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Ordinance No. 107187

AN ORDINANCE amending Section 3.2 of Ordinance 72630 to exempt certain contractual transactions from the license or occupation tax levied upon certain businesses, occupations, pursuits and privileges.

1/24/78 PS&J PASS

COMPTROLLER
FILE NUMBER _____

Council Bill No. 99100

INTRODUCED: JAN 3 1978	BY EXECUTIVE REQUEST
REFERRED: JAN 3 1978	TO: COM. SAFETY & JUSTICE
REFERRED:	
REFERRED:	
REPORTED: JAN 30 1978	SECOND READING: JAN 30 1978
THIRD READING: JAN 30 1978	SIGNED: JAN 30 1978
PRESENTED TO MAYOR: JAN 31 1978	APPROVED: FEB 8 1978
RETD. TO CITY CLERK: FEB 8 1978	PUBLISHED:
VETOED BY MAYOR:	VETO PUBLISHED:
PASSED OVER VETO:	VETO SUSTAINED:

ORDINANCE 107137

AN ORDINANCE amending Section 3.2 of Ordinance 72630 to exempt certain contractual transactions from the license or occupation tax levied upon certain businesses, occupations, pursuits and privileges.

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. Section 3.2 of Ordinance 72630, as last amended by Ordinance 106527, is further amended to read as follows:

Section 3.2. Except where such a tax is otherwise levied and collected by the City from such person, there is hereby levied upon and there shall be collected from every person, as set forth and provided in Section 3 of this ordinance, a tax upon the act or privilege of engaging in business activities and transactions with the City involving the purchase of materials, supplies, equipment, improvements, and other contractual services. Such tax shall be levied on the privilege of accepting and executing the contract, and shall be collected whether such business activities or transactions occur or take place within or without the City and whether or not such person has his office or place of business within or without the City. Any person engaging in such business activities and/or transactions with the City shall be taxed on the contractual transaction in the same manner and form, under the same rules and regulations and at the same rates of tax as if they were doing business within the City of Seattle; Provided that such tax shall not be levied upon a person or business which has its principal office or place of business without the City if the value of a single contract or transaction, or the annual aggregate value of an activity or

(To be used for all Ordinances except Emergency.)

transaction with the City of Seattle does not exceed Fifty
Thousand Dollars (\$50,000); and Provided further, that no
person or business located within the City shall be liable
for such tax solely on the basis of income received from a
contract with the City if such income would not be taxable
under other provisions of this ordinance.

Section 2. Any act pursuant to the authority and prior to the effective date of this ordinance is hereby ratified and confirmed.

Section 3. This ordinance shall take effect and be in force thirty days from and after its passage and approval, if approved by the Mayor; otherwise it shall take effect at the time it shall become a law under the provisions of the city charter.

Passed by the City Council the 30 day of January, 1978,
and signed by me in open session in authentication of its passage this 30 day of
January, 1978.

[Signature]
President Pro Tem of the City Council.

Approved by me this 8 day of February, 1978.
[Signature]
Mayor.

Filed by me this 8 day of February, 1978.

Attest: *[Signature]*
City Comptroller and City Clerk.

(SEAL)

Published.....
By *[Signature]*
Deputy Clerk.

1 AN ORDINANCE relating to the Business License Tax, and amending
2 Ordinance 72650, as amended by Ordinance 105140, to impose
the business license tax upon certain contracts; and
ratifying and confirming prior acts.

3 BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

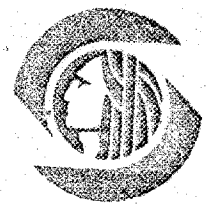
4 Section 1. Section 3.2 of Ordinance 72630, as amended by
5 Ordinance 105140, is amended to read as follows:

6 Section 3.2. Except where such a tax is otherwise levied
7 and collected by the City from such person, there is hereby
8 levied upon and there shall be collected from every person, as
9 set forth and provided in Section 3 of this ordinance, a tax upon
10 the act or privilege of engaging in business activities and
11 transactions with the City involving the purchase of materials,
supplies, equipment, improvements, and other contractual services.
12 Such tax shall be levied on the privilege of accepting and exe-
13 cuting the contract, and shall be collected whether such business
14 activities or transactions occur or take place within or without
15 the City and whether or not such person has his office or place
16 of business within or without the City: Provided that such tax
17 shall not be levied upon a person or business which has its
18 principal office or place of business without the City if the
19 value of the contract, activity, or transaction with the City of
20 Seattle does not exceed Fifty Thousand Dollars (\$50,000) in value,
21 and; Provided further, that no person or business located within
22 the City shall be liable for such tax solely on the basis of
23 income received from a contract with the City if such income
24 would not be taxable under other provisions of this ordinance.
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27
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Your City, Seattle

