

CITY OF SEATTLE

ORDINANCE 126108

COUNCIL BILL 119810

AN ORDINANCE relating to taxation; imposing a payroll expense tax on persons engaging in business in Seattle; adding a new Chapter 5.38 to the Seattle Municipal Code; and 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, 5.55.230, and 6.208.020 of the Seattle Municipal Code.

WHEREAS, the City Council intends to revisit the tax imposed by this new Chapter 5.38 in the event that an organization with overlapping jurisdiction implements a progressive revenue source that provides City of Seattle (“City”) funding at levels equivalent to those generated through this payroll expense tax; and

WHEREAS, on March 11, 2020, the World Health Organization announced that the novel coronavirus (COVID-19) is officially a global pandemic; and

WHEREAS, on February 29, 2020, the Washington Governor issued Proclamation 20-05, proclaiming a state of emergency for all counties throughout the state of Washington in response to new cases of COVID-19, and

WHEREAS, on March 25, 2020, the Washington Governor issued Proclamation 20-25, prohibiting all people in Washington from leaving their homes and all non-essential businesses in Washington from conducting business (“Stay Home, Stay Healthy Proclamation”); and

WHEREAS, these actions are appropriate for public health reasons but result in severe economic impacts on families and individuals in Seattle; and

WHEREAS, these impacts are felt most strongly by people with low incomes who have become unemployed or had their work hours severely reduced; and

1 WHEREAS, federal and state assistance to people with low incomes will not be sufficient to
2 meet their basic needs during this public health and financial crisis; and

3 WHEREAS, without additional support, many people with low incomes will face severe
4 financial hardship that will have significant negative impacts, including but not limited to
5 public health impacts and greater housing insecurity, as well as impacts to small
6 businesses and the local economy; and

7 WHEREAS, on November 2, 2015, the Mayor of Seattle issued a Proclamation of Civil
8 Emergency related to homelessness; on November 3, 2015, the City Council adopted
9 Resolution 31630 ratifying and confirming the Mayoral Proclamation of Civil
10 Emergency; and the civil emergency remains in effect. As of 2019 there were roughly 11
11 percent more people experiencing homelessness in the region than in 2015; and

12 WHEREAS, a national study published in the *Journal of Urban Affairs* established the
13 correlation between increasing rent and homelessness, finding that an increase of \$100 in
14 median rent for an area results in a 15 percent (metro areas) and a 39 percent (nearby
15 suburbs and rural areas) increase in homelessness; and

16 WHEREAS, average rents in Seattle rose 69 percent between 2010 and 2018, far beyond the rate
17 of inflation and more than double the national average; and

18 WHEREAS, the 2019 Seattle–King County Point in Time Count of persons experiencing
19 homelessness estimates there are 11,199 individuals experiencing homelessness in the
20 region; and

21 WHEREAS, the October 2019 Report and Recommendations of the King County Regional
22 Affordable Housing Task Force found that 156,000 affordable homes were needed

1 immediately, and another 88,000 affordable homes by 2040, to ensure that no low-
2 income or working households were cost-burdened; and

3 WHEREAS, the Third Door Coalition proposal advocates for the creation of 6,500 permanent
4 supportive housing units as a proven solution for meeting the housing and services needs
5 of those who are chronically homeless; and

6 WHEREAS, the City recognizes the importance of using a “Housing First” approach in the
7 development of permanent housing for those experiencing homelessness, which
8 prioritizes providing access to low- or no-barrier housing for such persons; and

9 WHEREAS, the affordable housing crisis, homelessness emergency, and now the COVID-19
10 pandemic and related economic and unemployment emergencies in Seattle are deeply
11 impacting the lives of people throughout Seattle and the region, and disproportionately
12 harm people of color, immigrants, the LGBTQ community, indigenous peoples’
13 communities, disabled community members, and women, who already struggle against
14 entrenched inequality; and

15 WHEREAS, the International Monetary Fund’s recent World Economic Outlook forecasts the
16 worst global recession since the Great Depression; and

17 WHEREAS, the City Budget Office’s recent economic forecast for the Seattle metropolitan area
18 predicts significant job loss, high unemployment, and declining per capita income; and

19 WHEREAS, the City Budget Office projects the City’s revenue will be impacted by between
20 \$210 million and \$300 million in 2020; and

