

2019 - 2020 Seattle City Council Green Sheet

Ready for Notebook

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41	15	A	2

Budget Action Title: Pass C.B. 119405 amending certain provisions the Business License (B&O) Tax and Business License Tax Certificate Fee to conform to State law.

Ongoing: Yes

Has CIP Amendment: No Has Budget Proviso: No

Primary Sponsor: Budget Chair

Councilmembers:

Staff Analyst: Erik Sund

Council Bill or Resolution: 119405

Date	Total	BC	SB	TM	LG	BH	LH	RJ	DJ	MO	KS
	Yes										
	No										
	Abstain										
	Absent										

Budget Action description:

This green sheet recommends passage of C.B. 119405 amending certain provisions of the City's Business License Tax (B&O Tax) and Business License Tax Certificate Fee (Business License Fee) in order to comply with State requirements.

In 2017, the Washington State Legislature enacted Engrossed House Bill 2005, now codified as chapter 35.90 RCW. The intent of the legislation is to improve the business climate in the state by simplifying the administration of business licenses. As required by RCW 35.90.080, a committee of cities worked with the Association of Washington Cities to draft a model ordinance that: (1) establishes a uniform minimum threshold of two thousand dollars, under which a person is relieved of the requirement to obtain a city's general business license; and (2) establishes a uniform definition of "engaging in business within the city."

The City currently requires, under SMC 5.55.030, that all persons engaged in business in the City, unless specifically exempted, obtain a business license tax certificate. The City also requires, under SMC 6.208.010, that all persons engaged in business in the City, unless specifically exempted, obtain a business license. Both the business license and the business license tax certificate would be considered "general business licenses" under RCW 35.90.010(4) and subject to the mandatory threshold. In short, the adoption of the model ordinance provisions will relieve businesses that are not located in the City and that do only a small amount of business in the City, from the obligation of obtaining a Business License Tax Certificate and a business license.

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Under RCW 35.90.090, cities that impose a general business license must adopt the mandatory provisions of the model ordinance by January 1, 2019. This C.B. would adopt the model ordinance as required by RCW 35.90.090 and establish a minimum licensing threshold of two thousand dollars. The bill would also make several other technical changes to the City's definition of "engaging in business within the City" to conform to the uniform definition of that term.

The revenue impact of the changes made by this legislation is estimated to be a loss of \$213,000 in 2020. This loss of revenue is included in the revenue forecast supporting the Mayor's Proposed 2019-20 Budget.