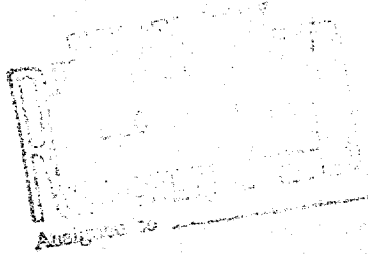
Executive Department-Office of Management and Budget

Donald E. Stark, Director
Wes Uhlman, Mayor



December 19, 1977

Honorable John P. Harris
City Attorney
City of Seattle



Dear Mr. Harris:

The Mayor is proposing to the City Council that legislation be adopted as requested in the attached correspondence from the Department of Licenses and Consumer Affairs regarding Ordinance 72630 as amended by Ordinance 105140, the City Business and Occupation Tax. The proposed amendments to Ordinance 72630 would: (1) exempt, persons businesses located outside of the City from payment of the Business and Occupation Tax for the privelege of doing business with the City if the value of the contract or business activity does not exceed \$50,000, and; 92) exempt persons or businesses located within the City from payment of the Tax if the income received from a contract with the City would not be taxable under any other provision of Ordinance 72630 as amended.

Pursuant to the City Council's S. O. P. 100-014, the Executive Department is forwarding this request for legislation directly to your office for review and drafting. By a copy of this letter, the City Council is directly receiving this Executive Request.

Please review this request and draft appropriate legislation. Please file the legislation with the City Clerk for formal introduction to the City Council as an Executive Request.

Sincerely,

Wes Uhlman
Mayor

By: Donald E. Stark
Donald E. Stark
Budget Director

by AS

DES:MV:cb

Attachment

cc: Sam Smith, President, City Council
Audrey Olson, Director, Licenses And Consumer Affairs

**Your
Seattle**
Department of Licenses and Consumer Affairs



Audrey L. Olson, Director
Wes Uhlman, Mayor

October 3, 1977

Via: Mayor Uhlman Attn: OMB

Seattle City Council
11th Floor Seattle Municipal Building
Seattle, Washington 98104

Honorable Members:

Ordinance 105140 which was adopted by the City Council December 5, 1975, imposes the B&O tax on persons outside the city limits of Seattle for the privilege of doing business with the City, itself.

It has proven administratively unfeasible to license and collect the tax on small accounts. National corporations and businesses selling patented items either refuse to bid, or, after receiving a contract, refuse to obtain the license and pay the tax. When we attempt to collect, we are frequently asked to return the merchandise. It is clear that most out-of-state corporations see the tax as setting a precedent which could require them to register and pay taxes in thousands of cities across the country.

With the increase in the basic license fee from one dollar to ten dollars, and the minimum quarterly tax from two dollars to five dollars, the problem was exacerbated. For example, a valve sold to City Light for a special piece of equipment may cost them ten dollars. If the company must obtain a license (\$10) and pay a minimum tax (\$5), the bid must be twenty-five dollars (\$10 for the piece of equipment and \$15 for the tax). And that includes nothing to cover the administrative cost of registering and filing a tax return.

Furthermore, the administrative cost to the City is high because accounts must be opened and closed frequently.

We, therefore recommend that Section 3.2 of Ordinance 73630, as amended by Ordinance 105140, be further amended to impose the B&O tax only on contracts that exceed \$50,000.

Letter to:
Seattle City Council

October 3, 1977

In order to provide equity in the awarding of contracts under \$50,000, we would further recommend that the Purchasing Agent be required to add the amount of the City's B&O tax to all bids of less than \$50,000 by firms not licensed and paying B&O taxes to the City.

Sincerely,

Audrey L. Olson
Audrey L. Olson
Director

ALO:KK:mam

The City of Seattle--Legislative Department

MR. PRESIDENT:

Date Reported
and Adopted

Your Committee on

PUBLIC SAFETY & JUSTICE

JAN 30 1978

to which was referred

C.B. 99100

Amending Section 3.2 of Ordinance 72630 to exempt certain contractual transactions from the license or occupation tax levied upon certain businesses, occupations, pursuits and privileges.

