



# Administration and Finance Committee Meeting Minutes

July 26, 2018  
4:00 PM

SeaTac City Hall - Riverton Room 128

|                       |          |         |           |           |
|-----------------------|----------|---------|-----------|-----------|
| Members:              | Present: | Absent: | Commence: | 4:02 P.M. |
|                       |          |         | Adjourn:  | 5:35 P.M. |
| Erin Sitterley, Chair | X        |         |           |           |
| Peter Kwon            | X        |         |           |           |
| Clyde Hill            | X        |         |           |           |

Other Council Members Present: Mayor Michael Siefkes, Pam Fernald, Joel Wachtel, Rick Forschler

Staff Coordinator: Gwen Pilo, Finance Director

|   |  |
|---|--|
| 1. Call to Order  | <i>Committee Chair Erin Sitterley called the meeting to order at 4:02 PM</i>   |
| 2. Public Comment   | <i>Kevin Hope spoke to the committee about his interest in the Voting Districts topic that will be presented at a future A&amp;F meeting.</i>  |
| 3. Review of the Minutes                                      | <p><u> X </u> Recommended for Approval</p> <p><i>A copy of the 07/12/2018 minutes was provided to the committee for review. The committee approved the minutes as written.</i></p>   |
| 4. Council/City Manager Travel Pre-Approval or Final Approval | <p><u> X </u> Recommended for Approval</p> <p><i>Executive Assistant, Lesa Ellis, provided the following items for committee approval:</i></p> <ol style="list-style-type: none"> <li><i>1. Travel Pre-approval for Clyde Hill</i> <ul style="list-style-type: none"> <li><i>NCL Summit</i></li> <li><i>Lodging: \$1,125.00</i></li> <li><i>Meals: \$300.00</i></li> <li><i>Transportation: \$750.00</i></li> <li><i>Registration: \$545.00</i></li> <li><i>Amount Total: \$2,720</i></li> </ul> </li> </ol> <p><i>Council members Sitterley and Kwon voted to approve. Council member Hill abstained from voting.</i></p> |

|   |  |
|---|--|
|   | <p>2. <i>Expense approval for Clyde Hill<br/>NCL Summit<br/>Registration: \$460.00</i></p> <p><i>Council members Sitterley and Kwon voted to approve. Council member Hill abstained from voting.</i></p>   |
| <p>5. Preliminary Discussion on 2019 Legislative Agenda</p> | <p><u>  X  </u> Discussion</p> <p><i>City Manager Joe Scorcio introduced Kyle Moore, Government Relations and Communications Manager, and Briahna Murray and Josh Weiss from Gordon Thomas Honeywell (GTH). Briahna presented an overview of GTH's view of the upcoming Legislative session and she provided the committee guidelines on how to create a Legislative agenda. Councilmembers provided the topics of interest they would like on the Legislative agenda. Discussion ensued on the next steps. The committee decided to have GTH synthesize the list and bring back more information on each item to a future A&amp;F meeting for prioritization of the list.</i></p> |
| <p>6. Parking Taxes</p>                                     | <p><u>  X  </u> Informational Update</p> <p><i>Councilmember Kwon proposed parking taxes be reviewed as part of the budget process. The committee concurred.</i></p>   |
| <p>7. Consider Canceling August 9 meeting</p>               | <p><u>  X  </u> Approved</p> <p><i>City Manager Joe Scorcio requested the committee consider cancelling the August 9, 2018 A&amp;F meeting due to a conflict with the City Manager Interview process. The Committee agreed. The Committee also approved the cancellation of the August 23, 2018 meeting, which falls within the regularly scheduled hiatus period for the Council. They agreed if a pressing issue arose, a Special meeting would be called.</i></p>   |
| <p>8. Future Meeting Schedule</p>                           | <p><i>The next regular A&amp;F Meeting will be held on September 13, at 4:00PM in Riverton Room 128.</i></p>   |
| <p>9. Adjourn</p>   | <p><i>Committee Chair Erin Sitterley adjourned the meeting at 5:35 PM.</i></p>   |

## Pre-approval or final approval of City Council and City Manager travel related expenses

**September 13, 2018**  
(August A&F Meetings Cancelled)

**APA Planning Conference**  
**October 4-5, 2018**  
**Spokane, WA**

The CMO 2018 travel budget for Registration, Lodging and Transportation is \$8,545. No travel has taken place year-to-date.

| Joseph Scorcio                    | A&F Approval Date: 9.13.18<br><b>Estimated Costs</b> | A&F Approval Date: 9.13.18 | A&F Approval Date: | A&F Approval Date: |
|-----------------------------------|--|----------------------------|--------------------|--------------------|
| Lodging (1 night)                 | 164.55   | 164.55                     |                    |                    |
| Meals                             |  |                            |                    |                    |
| Transportation (airfare)          | 254.40   | 254.40                     |                    |                    |
| Registration (single day – Oct 4) | 200.00   | 200.00                     |                    |                    |
| <b>Total</b>                      | <b>618.95</b>  | <b>618.95</b>              |                    |                    |

