

Amendment 7
to
CB #119810 – Payroll Expense Tax
Sponsor: CM Pedersen
Two-Year Exemption for Hospitals and Healthcare Entities

On line 5 of page 9, amend the following as shown:

5.38.040 Exemptions from the payroll expense tax

A. The following are exempt from the payroll expense tax:

1. Any business having payroll expense, as defined under Section 5.38.020, of less than \$7 million in the most recent complete calendar year.

2. Any business engaged in business in Seattle as a grocery business.

3. Hospitals as defined in RCW 70.41.020 are exempt for the period from January 1, 2021 through December 31, 2022.

4. Businesses engaged primarily in the provision of comprehensive healthcare services, including primary and specialty care, that provide at least 25 percent of their services to patients covered by Medicaid or Medicare and to patients who have no third-party payor are exempt for the period from January 1, 2021 through December 31, 2022.

53. Any individual who is an independent contractor for purposes of the business license tax under subsection 5.45.090.S and whose compensation is included in the payroll expense of another business subject to the tax imposed by Section 5.38.030.

64. Businesses that are preempted from taxation by cities pursuant to federal or state statutes or regulations, including, but not limited to, the following:

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Date: 6/29/20

Version: 1

a. Insurance businesses and their agents as defined by RCW 48.01.050 and 48.17.010, respectively, and whose total revenue is exempt from the business license tax per Chapter 5.45.

b. Businesses that only sell, manufacture, or distribute motor vehicle fuel as defined in RCW 82.38.020 and exempted under RCW 82.38.080.

c. Businesses that only distribute or sell liquor as defined in RCW 66.04.010 and exempted in RCW 66.08.120.

d. Federal and state government agencies and any local governmental entity.

Effect: This amendment would exempt hospitals and healthcare entities such as hospitals from the Payroll Excise (“Jump Start”) Tax for a two-year period. Data currently provided from the Employment Securities Department does not enable Central Staff to estimate the magnitude of effect on diminished revenues that would result from this amendment.