

Discussing Ordinance No. 808 Business and Occupation Tax

November 13, 2017

Presented by:

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Business & Occupation Tax Workplan

- ✓ June 2014: Strategy 6 of the 10 YFSP
- ✓ March 2017: 2017 Strategic Planning Workshop discussion
- ✓ Summer 2017: Business outreach
- ✓ August 2017: City Council update
- ☐ November 2017: City Council discussion

Business Outreach Workplan

Strategies	Description	Timing
Business Community Survey Development	Focused on soliciting input on options	Spring 2017
Engage Key Businesses	Speak with businesses to ensure the survey was easy to understand	Spring 2017
Conduct the Survey	Published using Survey Monkey and sent to over 2,000 businesses registered in Shoreline	May 17 through June 1
Engage Community Business Organizations	Conduct informational presentations and discussions with local business organizations	Spring 2017

Proposed Ordinance No. 808

- Provides for B&O Tax
 - Authority provided per RCW 35A.82.020
 - Aligns with State mandated Model B&O Tax ordinance
 - Creates two new sections in Shoreline Municipal Code
- Objectives for tonight's discussion
 - Review draft ordinance & discuss policy questions
 - Seek Council direction

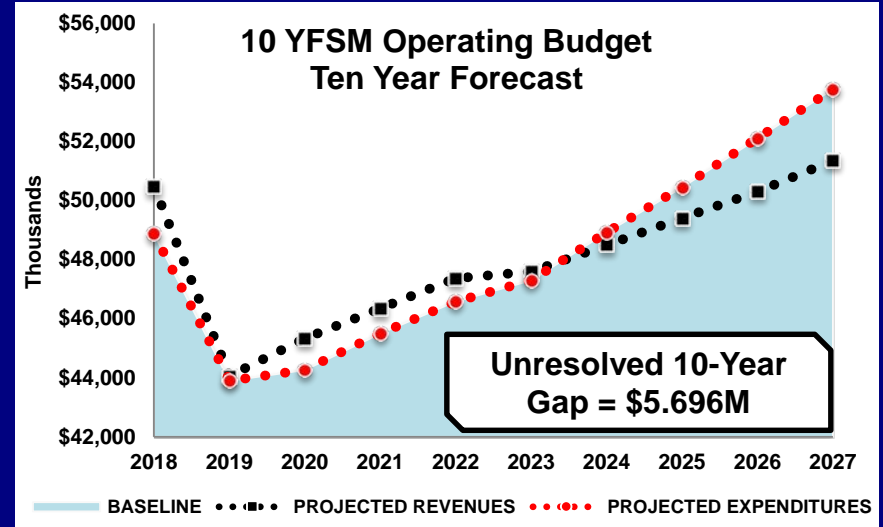


Financial Impact

- Strategy 6 of the 10 YFSP
- Helps address long-term structural imbalance

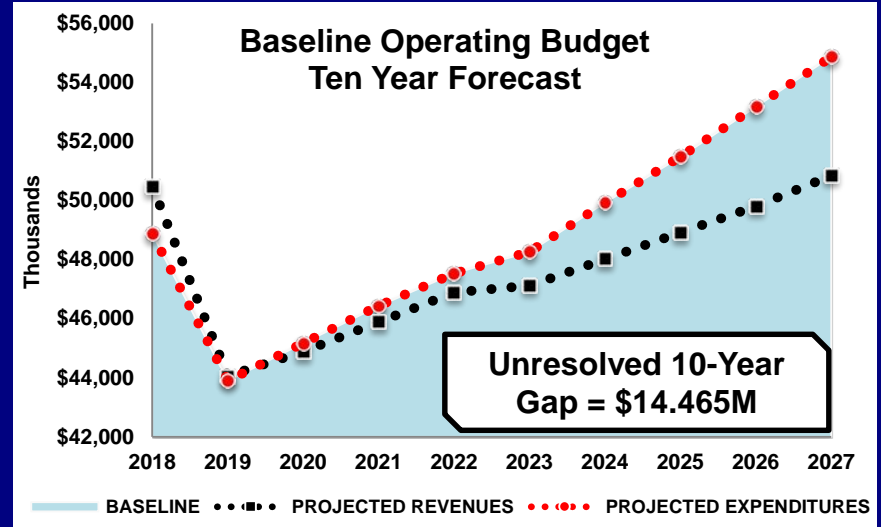
10 YFSM Forecast

- 2018-2019:
 - Revenues @ 100%
 - Expenditures @ 100%
- 2020-2027:
 - Revenues @ 101%
 - Expenditures @ 98%



