



## Seattle Tax Advisory Group

### June Meeting Minutes:

**Date:** June 14, 2016

**Location:** Seattle Municipal Tower (700 Fifth Avenue) 40th Floor, Conference Room 4090

### Attending Members:

Glen Lee, City Finance Director

Ingrid Suydam, Manager, Indirect Tax, Starbucks

Joseph Cunha, Tax Administrator, City of Seattle

Jeff Calahan, State and Local Tax Director, Russell Investments

Mark Watterson, Tax Audit Manager

Jamie Carnell, Asst Finance Director for Business Systems

Rachel Le Mieux, Partner, Peterson Sullivan LLP

Kevin Fitzpatrick, FileLocal Program Manager

Anna Buchiere, Tax Manager, Expedia

**FileLocal Update.** Kevin Fitzpatrick joins FileLocal as the new FileLocal Program Manager. FileLocal currently offers online filing for Seattle, Tacoma, Bellevue, and Everett is making good progress and will be the next city to come online with FileLocal. Other cities are showing strong interest in joining and FileLocal is working on developing a better onboarding process and support for new FileLocal cities.

**New Business License Tax Certificate Fee Structure.** The City is looking at changing how the business license tax certificate fee is determined. Under the proposed change, the fee will be a five-tiered system in which the fee will be based on the businesses taxable gross income for the most recently completed calendar year. The most recent proposal has five tiers and fees that would range from the lowest tier with an annual fee of \$80 for businesses with taxable gross income of twenty thousand dollars or less up to the highest tier with an annual fee of \$580 for businesses with gross taxable incomes over two million dollars. The change would also bring a new method of determining the price of the license – moving from worldwide gross income to taxable gross income.

The City is also proposing to change the business license tax rates. The most recent proposal would increase rates approximately two percent in 2017 and another 1.2 percent in 2018. A summary of the proposed rate changes was requested by a member of the group, and the City will put something together for others to review.

A question came up about whether the City has plans for any tax amnesty program. The City has no plans for an amnesty program at this time.

**Update on Service Apportionment Income Factor Discussion.** City currently has established which Cities will participate in the creation of apportionment guidelines to address taxpayer concerns over sourcing income and record keeping requirements. The Cities participating in the project include; Seattle, Tacoma, Hoquiam, Kent, Bellingham, Everett, and Bellevue. The cities will

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begin arranging meetings to start outlining proposed guidelines.

### **Next Steps**

- a. City has planned to pull together a workgroup with other cities and develop a set of safe harbors and guidelines on service income factor.
- b. The City will be announcing a time and location for public forum on the new rule updates in the coming weeks. Copies of the rules will be sent out ahead of time.