21 WHEREAS, a significant decline in revenue will impact the City’s ability to provide necessary
22 support to communities facing hardship due to the COVID-19 public health crisis and
23 recession and to adequately address the ongoing homelessness crisis; and

1 WHEREAS, the period of economic recovery from the 2007–2009 Great Recession resulted in
2 worsening economic disparities in Washington, and households experiencing deep
3 poverty increased by 15,000 in the state; and

4 WHEREAS, the economic hardships and loss of wealth resulting from the Great Recession
5 disproportionately impacted households of color, in particular Black households and
6 Hispanic and Latinx households; and

7 WHEREAS, the gains in income growth associated with the period of economic recovery and
8 growth in Washington leading up to the COVID-19 recession have been concentrated
9 among the wealthiest households; and

10 WHEREAS, public investments have not kept pace with the growing economy, and in fact have
11 declined from pre–Great Recession levels; and

12 WHEREAS, austerity measures and spending cuts made in response to the Great Recession
13 resulted in uneven and slow economic recovery, and prolonged hardship for vulnerable
14 and marginalized communities; and

15 WHEREAS, Washington ranks as the worst in the nation for regressive state and local tax
16 systems; and

17 WHEREAS, the U.S. Internal Revenue Service states that “a progressive tax takes a larger
18 percentage of income from high-income groups than from low-income groups and is
19 based on the concept of ability to pay”; and

20 WHEREAS, on November 20, 2017, the City Council unanimously adopted Resolution 31782,
21 “establishing a process by which [T]he City of Seattle will determine new progressive
22 revenues including an Employee Hours Tax, expressing the City Council’s intent to
23 impose such potential revenues, and expressing the City Council’s intent to make

1 investments with these revenues that would assist people who are homeless or at a high
2 risk of becoming homeless in obtaining and retaining stable housing”; and

3 WHEREAS, Resolution 31782 established a Progressive Revenue Task Force (“Task Force”)
4 and requested that the Task Force evaluate and determine “appropriate tax rates and
5 possible exemption levels that are expected to yield between \$25 million and \$75 million
6 in revenue per year”; and

7 WHEREAS, the Progressive Revenue Task Force’s March 9, 2018, final report recommended
8 that the City seek to collect \$75 million from a new employee hours tax, a new payroll
9 tax, or both to address homelessness and affordable housing; and

10 WHEREAS, the City imposed an employee hours tax through Ordinance 125578 that would
11 have raised \$47 million annually plus a measure of inflation; and

12 WHEREAS, the City repealed the employee hours tax through Ordinance 125592; and

13 WHEREAS, The City of Seattle intends to exercise its taxing authority, as granted by the
14 Washington State Constitution and as authorized by the Washington State Legislature;

15 NOW, THEREFORE,

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

17 Section 1. A new Chapter 5.38 is added to the Seattle Municipal Code as follows:

18 **Chapter 5.38 PAYROLL EXPENSE TAX**

19 **5.38.010 Administrative provisions**

20 All of the provisions contained in Chapter 5.55 shall have full force and application with respect
21 to taxes imposed under the provisions of this Chapter 5.38 except as may be expressly stated to
22 the contrary herein.

1 **5.38.020 Definitions**

2 The definitions contained in Chapter 5.30 shall be fully applicable to this Chapter 5.38 except as
3 may be expressly stated to the contrary herein. The following additional definitions shall apply
4 throughout this Chapter 5.38:

5 “Business” has the same meaning as that term is defined in Section 5.30.020. Depending
6 on the context, “business” may also mean a person engaging in business in Seattle.

7 “Compensation” means remuneration as that term is defined in RCW 50A.05.010, net
8 distributions, or incentive payments, including guaranteed payments, whether based on profit or
9 otherwise, earned for services rendered or work performed, whether paid directly or through an
10 agent, and whether in cash or in property or the right to receive property. “Compensation” does
11 not include payments to an owner of a pass-through entity that are not earned for services
12 rendered or work performed, such as return of capital, investment income, or other income from
13 passive activities.

