

CITY OF SEATTLE
ORDINANCE 126236
COUNCIL BILL 119937

AN ORDINANCE relating to taxation; providing relief from taxation of cancellation of indebtedness as income on persons engaging in business in Seattle; and amending Section 5.45.090 of the Seattle Municipal Code.

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 Governor of the state of Washington 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, these actions are appropriate for public health reasons, but result in severe economic impacts on the economies of the United States of America and Seattle; and

WHEREAS, in response to the economic fallout of the global pandemic, the 116th Congress of the United States passed the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”), an economic stimulus bill; and

WHEREAS, under the CARES Act, the Small Business Administration (SBA), in consultation with the Department of the Treasury, administers the Paycheck Protection Program (PPP) for economic relief; and

WHEREAS, under Section 1102 of the CARES Act, PPP authorizes loans designed to provide a direct incentive for small businesses to keep their workers on the payroll; and

WHEREAS, under Section 1102 of the CARES Act, the SBA will forgive repayment of the PPP loans if all employee retention criteria are met and the funds are used for eligible expenses; and

1 WHEREAS, under Section 1105(i) of the CARES Act, cancellation of indebtedness is excluded
2 from gross income for purposes of the Internal Revenue Code; and

3 WHEREAS, under Chapter 5.45 of the Seattle Municipal Code, cancellation of indebtedness
4 would be included in gross income for purposes of the Seattle Business License Tax;

5 NOW, THEREFORE,

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

7 Section 1. Section 5.45.090 of the Seattle Municipal Code, last amended by Ordinance
8 125996, is amended as follows:

9 **5.45.090 Exemptions**

10 The provisions of this Chapter 5.45 and the licensing requirement in Section 5.55.030 shall not
11 apply to the following:

12 * * *

13 CC. This Chapter 5.45 shall not apply to any person with respect to the value proceeding
14 or accruing from relief from debt or other legal obligation, that:

15 1. Does not otherwise qualify for an exemption or deduction under this Chapter
16 5.45;

17 2. Is received directly from the United States government, the state of Washington
18 or any of its municipal corporations or political subdivisions, or a federally recognized Indian
19 tribe located at least partially within the geographical boundaries in the state of Washington,
20 except that the relief from debt or other legal obligation may also be received from a private
21 entity under circumstances where, in exchange for providing the relief, the private entity receives
22 some form of direct financial benefit from any of these government entities;

1 3. Is provided to address the impacts of conditions giving rise to an official
2 proclamation of a national emergency by the president of the United States or an official
3 proclamation of a state of emergency by the Governor of this state.

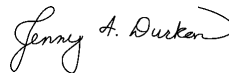
4 Section 2. This ordinance shall take effect and be in force 30 days after its approval by
5 the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it
6 shall take effect as provided by Seattle Municipal Code Section 1.04.020.

7 Passed by the City Council the 23rd day of November, 2020,
8 and signed by me in open session in authentication of its passage this 23rd day of
9 November, 2020.



10 _____
11 President _____ of the City Council

12 Approved by me this 1st day of December, 2020.



13 _____
14 Jenny A. Durkan, Mayor

15 Filed by me this 1st day of December, 2020.



16 _____
17 Monica Martinez Simmons, City Clerk

18 (Seal)