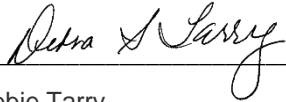




# TEMPORARY EMERGENCY ORDER of the City Manager

<b>COVID-19 Public Health Emergency Waiver/Suspension of B &amp; O Tax and Gambling Tax Reporting and Payment Deadlines; Suspension of Penalties</b>			<b>Category:</b> COVID-19
			<b>Number:</b> 3
			<b>Classification:</b> Tax, Financial
<b>Effective Date:</b> 03/16/2020 – 06/30/2020	<b>Waiver/ Suspends:</b> SMC 3.30.080 SMC 3.30.090 SMC 3.23.040 SMC 3.23.090 SMC 3.23.110(A) SMC 3.23.120(D) SMC 3.23.230	<b>Policy Originator:</b> City Manager	<b>Approved By:</b> City Manager   <hr style="width: 100%;"/> Debbie Tarry

**1. PURPOSE:**

The purpose of this Temporary Emergency Order is to provide a temporary waiver of certain provisions of SMC Chapter 3.23 Tax Administrative Code to ease the financial impact on businesses by extending filing and payment deadlines and waiving later penalties in response to actions necessary to address the COVID-19 public health emergency.

**2. ELIGIBILITY CRITERIA:**

- A. Any person, as that term is defined in SMC 3.22.030(P), that is required to pay business and occupation tax (B&O Tax) pursuant to SMC Chapter 3.22.
- B. Any person, as that term is defined in RCW 9.46.0289, that is required to pay gambling tax pursuant to SMC Chapter 3.30.

**3. ORDER:**

On February 29, 2020, the Washington State Governor declared a State of Emergency in all counties. On March 4, 2020, the City Manager issued a Declaration

of Local Public Health Emergency. During the first few weeks of March, Public Health – King County/Seattle and the Governor issued directions to close certain types of businesses to reduce the spread of COVID-19. On March 23, 2020, the Washington State Governor issued the “Stay Home Stay Safe” Proclamation, effectively closing all but businesses deemed to be essential until at least April 6, 2020. It is anticipated that these closures may be extended.

The Governor’s Proclamations recognize that the COVID-19 pandemic is anticipated to cause an economic downturn, resulting in layoffs and reduced hours for the workforce and reductions in business activity, impacting the commercial sectors that support the City’s economic vitality. As a result, City of Shoreline businesses and taxpayers are suffering economic hardship and potential limitations on financial resources. In addition, those that were permitted to continue business may be struggling to maintain day-to-day operations.

SMC Chapter 3.23 Tax Administrative Code sets forth the procedures for the administration of Shoreline’s taxes, including business and occupation tax and gambling tax. SMC 3.23.040 sets forth the reporting (filing) periods for taxpayers along with penalties for delinquent filings and payments. SMC 3.23.090 requires the imposition of interest on unpaid taxes. SMC 3.23.110(A) sets forth the amount of late payment. SMC 3.23.120(D) states that interest charge on delinquent taxes shall not be cancelled. In addition, SMC 3.30.080 and SMC 3.30.090 make it unlawful to fail to pay tax when due and make such an action a misdemeanor. SMC 3.23.230 similarly states that failure is a gross misdemeanor.

Requiring Shoreline businesses to strictly comply with the filing and payment deadlines in SMC Chapter 3.23 would unduly burden an already financially impacted sector of the community. By allowing for an extension of the filing deadlines without fear of penalty, the City seeks to ease the financial impact on businesses that resulted from the COVID-19 pandemic. In doing so, the City hopes that business will be able to continue operations once the public health emergency has ended and retain continuity in Shoreline’s economy, thereby serving the public welfare. In addition, during this time of public health emergency, the City’s resources are focused on essential functions with limited staff. Monitoring to ensure compliance with the reporting and payment deadlines would direct these resources away from essential functions.

**THEREFORE**, for the reasons set forth above and pursuant to the authority granted to the City Manager by the City Council under Resolution No. 456, this Temporary Emergency Order is issued providing the following:

1. The reporting (filing) and payment deadlines set forth in SMC 3.23.040 are waived and the new filing and payment deadlines for 2020 taxes shall apply:
  - B & O Tax
    - First Quarter                      Due October 31, 2020
    - Second Quarter                  Due October 31, 2020

- Gambling Tax
  - First Quarter Due October 31, 2020
  - Second Quarter Due October 31, 2020

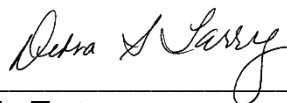
Delinquent filings and payments, filings and payments falling outside of this time period, and annual tax returns do not qualify for the above deadline extension.

The above deadline extension does not apply to the reporting (filing) and payment of Utility Taxes due pursuant to SMC Chapter 3.32.

The above deadline extension shall not apply to those persons assigned to a monthly, annual, or active non-reporter period.

2. The penalty required to be imposed pursuant to SMC 3.23.110(A) is suspended in its entirety for those taxpayers that utilize the deadlines set forth in Section 1 for 2020 First and Second Quarter Tax reporting and payment, provided, that these deadlines are adhered to. If a taxpayer fails to timely file and pay tax for either or both reporting periods by October 31, 2020, then that taxpayer is not entitled to a suspension of SMC 3.23.110(A).
3. SMC 3.30.080, SMC 3.30.090, and SMC 3.23.230 are suspended. No person who timely files and pays tax by the deadlines established in Section 1 shall be guilty of a misdemeanor, a gross misdemeanor, or any other penalty imposed by these Sections. If a taxpayer fails to timely file and pay tax for either or both reporting periods by October 31, 2020, then that taxpayer is not entitled to a suspension of SMC 3.30.080, SMC 3.30.090, or SMC 3.23.230.
4. SMC 3.23.090 and 3.23.120(D) is suspended. Any person who timely files and pays tax by the deadlines established in Section 1 shall not be charged any interest as provided in SMC 3.23.090. If a taxpayer fails to timely file and pay tax for either or both reporting periods by October 31, 2020, then that taxpayer is not entitled to a suspension of SMC 3.23.090 and SMC 3.23.120(D).

Dated this 27<sup>th</sup> day of March, 2020.



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Debbie Tarry  
City Manager