14 “Employee” means any individual who performs work, labor, or personal services of any
15 nature for compensation paid by a business. For purposes of this Chapter 5.38, the term
16 “employee”:

17 1. Includes individuals who are members of limited liability companies, members of
18 professional limited liability companies, partners, other owners of pass-through entities, and sole
19 proprietors; and

20 2. Includes individuals who would be considered to be independent contractors for
21 purposes of the business license tax under subsection 5.45.090.S.

22 “Grocery business” means:

1 1. A business whose primary business is making retail sales of food and food ingredients
2 to consumers that are exempt from the retail sales tax under RCW 82.08.0293; and

3 2. A business whose primary business is making wholesale sales of food and food
4 ingredients that will be exempt from the retail sales tax under RCW 82.08.0293 when resold by
5 the purchaser.

6 For subsections (1) and (2) of this definition, “primary business” means that 70 percent of
7 the gross income of the business for purposes of calculating the business license tax under
8 Chapter 5.45 is attributable to that business activity.

9 “Local government entity” has the same meaning as that term is defined in RCW
10 4.96.010.

11 “Net distribution” means the draws from net income by any owner of a pass-through
12 entity. Taxable distributions are limited by the amount of draws or net income for that owner,
13 whichever is less. If the owner’s draw exceeds that individual’s net profit, the excess draw is a
14 return of capital. A return of capital is not taxable because it is a liquidation of an owner’s assets.

15 “Non-profit healthcare entity” means (a) a non-profit entity engaged primarily in the
16 provision of comprehensive healthcare services, including primary and specialty care, and other
17 non-profit healthcare entities that provide at least 50 percent of their services to patients covered
18 by Apple Health and TRICARE, and to patients who have no third-party payor; (b) a non-profit
19 entity that conducts life sciences research and development; or (c) a predominately capitated
20 provider group within an integrated delivery system operated by a fully non-profit carrier
21 licensed under chapter 48.44 or 48.46 RCW.

22

1 “Pass-through entity” includes a trust, partnership, corporation described in Subchapter S
2 of the Internal Revenue Code of 1986, as amended, limited liability company, limited liability
3 partnership, professional corporation, and any other person or entity which is not subject to the
4 income tax imposed by Subtitle A, Chapter 1 of the Internal Revenue Code of 1986, as amended,
5 or which is allowed a deduction in computing such tax for distributions to the owners or
6 beneficiaries of such person or entity.

7 “Payroll expense” means the compensation paid in Seattle to employees. Compensation
8 is paid in Seattle to an employee if:

- 9 1. The employee is primarily assigned within Seattle;
- 10 2. The employee is not primarily assigned to any place of business for the tax period and
11 the employee performs 50 percent or more of their service for the tax period in Seattle; or
- 12 3. The employee is not primarily assigned to any place of business for the tax period, the
13 employee does not perform 50 percent or more of their service in any city, and the employee
14 resides in Seattle.

15 “Primarily assigned” means the business location of the taxpayer where the employee
16 performs their duties.

17 “Remuneration” has the same meaning as that term is defined in RCW 50A.05.010.

18 “Taxpayer” means any person who engages in any business in Seattle or who performs
19 any act for which a tax is imposed under this Chapter 5.38.

20 **5.38.030 Tax imposed—Rate**

21 A. A payroll expense tax is hereby levied upon and shall be collected from every person
22 engaging in business within Seattle.

1 B. The amount of the payroll expense tax due shall be the payroll expense of the
2 business, subject to any deductions authorized under this Chapter 5.38, multiplied by the
3 following rates:

4 1. For businesses with payroll expense up to \$99,999,999.99, the rate shall be:

5 a. Seven-tenths percent of the payroll expense of employees with annual
6 compensation of \$150,000 to \$399,999.99; and

7 b. One and seven-tenths percent of the payroll expense of employees with
8 annual compensation of \$400,000 or more.

9 2. For businesses with payroll expense of \$100 million to \$999,999,999.99, the
10 rate shall be:

11 a. Seven-tenths percent of the payroll expense of employees with annual
12 compensation of \$150,000 to \$399,999.99; and

13 b. One and nine-tenths percent of the payroll expense of employees with annual
14 compensation of \$400,000 or more.

15 3. For businesses with payroll expense of \$1 billion or greater, the rate shall be:

16 a. One and four-tenths percent of the payroll expense of employees with
17 annual compensation of \$150,000 to \$399,999.99; and

18 b. Two and four-tenths percent of the payroll expense of employees with
19 annual compensation of \$400,000 or more.

