system. “Telecommunication service or telephone business”  
3 does not include the providing of competitive telephone service, data processing, providing of  
4 cable television service, or other providing of broadcast services by radio or television stations.

5 ((D)) E. “Tour operator business” means a business activity of purchasing various  
6 travel components, such as transportation, lodging, meals, and other associated services and  
7 reselling the same to consumers where the purchaser/reseller is liable itself to pay the vendor of  
8 the components purchased and does not make payment solely as an agent for the consumer.

9 ((E)) F. “Tuition fee” includes library, laboratory, health service, and other special  
10 fees, and amounts charged for room and board by an educational institution when the property or  
11 service for which such charges are made is furnished exclusively to the students or faculty of  
12 such institution. “Educational institution,” as used in this section, means only those institutions  
13 created or generally accredited as such by the state and includes educational programs that such  
14 educational institution cosponsors with a non-profit organization, as defined by Section 501(c)(3)  
15 of the Internal Revenue Code, as hereafter amended, if such educational institution grants college  
16 credit for coursework successfully completed through the educational program, or an approved  
17 branch campus of a foreign degree-granting institution in compliance with chapter 28B.90 RCW,  
18 and in accordance with RCW 82.04.4332 or defined as a degree-granting institution under RCW  
19 28B.85.010(3) and accredited by an accrediting association recognized by the United States  
20 ((secretary of education)) Secretary of Education, and offering to students an educational  
21 program of a general academic nature or those institutions which are not operated for profit and  
22 which are privately endowed under a deed of trust to offer instruction in trade, industry, and

1 agriculture, but not including specialty schools, business colleges, other trade schools, or similar  
2 institutions.

3 ((F)) G. “Value proceeding or accruing” means the consideration, whether money,  
4 credits, rights, or other property expressed in terms of money, a person is entitled to receive or  
5 accrue or which is actually received or accrued. The term shall be applied, in each case, on a  
6 cash receipts or accrual basis according to which method of accounting is regularly employed in  
7 keeping the books of the taxpayer.

8 ((G)) H. “Value of products, how determined ((-))”

9 1. The value of products, including by-products, extracted or manufactured  
10 ((-)) shall be determined by the gross proceeds derived from the sale thereof, whether such sale is  
11 at wholesale or at retail, to which shall be added all subsidies and bonuses received from the  
12 purchaser or from any other person with respect to the extraction, manufacture<sub>2</sub> or sale of such  
13 products or by-products by the seller.

14 2. Where such products, including by-products, are extracted or  
15 manufactured for commercial or industrial use, and where such products, including by-products,  
16 are shipped, transported<sub>2</sub> or transferred out of the City, or to another person, without prior sale or  
17 are sold under circumstances such that the gross proceeds from the sale are not indicative of the  
18 true value or the subject matter of the sale, the value shall correspond as nearly as possible to the  
19 gross proceeds from sales in this state of similar products of like quality and character, and in  
20 similar quantities by other taxpayers, plus the amount of subsidies or bonuses ordinarily payable  
21 by the purchaser or by any third person with respect to the extraction, manufacture<sub>2</sub> or sale of  
22 such products. In the absence of sales of similar products as a guide to value, such value may be  
23 determined upon a cost basis. In such cases, there shall be included every item of cost

1 attributable to the particular article or article extracted or manufactured, including direct and  
2 indirect overhead costs. The Director of Finance and Administrative Services may prescribe  
3 uniform and equitable rules for the purpose of ascertaining such values.

4 3. Notwithstanding subsection ~~((2-above))~~ 5.30.060.H.2, the value of a  
5 product manufactured or produced for purposes of serving as a prototype for the development of  
6 a new or improved product shall correspond to:

7 a. The retail selling price of such new or improved product when first  
8 offered for sale; or

9 b. The value of materials ~~((incorporate))~~ incorporated into the  
10 prototype in cases in which the new or improved product is not offered for sale.

11 ~~((H))~~ I. “Wholesaling” means engaging in the activity of making sales at  
12 wholesale, and is reported under the wholesaling classification.

13 ~~((I))~~ J. “Yardwaste” has the meaning given in ~~((SMC))~~ Section 21.36.016.

14 Section 3. Pursuant to RCW 35.21.706, this ordinance is subject to the referendum  
15 procedure specified in that state law. A referendum petition may be filed within seven days of  
16 the passage of the ordinance with the filing officer of the City, which is hereby designated to be  
17 the City Clerk, located on the third floor of City Hall, 600 Fourth Avenue, Seattle, Washington.  
18 Within ten days of filing the petition, the City Clerk shall confer with the petitioner concerning  
19 the form and style of the petition, issue the petition an identification number, and secure an  
20 accurate, concise, and positive ballot title from the City Attorney. The petitioner shall then have  
21 30 days in which to secure the signatures of not less than 15 percent of the registered voters of  
22 the City, as of the last municipal general election, upon petition forms which contain the ballot  
23 title and the full text of the measure to be referred. Signed petition forms that are timely

1 submitted to the City Clerk shall be transmitted to the King County Director of Records and  
2 Elections, who shall verify the sufficiency of the signatures on the petition and report to the City  
3 Clerk. If sufficient valid signatures are properly submitted, the City Clerk shall so inform the  
4 City Council, which shall submit the referendum measure to the voters at a special election to be  
5 held on the next City election date, as provided in RCW 29A.04.330, that occurs not less than 45  
6 days after the county’s report of sufficiency is received by the City Clerk, unless a general  
7 election will occur within 90 days of receipt of that report, in which event the proposed  
8 ordinance will be submitted at the general election. State law, RCW 35.21.706, provides that the  
9 referendum procedure in this section is exclusive and that this ordinance is not subject to any  
10 other referendum or initiative process.

