



Update B&O Tax Discussion

March 17, 2025

Finance Committee





Agenda

Agenda

- Review of proposed changes to B&O Tax Program
- About our B&O Tax
 - Average B&O Tax
 - Median Size of Business
 - Taxpayers by NAICS and Region
 - Business Size by NAICS and Region
- Impacts from Proposed Changes
 - Impacts to B&O Revenue
 - Impacts to B&O Taxpayers
- Exemptions

Proposed Changes

The following changes to the B&O Tax program are considered:

- Raise Retail rates from .001 to .002
- Increase no-tax-due threshold from \$20k to \$200k
- Increase no-tax-due threshold from \$20k to \$500k
- Create a tax exemption

Goal: To better understand the profile of impacted businesses

Average B&O Tax

Business Located	B&O Revenues	Taxpayers	Average Tax Paid	
West Side	2,633,198	1,012	\$	2,602
Downtown	522,507	373	\$	1,401
East Side	2,449,541	1,041	\$	2,353
Outside	2,429,960	2,694	\$	902
* Zero Dollar Filers	-	3,813	\$	-
Total	8,035,206	8,933	\$	899

Taxpayers represent businesses at or above the \$20,000 threshold.

Zero Dollar Filers submit a filing but owe \$0 in tax.

A north-south line through Budd Inlet & Capitol Lake divides West Side from East Side; Downtown is the sum of 3 PBIA zones; Outside is outside of City Limits.

Median Size of Business

Category (Business Activity)	All Business Activity	West Side Business	Downtown Business	East Side Business	Outside Business
	Median	Median	Median	Median	Median
Manufacturing	\$ 24,168	\$ 102,468	\$ 111,107	\$ 49,003	\$ 18,146
Printing & Publishing	21,246	28,326	265,496	15,514	21,246
Retail Service	53,976	180,758	216,294	85,926	31,132
Retailing	69,023	537,574	379,343	97,564	43,435
Road Construction or Extraction	21,463	17,470	none	4,233	21,700
Service & Other Activity	72,309	117,546	155,688	93,742	32,588
Wholesaling	54,639	140,201	25,829	49,191	53,114
Total	\$ 64,101	\$ 172,446	\$ 192,386	\$ 85,728	\$ 38,676

Taxpayers by NAICS/Region

NAICS Groups	Categories Used on B&O Filings	West Side	Downtown	East Side	Businesses
		Businesses	Businesses	Businesses	Outside Olympia
		Taxpayers	Taxpayers	Taxpayers	Taxpayers
Accom & Food Svcs	Retail, Service & Other, Wholesaling	68	66	71	13
Admin Support	Manufacturing, Printing, Retail, Road Construction, Service & Other, Wholesaling	25	13	44	299
Arts, Entertainment	Retail, Service & Other, Wholesaling	13	11	12	16
Construction	Manufacturing, Retail, Road Construction, Service & Other, Wholesaling	28	13	57	1,047
Educational Svcs	Retail, Service & Other, Wholesaling	11	5	17	12
Finance & Insurance	Retail, Service & Other, Wholesaling	49	21	26	32
Health Care	Retail, Service & Other, Wholesaling	238	10	254	68
Information	Printing, Retail, Service & Other, Wholesaling	14	8	13	65
Manufacturing	Manufacturing, Printing, Retail, Service & Other, Wholesaling	9	16	17	93
Other Services	Manufacturing, Retail, Service & Other, Wholesaling	120	47	113	72
Real Estate	Retail, Service & Other, Wholesaling	28	11	48	120
Retail Trade	Manufacturing, Retail, Service & Other, Wholesaling	262	78	185	218
Technical Services	Manufacturing, Printing, Retail, Service & Other, Wholesaling	132	60	152	241
Wholesaling	Manufacturing, Printing, Retail, Service & Other, Wholesaling	6	9	23	327
Others Not Shown		9	5	9	71
Grand Total		1,012	373	1,041	2,694