20 C. The tax imposed by this Chapter 5.38 is levied on businesses. A business may not
21 make any deductions from employees' compensation to pay for this tax.

1 **5.38.040 Exemptions from the payroll expense tax**

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

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

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

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

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

11 a. Insurance businesses and their agents as defined by RCW 48.01.050 and
12 48.17.010, respectively, and whose total revenue is exempt from the business license tax per
13 Chapter 5.45.

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

16 c. Businesses that only distribute or sell liquor as defined in RCW
17 66.04.010 and exempted in RCW 66.08.120.

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

1 **5.38.045 Deductions from the payroll expense tax**

2 For the period from January 1, 2021 through December 31, 2023, taxpayers that are non-profit
3 healthcare entities may deduct from the measure of the tax the payroll expense of employees
4 with annual compensation of \$150,000 to \$399,999.99.

5 **5.38.050 Allocation and apportionment**

6 A. The Director may adopt procedures to allow taxpayers who have payroll expenses
7 consisting of work done and services provided within and outside Seattle to use a representative
8 test period or conduct a survey based on factual data to arrive at a formula with which to
9 calculate the percentage of payroll expense attributable to Seattle. Any formula so established
10 will be subject to review and correction by the Director.

11 B. If payroll expense as defined in Section 5.38.020 does not fairly represent the extent of
12 the compensation paid by the taxpayer to its employees that is attributable to work performed or
13 services rendered in Seattle, the taxpayer may petition the Director for, or the Director may
14 require, the employment of another method to effectuate an equitable allocation and
15 apportionment.

16 C. Nothing in this Chapter 5.38 shall be construed as requiring the payment of any tax for
17 engaging in business when such payment would be in violation of the Constitution or a statute of
18 the United States or of the Constitution or a statute of the state of Washington. Notwithstanding
19 anything to the contrary herein, if imposition of the City's tax would place an undue burden upon
20 interstate commerce or violate other constitutional requirements, a taxpayer shall be allowed a
21 credit to the extent necessary to preserve the validity of the City's tax, and still apply the City's
22 tax to as much of the taxpayer's activities as may be subject to the City's taxing authority.

1 D. Businesses engaging temporary or contracted employees shall report and pay the tax
2 on the payroll expense of such temporary or contracted employees, whether or not they are from
3 an employment agency.

4 **5.38.060 Payroll expense tax—When due**

5 The payroll expense tax imposed by this Chapter 5.38 shall be due and payable on a quarterly
6 basis in accordance with Section 5.55.040. Notwithstanding Section 5.55.040, the tax due for
7 2021 shall be payable on the same date that the tax payment for the fourth quarter of 2021 is due.

8 The Director may use discretion to assign businesses to an annual reporting period. Forms for
9 such filings shall be prescribed by the Director. Persons discontinuing their business activities in
10 Seattle shall report and pay the payroll expense tax at the same time as they file their final
11 business license tax return under Chapter 5.45.

12 **5.38.070 Adjustments for inflation**

13 A. Beginning on January 1, 2022, and on January 1 of every year thereafter, the Director
14 shall adjust in the manner described in subsection 5.38.070.B the following dollar amounts:

- 15 1. The amount of the dollar thresholds in Section 5.38.030; and
- 16 2. The amount of the exemption in subsection 5.38.040.A.1.

17 B. The amounts listed in subsection 5.38.070.A shall increase commensurate with the rate
18 of growth of the prior year's June-to-June Consumer Price Index (CPI-U) for the Seattle-
19 Tacoma-Bellevue area as published by the United States Department of Labor. The amounts
20 calculated shall be rounded to the nearest whole dollar.

1 **5.38.080 Tax in addition to other license fees or taxes**

2 The tax imposed herein shall be in addition to any license fee or tax imposed or levied under any
3 other law, statute, or ordinance whether imposed or levied by the City, the State, or other
4 governmental entity or political subdivision.

5 **5.38.090 Tax part of operating overhead**

6 It is not the intention of this Chapter 5.38 that the taxes herein levied upon persons engaging in
7 business be construed as taxes upon the customers of such businesses, but that taxes shall be
8 levied upon, and collectible from, the person engaging in the business activities herein
9 designated and that such taxes or fees shall constitute a part of the operating overhead or cost of
10 doing business of such persons.