**NLC Summit**  
**Nov 7 -10, 2018, Los Angeles**  
**Four councilmembers included in 2018 budget @ \$2,719 each.**

The hotel prices in Los Angeles are higher than I had estimated in preparing the biennial budget for 2017-2018 for this particular conference. The city's travel policy allows for accommodations at one of the conference hotel blocks. The cost is \$279 plus 9.50% room tax plus \$15.70 occupancy tax per night with an estimate for five nights of \$1,606 provided by the conference hotel. The 2018 Council budget can accommodate the cost. Accordingly, I am adjusting the lodging estimate. Lesa

| Clyde Hill | A&F Approval Date: 7.26.18<br><b>Estimated Costs Lodging adjusted 9.13.18</b> | A&F Approval Date: 7.26.18 | A&F Approval Date: | A&F Approval Date: |
|------------|---|----------------------------|--------------------|--------------------|
|            |   |                            |                    |                    |

|  |              |     |  |  |
|--|--------------|-----|--|--|
| Lodging  | 1125<br>1606 |     |  |  |
| Meals  | 300          |     |  |  |
| Transportation   | 750          |     |  |  |
| Registration (early bird by 7.15.18 and first time discount) | 545          | 460 |  |  |
| Total  | \$3201       | 460 |  |  |

|                           |   |                            |                    |                    |
|---------------------------|---|----------------------------|--------------------|--------------------|
| Peter Kwon                | A&F Approval Date: 4.12.18<br><b>Estimated Costs Lodging adjusted 9.13.18</b> | A&F Approval Date: 4.26.18 | A&F Approval Date: | A&F Approval Date: |
| Lodging                   | 1125<br>1606  |                            |                    |                    |
| Meals                     | 300   |                            |                    |                    |
| Transportation -          | 750   |                            |                    |                    |
| Registration (early bird) | 545   | 450                        |                    |                    |
| Total                     | \$3201  | 450                        |                    |                    |

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Erin Sitterley, A&F Chair

# Current Vacancies

Updated September 11, 2018



| Vacancy  | AFSCME | Position Funding           | Dept | Notes/Status                                       |
|--|--------|----------------------------|------|--|
| City Manager                                     | N      | 100% General Fund          | CMO  | To Be Determined                                   |
| Senior Planner                                   | Y      | 100% General Fund          | CED  | Candidate Hired 9/17/18                            |
| Permit Coordinator                               | Y      | 100% General Fund          | CED  | Interviews Scheduled Week Of 9/17/18               |
| Planning Manager                                 | N      | 100% General Fund          | CED  | Candidate Hired 9/24/18                            |
| Plans Examiner/Inspector 2                       | Y      | 100% General Fund          | CED  | Posted Externally                                  |
| Engineering Manager                              | N      | 75% 307 Fund, 25% 403 Fund | PW   | Candidate Declined Job Offer - Reposted Externally |
| Parking Compliance Officer (2 year limited term) | Y      | 100% General Fund          | PD   | Posted Internally                                  |
| Parking Compliance Officer (2 year limited term) | Y      | 100% General Fund          | PD   | Posted Internally                                  |

**Fund Key**

102 Fund = Street

307 Fund = Public Works Engineering/Transportation CIP

403 Fund = Surface Water Management

404 Fund = Solid Waste

501 Fund = Equipment Rental



# MEMORANDUM

To: Administration and Finance Committee  
Through: Joseph Scorcio, City Manager  
From: Gwen Pilo, Finance and Systems Director and Mary Mirante Bartolo, City Attorney  
Date: September 13, 2018  
Re: Ordinance Repealing Ordinances 89-1006, 99-1002, 11-1013 and Chapter 3.25 of the SeaTac Municipal Code and replacing it with a new chapter 3.25

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**Background:** The City Council adopted Ordinance 89-1006 imposing a tax on gambling activities conducted in the City of SeaTac, which was subsequently amended by Ordinance 99-1002 and 11-1013, and codified in SeaTac Municipal Code (SMC) 3.25. After reviewing current code, staff has determined that it lacks general provisions, including definitions and provisions relating to administration, collection violations and penalties. In addition, the exemption provisions are not clear. In order to add the provisions necessary and provide a more complete and clear Ordinance, all prior Ordinances should be repealed and be replaced with a new SMC Chapter 3.25. This will provide clarity and assist with gambling tax enforcement. Some of the specific changes are as follows:

### **3.25.010 - Definitions**

This is a new section defining “Director” as the Director of Finance and Information Systems. It also adopts all of the definitions from Chapter 9.46 RCW and WAC Title 230.

### **3.25.020 - Imposition of tax on gambling activities**

This section specifies the tax rates imposed upon all persons, associations, and organizations when gambling activities are conducted in the City of SeaTac. The current code does not distinguish between punch boards and pull-tabs for bona-fide charitable or non-profit organizations and commercial stimulant operators. However, State law mandates how taxes for these activities be calculated for bona-fide charitable or nonprofit organizations. Therefore, there are two options listed below:

**Option 1:** All activity from punch boards and pull-tabs would be taxed at a rate of 10% of the gross receipts from the operation of games, less the amount as awarded as cash or merchandise.

**Option 2:** Activity from punch boards and pull-tabs for bona-fide charitable or nonprofit organizations would be taxed at a rate of 10% of the gross receipts from the operation of games, less the amount as awarded as cash or merchandise. However, punch boards and

pull-tabs for commercial stimulant operators would be taxed at a different rate of 5% of the gross receipts from the operation of games.

