

Discussing Ordinance No. 808 Business and Occupation Tax

December 4, 2017

Presented by:

Sara Lane, Administrative Services Director



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



Business & Occupation Tax Workplan

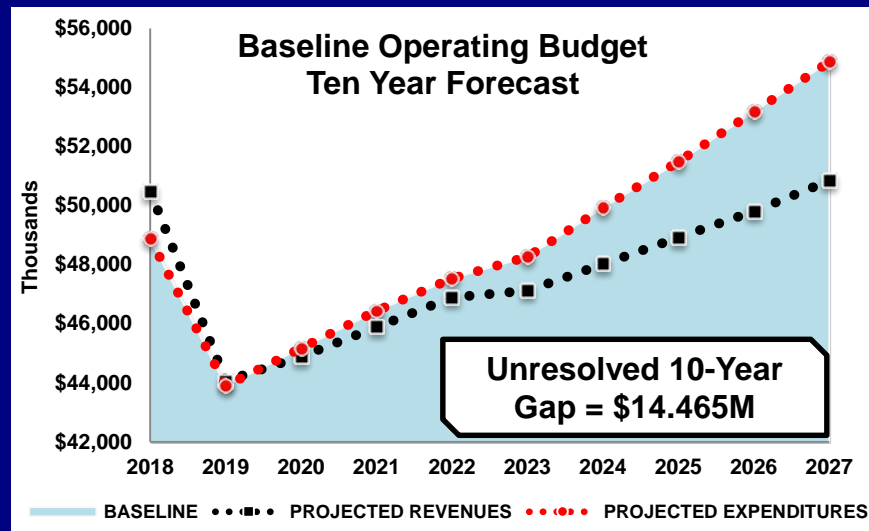
- ✓ June 2014: Strategy 6 of the 10 YFSP
- ✓ March 2017: 2017 Strategic Planning Workshop discussion
- ✓ Summer 2017: Business outreach
- ✓ August 2017: City Council update
- ✓ November 2017: City Council discussion Ord. No. 808
- December 4, 2017: City Council action Ord. No. 808