11 **5.38.100 Maintaining a level playing field**

12 To maintain a level playing field and to provide predictability for the businesses impacted by the
13 payroll expense tax imposed in this Chapter 5.38, the Council intends to monitor proposals for
14 any taxes imposed by King County or the State of Washington to ensure: a) businesses in its
15 jurisdiction are not subject to additional payroll taxes imposed under Chapter 5.38, b) filings are
16 consolidated and streamlined to reduce administrative burden on taxpayers and Finance and
17 Administrative Services, and c) a sustainable, progressive funding source is maintained for the
18 items as described in Council Bill 119811.

1 **5.38.110 Rules and regulations**

2 The Director shall adopt, publish, and enforce rules and regulations not inconsistent with this
3 Chapter 5.38 for the purpose of carrying out the provisions of this Chapter 5.38, including but
4 not limited to rules to determine the payroll expense attributable to work performed and services
5 rendered by employees in Seattle.

6 **5.38.120 Sunset**

7 For all periods from January 1, 2021, through December 31, 2040, a payroll expense tax as
8 imposed by this Chapter 5.38 is hereby levied. No business shall owe a payroll expense tax for
9 payroll expenses after December 31, 2040, and this Chapter 5.38 shall be limited to determining
10 and collecting the payroll expense tax due for all business activities prior to December 31, 2040.

11 Section 2. Section 5.30.010 of the Seattle Municipal Code, last amended by Ordinance
12 125934, is amended as follows:

13 **5.30.010 Definition provisions**

14 The definitions contained in this Chapter 5.30 shall apply to the following chapters of the Seattle
15 Municipal Code: Chapters 5.32 (Amusement Devices), 5.35 (Commercial Parking Tax), 5.38
16 (Payroll Expense Tax), 5.39 (Transportation Network Company Tax), 5.40 (Admission Tax),
17 5.45 (Business License Tax), 5.46 (Square Footage Tax), 5.47 (Heating Oil Tax), 5.48 (Business
18 Tax—Utilities), 5.50 (Firearms and Ammunition Tax), 5.52 (Gambling Tax), 5.53 (Sweetened
19 Beverage Tax), and 5.55 (General Administrative Provisions) unless expressly provided for
20 otherwise therein, and shall also apply to other chapters and sections of the Seattle Municipal
21 Code in the manner and to the extent expressly indicated in each chapter or section. Words in the
22 singular number shall include the plural and the plural shall include the singular. Words in one
23 gender shall include all other genders.

1 Section 3. Subsections 5.30.060.B and 5.30.060.C of the Seattle Municipal Code, which
2 section was last amended by Ordinance 125934, are amended as follows:

3 **5.30.060 Definitions, T—Z**

4 * * *

5 B. “Taxable gross income of the business and the value of products,” as used in Section
6 5.55.030 to determine the business license tax certificate fee, and “taxable gross income”
7 (~~means~~) mean the taxpayer’s total amount of gross proceeds of sale, gross income of the
8 business, and the value of products, less any deductions available to the taxpayer under Chapter
9 5.45.

10 C. “Taxpayer” means any “person,” as herein defined, required by Chapter 5.55 to have a
11 business license tax certificate, or liable for any license, tax, or fee, or for the collection of any
12 tax or fee, under Chapters 5.32 (Revenue Code), 5.35 (Commercial Parking Tax), 5.38 (Payroll
13 Expense Tax), 5.39 (Transportation Network Company Tax), 5.40 (Admission Tax), 5.45
14 (Business License Tax), 5.46 (Square Footage Tax), 5.47 (Heating Oil Tax), 5.48 (Business
15 Tax—Utilities), 5.50 (Firearms and Ammunition Tax), 5.52 (Gambling Tax), and 5.53
16 (Sweetened Beverage Tax), or who engages in any business or who performs any act for which a
17 tax or fee is imposed under those chapters.