The City also has the option to raise the tax rate imposed on social card games. The current rate is set at 10% of gross revenue. Per State statute, the City can impose a rate of up to 20% of gross revenue. Staff is requesting a recommendation from the A&F committee of the tax rate they wish to impose on social card games. Staff is not recommending a change to this tax rate, but felt that the Committee should be aware of this option.

**Option 3:** For social card games, (\_\_\_%) of the gross revenue.

### **3.25.030 – Exemptions**

The current code does not address the exemption that applies to raffles. The exemption has been added in 3.25.030(B).

### **3.25.040 – Payment of tax on gambling activities**

This section is not clear in the current code. The new Ordinance makes it clear that a holder of a license issued by the Gambling Commission who conducts any gambling activity in the City of SeaTac shall provide a copy of each Quarterly License Report filed with the Commission to the Director no later than 5 days of the filing. This new section also clearly defines when payments shall be due and payable to the City. Finally, there is a wholly added provision stating if a person, business or organization either quits, sells out or disposes or terminates its business, any tax due is the responsibility of the tax payer to file a return and pay the tax due within 10 days after the last day the establishment is open for business.

### **3.25.050 – Delinquencies**

This section has been rewritten to include a phased penalty approach over a period of time. If payment is still not made after the specified date, then it may be deemed a civil and criminal violation of this chapter.

### **3.25.060 – Administration and Collection**

This is a new section. It is intended to make clear that the Director shall be responsible for the administration and collection of taxes, and the Director may adopt and publish rules not inconsistent with the provisions of the chapter that may be reasonably necessary to enforce the provisions of this Chapter.

### **3.25.070 – Declaration of Intent**

This is a new section. This requires any person, association or organization who intends to conduct or operate gambling activities in the City of SeaTac to first file a declaration of intent together with a copy of the license to the Director.

### **3.25.080 – Records required to be maintained**

This is a new section. This requires the taxpayer to maintain all records and information required by the Gambling Commission, and that the records be made available to the City in order to determine the tax liability.

### **3.25.090 – Taxes, penalties, service charges, and fees constitute debt to municipality**

This is essentially a new section. Some text was retained from the current code in the section pertaining to delinquencies. This new language makes it clear that any unpaid taxes, including penalties, constitute a debt to the City. It provides four ways by which the City is authorized to collect such a debt: 1) Writ of attachment, 2) By use of a collection agency, and 3) Institute legal proceedings in a Court of law. Additionally, if there is a judgment for unpaid taxes and penalties, a lien may attach upon personal or real property used in the gambling activity.

### **3.25.100 – Penalties**

This is a new section. Persons who fail to pay their Gambling Tax, or willfully disobey the provisions of this Chapter shall be guilty of a misdemeanor. This is in addition to payment of taxes owed.

**Effective Date:** This Ordinance would be effective January 1, 2019.



**ORDINANCE NO. \_\_\_\_\_**

AN ORDINANCE of the City Council of the City of SeaTac, Washington repealing Ordinances 89-1006, 99-1002, and 11-1013 and Chapter 3.25 of the SeaTac Municipal Code and replacing it with a new Chapter 3.25 related to Gambling Taxes.

**WHEREAS**, Chapter 9.46 RCW authorizes local taxation of certain gambling activities;  
and

**WHEREAS**, the City Council adopted Ordinance 89-1006 that imposes a tax on gambling activities in the City of SeaTac, which was subsequently amended by Ordinance 99-1002 and 11-1013, and is now codified in SeaTac Municipal Code (SMC) Chapter 3.25; and

**WHEREAS**, it is necessary to repeal Ordinances 89-1006, 99-1002, and 11-1013 and Chapter 3.25 of the SeaTac Municipal Code, and replace it with a new Chapter 3.25 in order to provide clarity in order to assist with Gambling Tax enforcement; and

**WHEREAS**, this Ordinance was reviewed by the Administration and Finance Committee on September 13, 2018, and the Committee recommended \_\_\_\_\_;

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SEATAC, WASHINGTON, DO ORDAIN as follows:**

**Section 1.** Ordinances 89-1006, 99-1002, and 11-1013, and Chapter 3.25 of the SeaTac Municipal Code are hereby repealed.

**Section 2.** A new Chapter 3.25 of the SeaTac Municipal Code is hereby adopted to read as follows:

**3.25.010 Definitions.**

A. For the purposes of this Chapter, the words and terms used herein shall have the same meaning given to each pursuant to Chapter 9.46 RCW, as same exist or may from time to time be amended; and as set forth under the rules of the Washington State Gambling Commission, WAC Title 230, as the same exists or may hereafter be amended, unless otherwise specifically provided herein.

B. “Director” means the Director of Finance and Information Systems.

### **3.25.020 Imposition of tax on gambling activities.**

In accordance with RCW 9.46.110, there is hereby imposed a tax upon all persons, associations, and organizations, at the rates set forth below, upon the following gambling activities conducted in the City:

A. For punch boards and pull-tabs, a tax rate of ten percent (10%) of the gross receipts from the operation of such games, less the amount awarded as cash or merchandise prizes.