Financial Impact

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

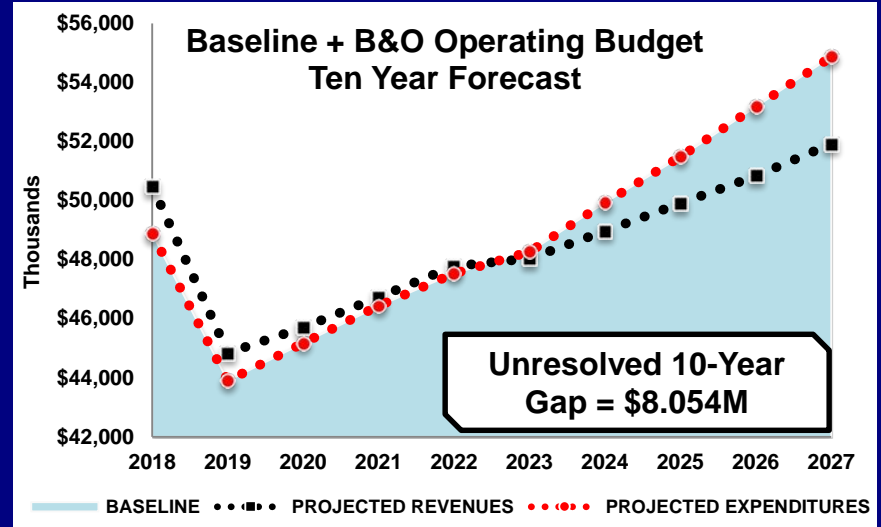
Baseline Forecast

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



Baseline Forecast w/ B&O Tax

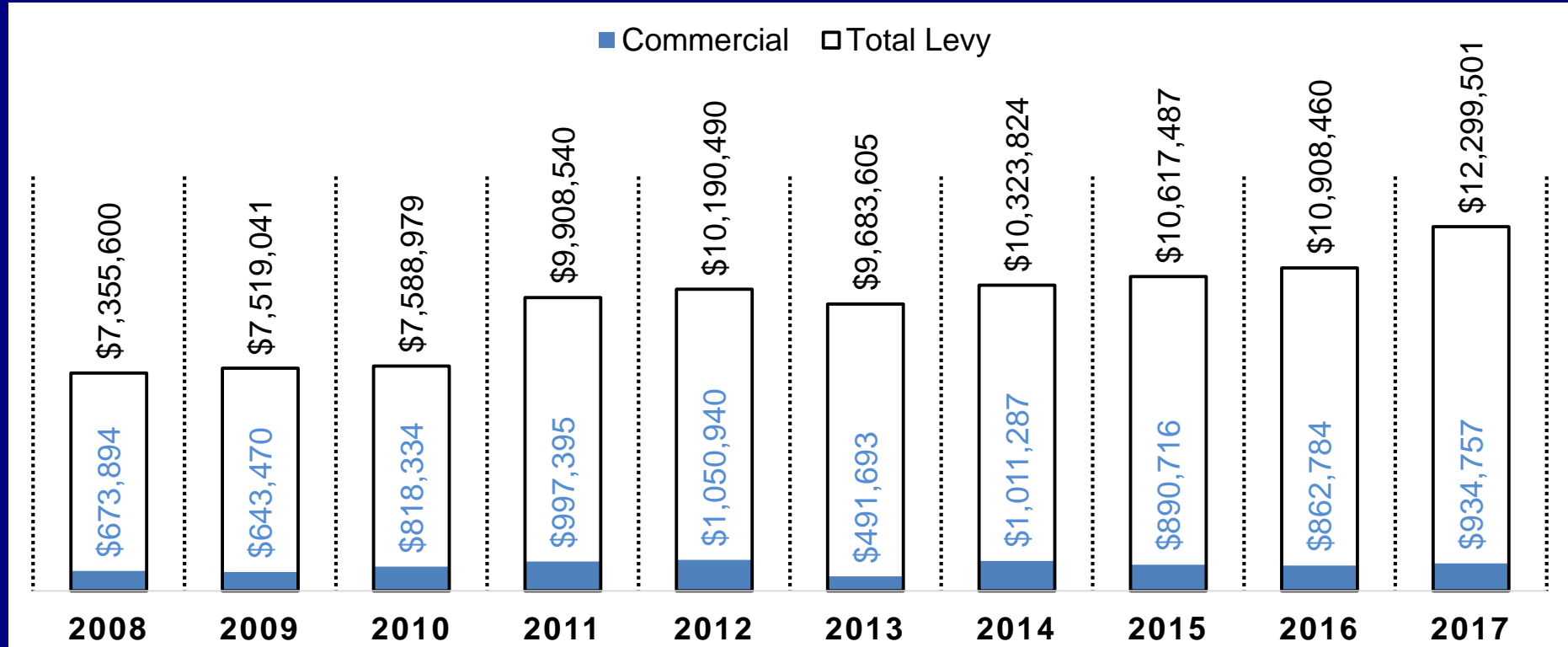
- 2018-2027:
 - Revenues @ 100%
 - Expenditures @ 100%
- 2019-2027:
 - Revenues reflect net impact of B&O Tax



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



Council Action

I move to adopt Ordinance No. 808 as proposed by staff establishing two new chapters in the Shoreline Municipal Code so as to enact a Business and Occupation Tax for the City.

Amendments Discussed by Council

Potential Amendment:	Staff's Recommendation
1. Add a classification of Residential Care Facilities (with rate at .001)	Not recommended
2. Add a deduction for State Medicaid revenues paid to Residential Care Facilities	Recommended
3. Increase the filing exemption threshold to	Not preferred but supportive
4. Change the effective date to January 1, 2020 (or as desired)	Not preferred but supportive

Potential Amendments

Potential Amendment #1	Staff's Recommendation
I move to add a classification of Residential Care Facilities (with rate at .001)	Not recommended
Impact: Excludes Residential Care Facilities from the Services and Other category which is proposed at rate of .002	

Potential Amendments

Potential Amendment #2	Staff's Recommendation
I move to add a deduction for State Medicaid revenues paid to Residential Care Facilities	Recommended
Impact: No tax would be due on State Medicaid revenues paid to Residential Care Facilities.	

Potential Amendments

Potential Amendment #3	Staff's Recommendation
I move to increase the filing exemption threshold to <u>\$XXX,XXX</u> and the quarterly equivalent.	Not preferred but supportive
Impact: Business earning less than the Threshold would not be required to pay tax.	

Potential Amendments

Potential Amendment #4	Staff's Recommendation
I move to change the effective date to January 1, 2020 (or as desired)	Not preferred option but supportive
Impact: Tax collections would not begin until effective date.	

Proposed Motion

I move to authorize the City Manager or her designee to make the necessary revisions to Ordinance No. 808 and exhibits consistent with adopted amendments.

Council Action

I move to adopt Ordinance No. 808 *as amended* establishing two new chapters in the Shoreline Municipal Code so as to enact a Business and Occupation Tax for the City.

Next Steps – If Adopted

- Commence Implementation – 1 year minimum
 - Develop administration plan
 - Budget amendment for implementation costs (if needed)
 - Implement administration plan and conduct staff training
 - Business communication and education
- Staff will evaluate cost saving opportunities to partner with other Cities on administration efforts.