



Finance Committee

Response to B & O Tax Questions from Previous Finance Committee Meeting

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Agenda Item:

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City Manager Recommendation:

Information only.

Issue:

Response to B & O Tax Questions from Previous Finance Committee Meeting

Staff Contact:

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Presenter(s):

Bill Sampson

Background and Analysis:

In June of this year, information was presented to the committee regarding B&O taxes. The committee has asked for clarification and more information on certain items. This information is provided below.

What is the exemption for Group Health Cooperative?

The state preempts HMOs from local taxation in RCW 48.14.0201

Can we have a tiered tax rate based on gross receipts?

No, RCW 35.21.710 states that cities who implement a B&O tax "...shall impose such tax at a single uniform rate upon all such business activities."

What options do we have for taxing non-profits?

The city currently allows an exemption from taxation for all 501(c)3 organizations. The city does have the ability to tax non-profits using a threshold level higher than the State-mandated \$20,000 exemption.

Neighborhood/Community Interests (if known):

N/A

Options:

1. Accept the report

2. Direct staff to initiate changes to the B&O tax code

Financial Impact:
Not known at this time.