A. For punch boards and pull-tabs for commercial stimulant operators, a tax rate of five percent (5%) of the gross receipts from the operation of such games. For punch boards and pull-tabs[for bona fide charitable or nonprofit organizations], a tax rate of ten percent (10%) of the gross receipts from the operation of such games, less the amount awarded as cash or merchandise prizes.

B. For bingo games and raffles, a tax rate of five percent (5%) of the gross receipts, less the amount paid as cash or merchandise prizes, received from such bingo games and raffles.

C. For amusement games, two percent (2%) of the gross receipts from the amusement game, less the amount awarded as prizes.

D. For social card games, ten percent (10%) of the gross revenue from such card games.

### **3.25.030 Exemptions.**

A. No tax shall be imposed under the authority of this Chapter on bingo or amusement games when such activities or any combination thereof are conducted by any bona fide charitable or nonprofit organization as defined in Chapter 9.46 RCW, which organization has no paid operating or management personnel and has gross receipts from bingo or amusement games, or any combination thereof, not exceeding \$5,000 per year less the amount awarded as cash or merchandise prizes.

B. No tax shall be imposed under the authority of this Chapter on the first ten thousand dollars (\$10,000) of gross receipts, less the amount awarded as cash or merchandise prizes, from raffles conducted by any bona fide charitable or nonprofit organization.

### **3.25.040 Payment of tax on gambling activities.**

A. Every holder of a license issued by the Washington State Gambling Commission who shall conduct any gambling activities within the City shall provide to the Director a copy of each Quarterly License Report filed with the Gambling Commission pursuant to Chapter 230-05 WAC, no later than five days of such filing.

B. Quarterly tax reporting and payment. The taxes imposed by this Chapter shall be due and payable in quarterly installments and remittance therefor, together with the return forms prescribed and provided by the Director, shall be made on or before the final day of the month immediately after the quarterly period in which the tax accrued. Such payments shall be due and payable on January 31st, April 30th, July 31st, and October 31st of each respective year.

1. Whenever any person, association, or organization taxed under this Chapter quits business, sells out, or otherwise disposes of its business, or terminates the business, any tax due shall become due and payable immediately, and such taxpayer shall, within 10 days after the last date the establishment is open for business, file a return and pay the tax due.

**3.25.050 Delinquencies.**

A. For each payment due, if such payment is not made by the due date thereof, there shall be a penalty assessed as follows:

1. If not paid by the due date, a penalty of ten percent (10%) of the total unpaid tax due, with a minimum penalty of \$10.
2. If not paid on or before 30 days after the due date, a penalty of fifteen percent (15%) of the total unpaid tax due (including penalties assessed in accordance with the Section), with a minimum penalty of \$15.
3. If not paid on or before 60 days after the due date, twenty percent (20%) of the total tax due with a minimum penalty of \$20.
4. Failure to make full payment of all taxes and penalties due within 90 days after the due date shall be deemed to be both a criminal and civil violation of this Chapter.

**3.25.060 Administration and Collection.**

A. The administration and collection of the taxes imposed by this Chapter shall be by the Director or designee, pursuant to the rules and regulations of the Washington State Gambling Commission.

B. The Director may adopt and publish such rules and regulations not inconsistent with the provisions of this chapter as may be reasonably necessary to enforce the provisions of this Chapter. Such rules and regulations may include the form of tax return required to be filed with the City at the time of payment of the tax on gambling activities, and procedures for auditing of the taxpayer's records. A copy of the rules and regulations so adopted shall be on file and available for public examination in the City Clerk's Office.

**3.25.070 Declaration of Intent—Filing prior to conducting gambling activities.**

A. For the purpose of identifying who shall be subject to the tax imposed by this Chapter, any person, association, or organization intending to conduct or operate any gambling activity authorized by Chapter 9.46 RCW, shall, prior to commencement of such activity file with the Director, a sworn declaration of intent to conduct or operate such activity, together with a copy of the license issued by the Washington State Gambling Commission in accordance with Chapter 9.46 RCW.

**3.25.080 Records required to be maintained—inspection by the City.**

A. Each person, association, or organization engaging in a gambling activity shall maintain records required to be maintained by the Gambling Commission pursuant to WAC 230-06-070 as

now enacted or hereafter amended. Such records shall be made available for review and inspection by the Director or designee.

**3.25.090 Taxes, penalties, service charges, and fees constitute debt to municipality.**

A. Any tax due and unpaid under this Chapter including any penalties assessed in accordance with SMC 3.25.050, shall constitute a debt to the City. The Director, in conjunction with the City Attorney, is authorized to collect such debt by one or more of the following ways:

1. By action at law and writ of attachment pursuant to RCW 9.46.350, as now enacted or hereafter amended.
2. By use of a collection agency pursuant to Chapter 19.16 RCW, as now or hereafter amended.
3. By instituting legal action in a Court of Law.
4. Seek collection by court proceedings, which remedies shall be in addition to all other existing remedies. Further, as provided for in RCW 9.46.110(4), as now enacted or hereafter amended, taxes and associated penalties and charges imposed under this Chapter shall become a lien upon personal and real property used in the gambling activity in the same manner as provided for under RCW 84.60.010 for property taxes. The lien shall attach on the date the tax becomes due and shall relate back and have priority against real and personal property to the same extent as ad valorem taxes.