Business Size by NAICS/Region

NAICS Groups	Categories Used on B&O Filings	West Side	Downtown	East Side	Businesses
		Businesses	Businesses	Businesses	Outside Olympia
		Average Size	Average Size	Average Size	Average Size
Accom & Food Svcs	Retail, Service & Other, Wholesaling	\$1,253,619	\$974,549	\$998,996	\$329,117
Admin Support	Manufacturing, Printing, Retail, Road Construction, Service & Other, Wholesaling	405,745	338,738	372,230	338,012
Arts, Entertainment	Retail, Service & Other, Wholesaling	493,936	143,703	143,723	346,459
Construction	Manufacturing, Retail, Road Construction, Service & Other, Wholesaling	441,219	1,719,053	201,532	356,283
Educational Svcs	Retail, Service & Other, Wholesaling	332,832	120,125	121,504	178,778
Finance & Insurance	Retail, Service & Other, Wholesaling	2,269,752	3,481,493	1,228,559	3,794,551
Health Care	Retail, Service & Other, Wholesaling	1,582,204	212,517	2,658,225	436,127
Information	Printing, Retail, Service & Other, Wholesaling	997,633	319,520	551,416	657,350
Manufacturing	Manufacturing, Printing, Retail, Service & Other, Wholesaling	1,684,630	211,589	12,498,721	336,193
Other Services	Manufacturing, Retail, Service & Other, Wholesaling	335,836	350,775	358,427	253,025
Real Estate	Retail, Service & Other, Wholesaling	1,566,621	756,586	399,603	445,732
Retail Trade	Manufacturing, Retail, Service & Other, Wholesaling	4,422,580	639,201	1,913,581	881,796
Technical Services	Manufacturing, Printing, Retail, Service & Other, Wholesaling	601,018	1,072,632	615,163	839,140
Wholesaling	Manufacturing, Printing, Retail, Service & Other, Wholesaling	670,053	637,148	1,637,391	2,090,775
Others Not Shown		570,538	6,000,495	1,727,019	1,215,606
Grand Total		\$1,942,795	\$936,172	\$1,527,153	\$722,828

Impacts to B&O Revenue

Business Located	Increase Retail Rate to .002	Raise Threshold to \$200k	Impact from Both Changes
West Side	\$ 1,172,302	\$ (40,827)	\$ 1,127,171
Downtown	163,315	(14,007)	145,579
East Side	442,600	(46,862)	387,979
Outside	750,049	(107,707)	599,002
Total	2,528,266	(209,403)	2,259,731

Business Located	Increase Retail Rate to .002	Raise Threshold to \$500k	Impact from Both Changes
West Side	\$ 1,172,302	\$ (105,669)	\$ 1,046,866
Downtown	163,315	(45,224)	103,609
East Side	442,600	(111,847)	308,825
Outside	750,049	(246,939)	398,668
Total	2,528,266	(509,678)	1,857,969

Businesses Impacted

200k Threshold + Rate Change

Current			
Business Located	Everyone	\$0 Dollar Filers	Taxpayers
West Side	1,414	402	1,012
Downtown	505	132	373
East Side	1,630	589	1,041
Outside	5,384	2,690	2,694
Total	8,933	3,813	5,120

Changes - 200k Threshold + Rate Change			
Business Located	Impacted by Both	New \$0 Dollar Filers	Paying Higher Tax
West Side	680	338	342
Downtown	251	113	138
East Side	680	406	274
Outside	2,077	1,416	661
Total	3,688	2,273	1,415

Businesses Impacted

500k Threshold + Rate Change

+	Current		
Business Located	Everyone	\$0 Dollar Filers	Taxpayers
West Side	1,414	402	1,012
Downtown	505	132	373
East Side	1,630	589	1,041
Outside	5,384	2,690	2,694
Total	8,933	3,813	5,120

Changes - 500k Threshold + Rate Change			
Business Located	Impacted by Both	New \$0 Dollar Filers	Paying Higher Tax
West Side	769	492	277
Downtown	286	187	99
East Side	773	574	199
Outside	2,272	1,914	358
Total	4,100	3,167	933

Exemptions

- Olympia provides more exemptions than the Washington Cities B&O Model Ordinance
- Cities may modify exemptions
- See Handout – Summary of B&O Exemptions



Questions?