18 * * *

19 Section 4. Section 5.55.010 of the Seattle Municipal Code, last amended by Ordinance
20 125934, is amended as follows:

21 **5.55.010 Application of chapter stated**

22 Unless expressly stated to the contrary in each chapter, the provisions of this Chapter 5.55 shall
23 apply with respect to the licenses and taxes imposed under this Chapter 5.55 and Chapters 5.32

1 (Amusement Devices), 5.35 (Commercial Parking Tax), 5.38 (Payroll Expense Tax), 5.39
2 (Transportation Network Company Tax), 5.40 (Admission Tax), 5.45 (Business License Tax),
3 5.46 (Square Footage Tax), 5.47 (Heating Oil Tax), 5.48 (Business Tax—Utilities), 5.50
4 (Firearms and Ammunition Tax), 5.52 (Gambling Tax), 5.53 (Sweetened Beverage Tax), and
5 under other titles, chapters, and sections in such manner and to such extent as indicated in each
6 such title, chapter, or section.

7 Section 5. Subsection 5.55.040.A of the Seattle Municipal Code, which section was last
8 amended by Ordinance 125934, is amended as follows:

9 **5.55.040 When due and payable—Reporting periods—Monthly, quarterly, and annual**
10 **returns—Threshold provisions—Computing time periods—Failure to file returns**

11 A. Other than any annual license fee or registration fee assessed under this Chapter 5.55,
12 the taxes imposed by Chapters 5.32 (Amusement Devices), 5.35 (Commercial Parking Tax), 5.38
13 (Payroll Expense Tax), 5.39 (Transportation Network Company Tax), 5.40 (Admission Tax),
14 5.45 (Business License Tax), 5.46 (Square Footage Tax), 5.47 (Heating Oil Tax), 5.48 (Business
15 Tax—Utilities), 5.50 (Firearms and Ammunition Tax), 5.52 (Gambling Tax), and 5.53
16 (Sweetened Beverage Tax) shall be due and payable in quarterly installments. The Director may
17 use discretion to assign businesses to a monthly or annual reporting period depending on the tax
18 amount owing or type of tax. Taxes imposed by subsections 5.52.030.A.2 and 5.52.030.B.2 for
19 punch boards and pull-tabs shall be due and payable in monthly installments. Tax returns and
20 payments are due on or before the last day of the next month following the end of the assigned
21 reporting period covered by the return.

22 * * *

1 Section 7. Subsection 5.55.150.E of the Seattle Municipal Code, which section was last
2 amended by Ordinance 125934, is amended as follows:

3 **5.55.150 Appeal to the Hearing Examiner**

4 * * *

5 E. The Hearing Examiner shall ascertain the correct amount of the tax, fee, interest, or
6 penalty due either by affirming, reversing, or modifying an action of the Director. Reversal or
7 modification is proper if the Director's assessment or refund denial violates the terms of this
8 Chapter 5.55, or Chapters 5.30, 5.32, 5.35, 5.38, 5.39, 5.40, 5.45, 5.46, 5.47, 5.48, 5.50, 5.52, or
9 5.53.

10 * * *

11 Section 8. Section 5.55.165 of the Seattle Municipal Code, last amended by Ordinance
12 125934, is amended as follows:

13 **5.55.165 Director of Finance and Administrative Services to make rules**

14 The Director of Finance and Administrative Services shall have the power and it shall be the
15 Director's duty, from time to time, to adopt, publish, and enforce rules and regulations not
16 inconsistent with this Chapter 5.55, with Chapters 5.30, 5.32, 5.35, 5.38, 5.39, 5.40, 5.45, 5.46,
17 5.47, 5.48, 5.50, 5.52, or 5.53, or with law for the purpose of carrying out the provisions of such
18 chapters, and it shall be unlawful to violate or fail to comply with any such rule or regulation.

19 Section 9. Subsections 5.55.220.A and 5.55.220.B of the Seattle Municipal Code, which
20 section was last amended by Ordinance 125934, are amended as follows:

21 **5.55.220 Unlawful actions—Violation—Penalties**

22 A. It shall be unlawful for any person subject to the provisions of this Chapter 5.55 or
23 Chapters 5.32, 5.35, 5.38, 5.39, 5.40, 5.45, 5.46, 5.47, 5.48, 5.50, 5.52, and 5.53:

1 1. To violate or fail to comply with any of the provisions of this Chapter 5.55, or
2 Chapters 5.32, 5.35, 5.38, 5.39, 5.40, 5.45, 5.46, 5.47, 5.48, 5.50, 5.52, and 5.53, or any lawful
3 rule or regulation adopted by the Director;