**3.25.100 Penalties.**

Any person who shall fail or refuse to pay the tax as required in this Chapter, or who shall willfully disobey any rule or regulation promulgated under this chapter, shall be guilty of a misdemeanor and upon conviction shall be punished by imprisonment for not more than 90 days or by a fine of not more than \$1,000 or by both such fine and imprisonment. Any such fine shall be in addition to the tax required. Officers and directors of any association or organization conducting gambling activities shall be jointly and severally liable for the payment of the tax and for the payment of any fine imposed under this Chapter.

**Section 3.** If any section, subsection, paragraph, sentence, clause, or phrase of this Ordinance is declared unconstitutional or invalid for any reason, such decision shall not affect the validity of the remaining parts of this Ordinance.

**Section 4.** This Ordinance shall be in full force and effect after passage and publication as required by law, but no sooner than January 1, 2019.

pull-tabs for commercial stimulant operators would be taxed at a different rate of 5% of the gross receipts from the operation of games.

The City also has the option to raise the tax rate imposed on social card games. The current rate is set at 10% of gross revenue. Per State statute, the City can impose a rate of up to 20% of gross revenue. Staff is requesting a recommendation from the A&F committee of the tax rate they wish to impose on social card games. Staff is not recommending a change to this tax rate, but felt that the Committee should be aware of this option.

**Option 3:** For social card games, (\_\_\_%) of the gross revenue.

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**ORDINANCE NO.**

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WHEREAS, the City Council adopted Ordinance 89-1006 that imposes a tax on gambling activities in the City of SeaTac, which was subsequently amended by Ordinance 99-1002 and 11-1013, and is now codified in SeaTac Municipal Code (SMC) Chapter 3.25; and

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WHEREAS, it is necessary to repeal Ordinances 89-1006, 99-1002, and 11-1013 and Chapter 3.25 of the SeaTac Municipal Code, and replace it with a new Chapter 3.25 in order to provide clarity in order to assist with Gambling Tax enforcement; and

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WHEREAS, this Ordinance was reviewed by the Administration and Finance Committee on September 13, 2018, and the Committee recommended \_\_\_\_\_;

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Section 1. Ordinances 89-1006, 99-1002, and 11-1013, and Chapter 3.25 of the SeaTac Municipal Code are hereby repealed,

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Section 2. A new Chapter 3.25 of the SeaTac Municipal Code is hereby adopted to read as follows:

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Chapter 3.25

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GAMBLING TAX

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3.25.010 Imposition of tax on gambling activities.

3.25.020 Exemptions.

3.25.030 Payment of tax on gambling activities.

3.25.040 Delinquencies.

3.25.050 Additional rules.

**3.25.010 Definitions.**

A. For the purposes of this Chapter, the words and terms used herein shall have the same meaning given to each pursuant to Chapter 9.46 RCW, as same exist or may from time to time be amended; and as set forth under the rules of the Washington State Gambling Commission, WAC Title 230, as the same exists or may hereafter be amended, unless otherwise specifically provided herein.

B. "Director" means the Director of Finance and Information Systems.

**3.25.010-020 Imposition of tax on gambling activities.**

In accordance with RCW 9.46.110, there is hereby imposed a tax upon all persons, associations, and organizations, at the rates set forth below, upon the following gambling activities, when authorized by Chapter 9.46 RCW, and when conducted in the City:

A. For punch boards and pull-tabs, a tax rate of ~~ten~~Five percent (5%) of the gross receipts from the operation of such games, less the amount awarded as cash or merchandise prizes, punch boards and pull tabs, as those terms are defined by RCW 9.46.0273 and Rules and Regulations of the Gambling Commission.

A. For punch boards and pull-tabs for commercial stimulant operators, a tax rate of five percent (5%) of the gross receipts from the operation of such games. For punch boards and pull-tabs[for bona fide charitable or nonprofit organizations], a tax rate of ten percent (10%) of the gross receipts from the operation of such games, less the amount awarded as cash or merchandise prizes.

B. For bingo games and raffles, a tax rate of ~~Five~~ five percent (5%) of the gross ~~revenue~~ receipts, less the amount paid ~~for or as~~ cash or merchandise prizes, received from ~~such~~ bingo games and raffles, as those terms are defined by RCW 9.46.0205 and 9.46.0277.

C. For amusement games, ~~Two~~ two percent (2%) of the gross ~~revenue~~ receipts from the amusement game, less the amount ~~paid~~ awarded ~~for or as~~ prizes, from amusement games, as that term is defined by RCW 9.46.0201.

D. For social card games, ~~Ten~~ ten percent (10%) of the gross revenue from ~~social~~ such card games, as that term is defined by RCW 9.46.0282 and Rules and Regulations of the Gambling Commission.

**3.25.020-030 Exemptions.**

A. No tax shall be imposed under the authority of this Chapter on bingo or amusement games when such activities or any combination thereof are conducted by any bona fide charitable or nonprofit organization as defined in Chapter 9.46 RCW, which organization has no paid operating or management personnel and has gross receipts from bingo or amusement games, or any combination thereof, not exceeding \$5,000 per year less the amount awarded as cash or merchandise prizes.