RECOMMEND THAT THE SAME DO PASS

Randy Revell
PS&J
Chairman

Chairman

Committee

Committee

Affidavit of Publication

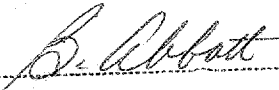
STATE OF WASHINGTON KING COUNTY—SS.

The undersigned, on oath states that he is an authorized representative of The Daily Journal of Commerce, a daily newspaper, which newspaper is a legal newspaper of general circulation and it is now and has been for more than six months prior to the date of publication hereinafter referred to, published in the English language continuously as a daily newspaper in Seattle, King County, Washington, and it is now and during all of said time was printed in an office maintained at the aforesaid place of publication of this newspaper. The Daily Journal of Commerce was on the 12th day of June, 1941, approved as a legal newspaper by the Superior Court of King County.

The notice in the exact form annexed, was published in regular issues of The Daily Journal of Commerce, which was regularly distributed to its subscribers during the below stated period. The annexed notice, a

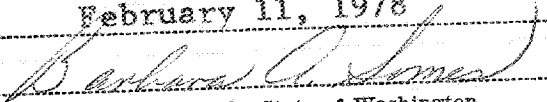
Ordinance No. 107137

was published on February 11, 1978



Subscribed and sworn to before me on

February 11, 1978



Notary Public for the State of Washington,
residing in Seattle.

ORDINANCE 107127

AN ORDINANCE amending Section 3.2 of Ordinance 72630 to exempt certain contractual transactions from the license or occupation tax levied upon certain businesses, occupations, pursuits and privileges.

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. Section 3.2 of Ordinance 72630, as last amended by Ordinance 106527, is further amended to read as follows:

Section 3.2. Except where such a tax is otherwise levied and collected by the City from such person, there is hereby levied upon and there shall be collected from every person, as set forth and provided in Section 3 of this ordinance, a tax upon the act or privilege of engaging in business activities and transactions with the City involving the purchase of materials, supplies, equipment, improvements, and other contractual services. Such tax shall be levied on the privilege of accepting and executing the contract, and shall be collected whether such business activities or transactions occur or take place within or without the City and whether or not such person has his office or place of business within or without the City. Any person engaging in such business activities and/or transactions with the City shall be taxed on the contractual transaction in the same manner and form, under the same rules and regulations and at the same rates of tax as if they were doing business within the City of Seattle. PROVIDED THAT SUCH TAX SHALL NOT BE LEVIED UPON A PERSON OR BUSINESS WHICH HAS ITS PRINCIPAL OFFICE OR PLACE OF BUSINESS WITHOUT THE CITY IF THE VALUE OF A SINGLE CONTRACT OR TRANSACTION, OR THE ANNUAL AGGREGATE VALUE OF AN ACTIVITY OR TRANSACTION WITH THE CITY OF SEATTLE DOES NOT EXCEED FIFTY THOUSAND DOLLARS (\$50,000), AND PROVIDED FURTHER, THAT NO PERSON OR BUSINESS LOCATED WITHIN THE CITY SHALL BE LIABLE FOR SUCH TAX SOLELY ON THE BASIS OF INCOME RECEIVED FROM A CONTRACT WITH THE CITY IF SUCH INCOME WOULD NOT BE TAXABLE UNDER OTHER PROVISIONS OF THIS ORDINANCE.

Section 2. Any act pursuant to the authority and prior to the effective date of this ordinance is hereby ratified and confirmed.

Section 3. This ordinance shall take effect and be in force thirty days from and after its passage and approval, if approved by the Mayor, otherwise it shall take effect at the time it shall become a law under the provisions of the city charter.

Passed by the City Council the 30th day of January, 1978, and signed by me in open session in authentication of its passage this 30th day of January, 1978.

SAM SMITH

President Pro Tem of the City Council.

Approved by me this 8th day of February, 1978.

CHARLES ROYER

Mayor.

Filed by me this 8th day of February, 1978.

Attest: **E. L. KIDD**,
City Comptroller and
City Clerk.

By **WAYNE ANGEVINE**,
(Seal) Deputy Clerk.

Publication ordered by **E. L. KIDD**, Comptroller and City Clerk.

Date of official publication in the Daily Journal of Commerce, Seattle, February 11, 1978.

(C-275)