4 2. To make or manufacture any license required by this Chapter 5.55 except upon
5 authority of the Director;

6 3. To make any false statement on any license, application, or tax return;

7 4. To aid or abet any person in any attempt to evade payment of a license fee or
8 tax;

9 5. To refuse admission to the Director to inspect the premises and/or records as
10 required by this Chapter 5.55, or to otherwise interfere with the Director in the performance of
11 duties imposed by Chapters 5.32, 5.35, 5.38, 5.39, 5.40, 5.45, 5.46, 5.47, 5.48, 5.50, 5.52, and
12 5.53;

13 6. To fail to appear or testify in response to a subpoena issued pursuant to Section
14 3.02.120 in any proceeding to determine compliance with this Chapter 5.55 and Chapters 5.32,
15 5.35, 5.38, 5.39, 5.40, 5.45, 5.46, 5.47, 5.48, 5.50, 5.52, and 5.53;

16 7. To testify falsely in any investigation, audit, or proceeding conducted pursuant
17 to this Chapter 5.55;

18 8. To continue to engage in any business activity, profession, trade, or occupation
19 after the revocation of or during a period of suspension of a business license tax certificate issued
20 under Section 5.55.030; or

21 9. In any manner, to hinder or delay the City or any of its officers in carrying out
22 the provisions of this Chapter 5.55 or Chapters 5.32, 5.35, 5.38, 5.39, 5.40, 5.45, 5.46, 5.47, 5.48,
23 5.50, 5.52, and 5.53.

1 7. The applicant or licensee is a person subject within the last ten years to a court
2 order entering final judgment for violations of chapters 49.46, 49.48, or 49.52 RCW, or 29
3 U.S.C. 206 or 29 U.S.C. 207, and the judgment was not satisfied within 30 days of the later of
4 either: a. The expiration of the time for filing an appeal from the final judgment order under the
5 court rules in effect at the time of the final judgment order; or b. If a timely appeal is made, the
6 date of the final resolution of that appeal and any subsequent appeals resulting in final judicial
7 affirmation of the findings of violations of chapters 49.46, 49.48, or 49.52 RCW, or 29 U.S.C.
8 206 or 29 U.S.C. 207.

9 8. The applicant or licensee is a person subject within the last ten years to a final
10 and binding citation and notice of assessment from the Washington Department of Labor and
11 Industries for violations of chapters 49.46, 49.48, or 49.52 RCW, and the citation amount and
12 penalties assessed therewith were not satisfied within 30 days of the date the citation became
13 final and binding.

14 9. Pursuant to subsections 14.16.100.A.4, 14.17.075.A, 14.19.100.A.4,
15 14.20.080.A.4, 14.22.115.A.4, and 14.23.115.A.4, the applicant or licensee has failed to comply,
16 within 30 days of service of any settlement agreement, with any final order issued by the
17 Director of the Office of Labor Standards, or any final order issued by the Hearing Examiner
18 under Chapters 14.16, 14.17, 14.19, 14.20, 14.22, and 14.23 for which all appeal rights have
19 been exhausted, and the Director of the Office of Labor Standards has requested that the Director
20 deny, refuse to renew, or revoke any business license held or requested by the applicant or
21 licensee. The denial, refusal to renew, or revocation shall remain in effect until such time as the
22 violation(s) under Chapters 14.16, 14.17, 14.19, 14.20, 14.22, and 14.23 are remedied.

1 Section 13. Sections 1 through 11 of this ordinance shall take effect on January 1, 2021.

2 Section 14. This ordinance shall take effect and be in force 30 days after its approval by
3 the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it
4 shall take effect as provided by Seattle Municipal Code Section 1.04.020.

5 Passed by the City Council the 6th day of July, 2020,
6 and signed by me in open session in authentication of its passage this 6th day of
7 July, 2020.



8 _____
9 President _____ of the City Council

10 Approved by me this _____ day of _____, 2020.

11 **Returned Unsigned by Mayor**

12 _____
Jenny A. Durkan, Mayor

13 Filed by me this 17th day of July, 2020.



14 _____
15 Monica Martinez Simmons, City Clerk

16 (Seal)