B. No tax shall be imposed under the authority of this Chapter on the first ten thousand dollars (\$10,000) of gross receipts, less the amount awarded as cash or merchandise prizes, from raffles

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~~conducted by any bona fide charitable or nonprofit organization. Bona fide charitable or nonprofit organizations, as defined by RCW 9.46.0209, conducting bingo, raffles or amusement games within the City shall be exempt from payment of the taxes imposed by SMC 3.25.010 on those activities, providing that such bona fide charitable or nonprofit organization shall employ no paid operating or management personnel and shall have gross income from bingo, raffles or amusement games, or any combination thereof, not exceeding five thousand dollars (\$5,000) per year, less the amount paid for or as prizes.~~

**3.25.040 Payment of tax on gambling activities.**

~~A. Every holder of a license issued by the Washington State Gambling Commission who shall conduct any gambling activities within the City shall provide to the Director a copy of each Quarterly License Report filed with the Gambling Commission pursuant to Chapter 230-05 WAC, no later than five days of such filing.~~

~~**3.25.030 Payment of tax on gambling activities:**~~

~~Every holder of a license issued by the Washington State Gambling Commission who shall conduct any taxable gambling activities within the City shall provide to the City a copy of each activity report required by the Gambling Commission pursuant to Chapter 230-08 WAC, no later than the date of filing required therein, and shall make payment, in full, of all taxes owing to the City at the same time.~~

~~B. Quarterly tax reporting and payment. The taxes imposed by this Chapter shall be due and payable in quarterly installments and remittance therefor, together with the return forms prescribed and provided by the Director, shall be made on or before the final day of the month immediately after the quarterly period in which the tax accrued. Such payments shall be due and payable on January 31st, April 30th, July 31st, and October 31st of each respective year.~~

~~1. Whenever any person, association, or organization taxed under this Chapter quits business, sells out, or otherwise disposes of its business, or terminates the business, any tax due shall become due and payable immediately, and such taxpayer shall, within 10 days after the last date the establishment is open for business, file a return and pay the tax due.~~

**3.25.040-050 Delinquencies.**

~~A. For each payment due, if such payment is not made by the due date thereof, there shall be a penalty assessed as follows:~~

~~1. If not paid by the due date, a penalty of ten percent (10%) of the total unpaid tax due, with a minimum penalty of \$10.~~

~~2. If not paid on or before 30 days after the due date, a penalty of fifteen percent (15%) of the total unpaid tax due (including penalties assessed in accordance with the Section), with a minimum penalty of \$15+5.~~

~~3. If not paid on or before 60 days after the due date, twenty percent (20%) of the total tax due with a minimum penalty of \$20.~~

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4. Failure to make full payment of all taxes and penalties due within 90 days after the due date shall be deemed to be both a criminal and civil violation of this Chapter.

~~B. When a penalty is assessed in accordance with this Section, the penalty shall be calculated on all penalties shall be assessed on all~~ **3.25.060 Administration and Collection.**

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A. The administration and collection of the taxes imposed by this Chapter shall be by the Director or designee, pursuant to the rules and regulations of the Washington State Gambling Commission.

B. The Director may adopt and publish such rules and regulations not inconsistent with the provisions of this chapter as may be reasonably necessary to enforce the provisions of this Chapter. Such rules and regulations may include the form of tax return required to be filed with the City at the time of payment of the tax on gambling activities, and procedures for auditing of the taxpayer's records. A copy of the rules and regulations so adopted shall be on file and available for public examination in the City Clerk's Office.

**3.25.070 Declaration of Intent—Filing prior to conducting gambling activities.**

A. For the purpose of identifying who shall be subject to the tax imposed by this Chapter, any person, association, or organization intending to conduct or operate any gambling activity authorized by Chapter 9.46 RCW, shall, prior to commencement of such activity file with the Director, a sworn declaration of intent to conduct or operate such activity, together with a copy of the license issued by the Washington State Gambling Commission in accordance with Chapter 9.46 RCW.

**3.25.080 Records required to be maintained—inspection by the City.**

A. Each person, association, or organization engaging in a gambling activity shall maintain records required to be maintained by the Gambling Commission pursuant to WAC 230-06-070 as now enacted or hereafter amended. Such records shall be made available for review and inspection by the Director or designee.

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**3.25.050 Additional rules.**

~~The City Manager, or designee, shall have authority to adopt rules and regulations not inconsistent with the provisions of this chapter, for carrying out and enforcing payment, collection and remittance of the taxes herein levied. Such rules and regulations may include the form of tax return required to be filed with the City at the time of payment of the tax on gambling activities, and procedures for auditing of the taxpayer's records. A copy of the rules and regulations so adopted shall be on file and available for public examination in the Clerk's office.~~

**3.25.090 Taxes, penalties, service charges, and fees constitute debt to municipality.**

A. Any tax due and unpaid under this Chapter including any penalties assessed in accordance with SMC 3.25.050, shall constitute a debt to the City. The Director, in conjunction with the City Attorney, is authorized to collect such debt by one or more of the following ways:

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1. By action at law and writ of attachment pursuant to RCW 9.46.350, as now enacted or hereafter amended.