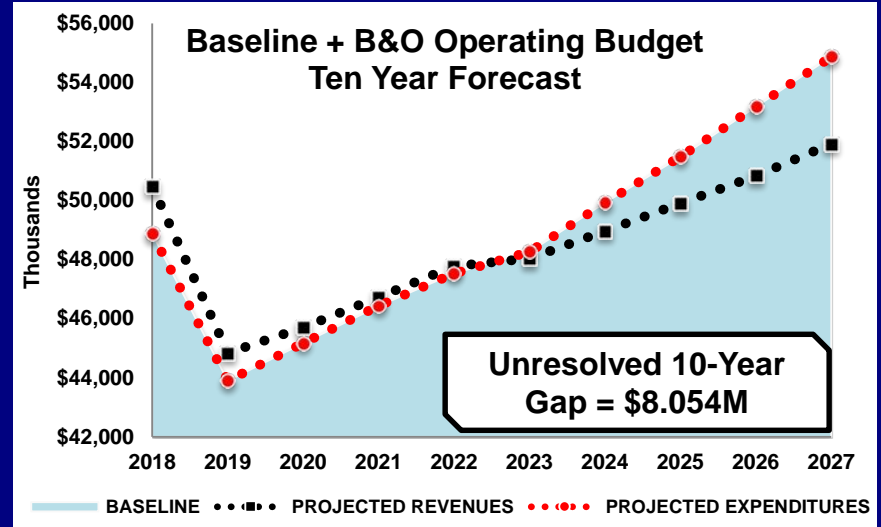
Baseline Forecast

- 2018-2027:
 - Revenues @ 100%
 - Expenditures @ 100%



Baseline Forecast w/ B&O Tax

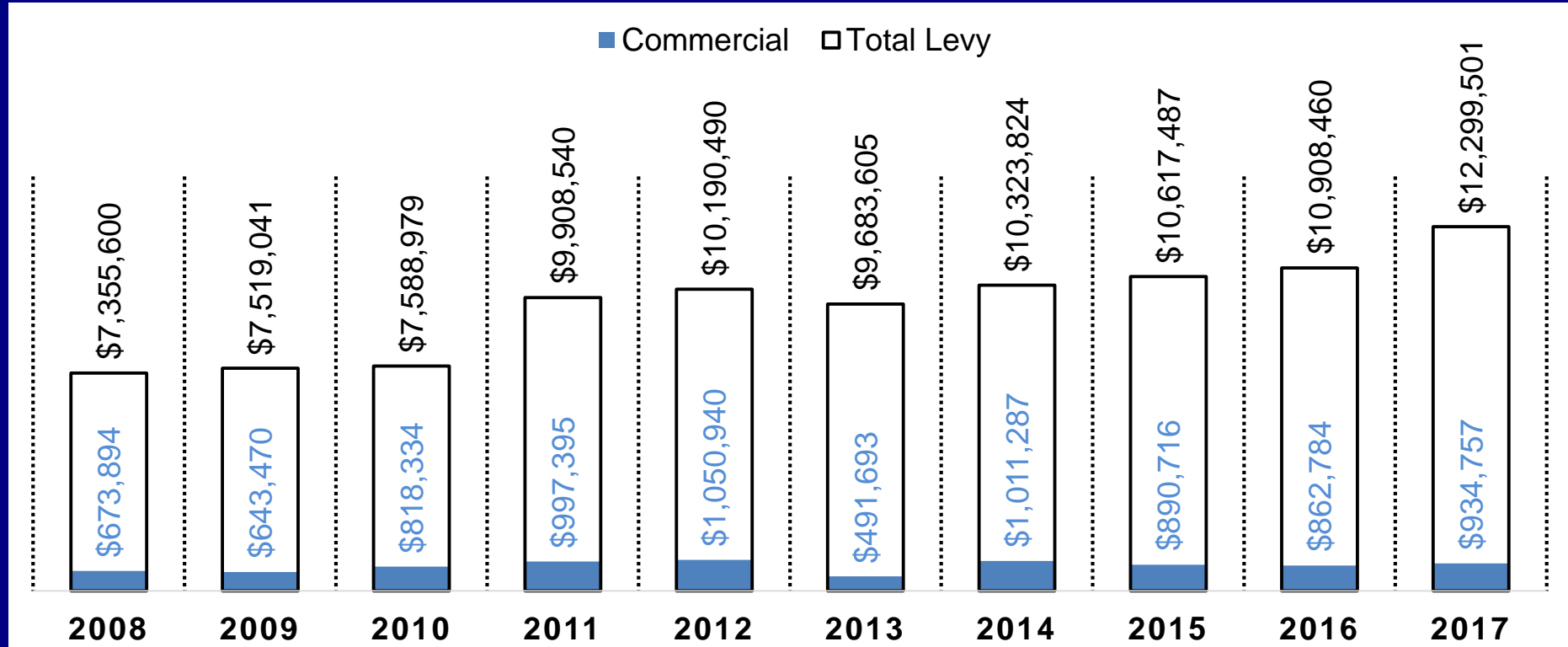
- 2018-2027:
 - Revenues @ 100%
 - Expenditures @ 100%
- 2019-2027:
 - Revenues reflect net impact of B&O Tax



Unmet Needs

- Currently the City has a number of ongoing and one-time unmet needs:
 - Public Safety
 - Facility Staffing
 - Landscape Maintenance
 - Janitorial Services in parks
 - Code Enforcement
 - Tree Maintenance
 - Business Relationship Development
 - Human Services
 - Senior Services

Commercial vs. Non-Commercial Share of Property Tax Levy



Policy Questions

Policy	Staff's Recommendation
Rate of Tax: Varying per Classification	.001 for all classifications other than services, which would be set at .002

- Council received request from Washington Healthcare Association

Policy	Staff's Recommendation
Create classification of Residential Care Facilities (with rate at .001)	Not recommended

Policy Questions

Policy	Staff's Recommendation
Filing Exemption Threshold	\$200,000 annually; \$50,000 quarterly

Policy Questions

Policy	Staff's Recommendation
Exemptions and Deductions	<ul style="list-style-type: none">• Mandatory and standard• Revenues subject to other City gross receipts tax• Revenues from non-profits except those from retail sales
Deductions, Credits and Allocation	<ul style="list-style-type: none">• Mandatory and standard

- Council received request from Washington Healthcare Association

Policy	Staff's Recommendation
Allow deduction for State Medicaid payments	Recommended

Policy Questions

Policy	Staff's Recommendation
Effective Date	January 1, 2019

Implementation Steps

Adoption in 2017 → Implementation by January 1, 2019

- 11/13: Council Discussion on Draft Ordinance
- ❑ 12/4: Adopt the Ordinance (subject to referendum)
- ❑ 2018: Commence Implementation
 - ❑ Develop administration plan
 - ❑ Budget amendment for implementation costs (early 2018)
 - ❑ Implement administration plan and conduct staff training
 - ❑ Business communication and education



Next Steps

- No formal action required at this time
- Adoption of Ordinance No. 808, including any amendments, scheduled for December 4, 2017



Questions / Comments