2. By use of a collection agency ~~Delinquent taxes, and accrued interest, shall constitute a public debt owing to the City which may be collected by action at law and writ of attachment pursuant to RCW 9.46.350, as presently enacted together with amendments thereof or additions thereto, or which may be referred to a collection agency pursuant to RCW 19.16.500, as presently enacted together with amendments thereof or additions thereto, pursuant to Chapter 19.16 RCW, as now or hereafter amended.~~

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3. By instituting legal action in a Court of Law.

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4. ~~Seek collection by court proceedings, which remedies shall be in addition to all other existing remedies. Further, as provided for in RCW 9.46.110(4), as now enacted or hereafter amended, taxes and associated penalties and charges imposed under this Chapter shall become a lien upon personal and real property used in the gambling activity in the same manner as provided for under RCW 84.60.010 for property taxes. The lien shall attach on the date the tax becomes due and shall relate back and have priority against real and personal property to the same extent as ad valorem taxes.~~

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**3.25.100 Penalties.**

~~Any person who shall fail or refuse to pay the tax as required in this Chapter, or who shall willfully disobey any rule or regulation promulgated under this chapter, shall be guilty of a misdemeanor and upon conviction shall be punished by imprisonment for not more than 90 days or by a fine of not more than \$1,000 or by both such fine and imprisonment. Any such fine shall be in addition to the tax required. Officers and directors of any association or organization conducting gambling activities shall be jointly and severally liable for the payment of the tax and for the payment of any fine imposed under this Chapter.~~

~~**Section 3.** If any section, subsection, paragraph, sentence, clause, or phrase of this Ordinance is declared unconstitutional or invalid for any reason, such decision shall not affect the validity of the remaining parts of this Ordinance.~~

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~~**Section 4.** This Ordinance shall be in full force and effect after passage and publication as required by law, but no sooner than January 1, 2019.~~

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ADOPTED this \_\_\_\_\_ day of \_\_\_\_\_, 2018, and signed in authentication  
thereof on this \_\_\_\_\_ day of \_\_\_\_\_, 2018.

CITY OF SEATAC

\_\_\_\_\_  
Michael Siefkes, Mayor

ATTEST:

\_\_\_\_\_  
Kristina Gregg, City Clerk

Approved as to Form:

\_\_\_\_\_  
Mary E. Mirante Bartolo, City Attorney

[Effective Date: January 1, 2019]

[Gambling Tax Ordinance 2018]

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| Max Allowed per<br>RCW 9.46.110 | Punchcards/Pull-tabs       |                       | Social Card<br>Games  | Bingo &<br>Raffles  | Amusement<br>Games  |
|---------------------------------|----------------------------|-----------------------|-----------------------|---------------------|---------------------|
|                                 | Commercial                 | Charitable            |                       |                     |                     |
|                                 | 5% (Gross)<br>OR 10% (Net) | 10%<br>Net Receipts   | 20%<br>Gross Receipts | 5%<br>Net Receipts  | 2%<br>Net Receipts  |
| Auburn                          | 10%                        | 10%                   | 4%                    | 5%                  | 2%                  |
| Bothell                         | 5%                         | 10%                   | N/A                   | 5%                  | 2%                  |
| Burien                          | 5%                         | 5%                    | 8%                    | 5%                  | 2%                  |
| Covington                       | 5%                         | 5%                    | N/A                   | 5%                  | 2%                  |
| Des Moines                      | 5%                         | 5%                    | 9%                    | N/A                 | N/A                 |
| Federal Way                     | 3%                         | 10%                   | 10%                   | 5%                  | 2%                  |
| Issaquah                        | 5%                         | 5%                    | N/A                   | 5%                  | 2%                  |
| Kenmore                         | 5%                         | 10%                   | 15%                   | 10%                 | 2%                  |
| Kent                            | 10%                        | 10%                   | 11%                   | 5%                  | 2%                  |
| Maple Valley                    | 5%                         | 5%                    | 11%                   | 5%                  | 2%                  |
| Puyallup                        | 10%                        | 10%                   | 20%                   | 5%                  | N/A                 |
| Redmond                         | 5%                         | 10%                   | 12%                   | 5%                  | 2%                  |
| Renton                          | 5%                         | 5%                    | 10%                   | 5%                  | 2%                  |
| Seattle                         | 5%                         | 10%                   | N/A                   | 5%                  | 2%                  |
| Shoreline                       | N/A                        | N/A                   | 10%                   | 5%                  | 2%                  |
| Tacoma                          | 5%                         | N/A                   | 11%                   | 5%                  | 2%                  |
| Tukwila                         | 5%                         | 10%                   | 20%                   | 5%                  | 2%                  |
| University Place                | 5%                         | 5%                    | 20%                   | 5%                  | 2%                  |
| <b>Median</b>                   | <b>5%</b>                  | <b>10%</b>            | <b>11%</b>            | <b>5%</b>           | <b>2%</b>           |
| <b>Average</b>                  | <b>6%</b>                  | <b>8%</b>             | <b>12%</b>            | <b>5%</b>           | <b>2%</b>           |
| SeaTac (current)                | 5%                         | 5%                    | 10%                   | 5%                  | 2%                  |
|                                 | <i>Gross Receipts</i>      | <i>Gross Receipts</i> | <i>Gross Receipts</i> | <i>Net Receipts</i> | <i>Net Receipts</i> |

Gross Receipts: No Allowances

Net Receipts: Gross Revenues less Cash or Award Prizes

Charitable: Bona fide or charitable organization as defined per RCW 9.46.0209



# MEMORANDUM

To: Administration & Finance Committee  
Through: Gwen Pilo, Finance & Systems Director  
From: Alexis Briggs, Budget Analyst  
Date: September 13, 2018  
Re: Amending SMC Chapter 5.05 Business Licenses and Regulations

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Attached you will find a proposed ordinance revising Chapter 5.05 of the SeaTac Municipal Code relating to Business Licenses and Regulations. This ordinance incorporates the required model ordinance language drafted by the Association of Washington Cities (AWC) and other revisions to the business licensing chapter.

## **History:**

In response to House Bill 2005 requiring all cities to partner with the State Business Licensing system, an AWC workgroup was created and tasked with developing a model business license ordinance. AWC has finalized this draft language and all Washington cities must adopt the ordinance by January 1, 2019.

## **Proposed Changes:**

The list below detail the major changes within the Chapter such as removing, replacing, or adding language. All other changes throughout the Chapter are formatting changes only.

1. Section 5.05.010
  - a. Removed 5.05.010 (A) as this is now replaced with AWC model definition of “engaging in business” (see section 5.05.015).
  - b. Added definitions for “Business License”, “City” and “City Manager”.
2. Section 5.05.015
  - a. Added “engaging in business – defined”. This is required language from AWC the City must adopt.
3. Section 5.05.050
  - a. Removed 5.05.050 (A). This section is now covered by the model ordinance language.
  - b. Removed 5.05.050 (B). This section is now covered by the model ordinance language.
4. Section 5.05.070

- a. Removed text stating “in the event of denial, the fee paid shall be returned to the applicant together with notice that the application has been denied”. Staff works with prospective business owners prior to application in an effort to reduce the chance of denial. During the review process, departments will also make several attempts to contact and work with the applicant to resolve any issues prior to the denial of the application. The City has had very few denials.
- 5. Section 5.05.080
  - a. Added 5.05.080 (A). This is required language from AWC the City must adopt. Includes a minimum licensing threshold of \$2,000 in gross receipts.
- 6. Section 5.05.090
  - a. Removed this section. Prorating of license fees is covered under the City’s Schedule of Fees.
- 7. Section 5.05.200
  - a. Clarified that the penalty for violating the Business License Code is a civil infraction with a penalty of \$300.
- 8. Sections 5.05.210 and 5.05.220
  - a. Deleted these sections because they are not needed.

**Committee Action:**

Does the A&F committee recommend approval on this proposed ordinance?

**Deadline:**

The City must adopt the required model ordinance prior to January 1, 2019. If the City has not adopted the ordinance by this time, the City will be unable to enforce its business licensing requirement.

**ORDINANCE NO. \_\_\_\_\_**

AN ORDINANCE of the City Council of the City of SeaTac, Washington, amending Chapter 5.05 of the SeaTac Municipal Code relating to Business Licenses and Regulations.

**WHEREAS**, the Washington State Legislature enacted HB 2005 during the 2017 legislative session; and

**WHEREAS**, HB 2005 requires that municipalities adopt certain model ordinance language that was drafted by the Association of Washington Cities, pertaining to general business licensing requirements; and

**WHEREAS**, HB 2005 also provides that if the City does not adopt such model ordinance language by January 1, 2019, the City would no longer be able to enforce its business licensing requirements;

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SEATAC, WASHINGTON, DO ORDAIN as follows:**

**Section 1.** Section 5.05.010 of the SeaTac Municipal Code is hereby amended to read as follows:

**5.05.010 Definitions.**

For purposes of this Chapter, the following definitions shall apply:

- A. “Business License” means a license issued by the City authorizing a Person to engage in business within the City.
- B. “City” shall mean the City of SeaTac, Washington.
- C. “City Manager” shall mean the SeaTac City Manager or designee.
- D. “Person” means any individual, corporation, company, firm, joint stock company, co-partnership, joint venture, trust, business trust, club, association, society, or any group of individuals acting as a unit, whether mutual, cooperative, fraternal, nonprofit, or otherwise, receiver, administrator, executor, assignee, or trustee in bankruptcy.

E. "License Year" means the twelve (12) month period commencing the first day of the month in which the license was issued.

### **5.05.015 Engaging in Business—Defined**

(A) The term "engaging in business" means commencing, conducting, or continuing in business, and also the exercise of corporate or franchise powers, as well as liquidating a business when the liquidators thereof hold themselves out to the public as conducting such business.

(B) This Section sets forth examples of activities that constitute engaging in business in the City, and establishes safe harbors for certain of those activities so that a person who meets the criteria may engage in de minimus business activities in the City without having to pay a Business License fee. The activities listed in this Section are illustrative only and are not intended to narrow the definition of "engaging in business" in subsection (A). If an activity is not listed, whether it constitutes engaging in business in the City shall be determined by the City Manager or designee, considering all the facts and circumstances and applicable law.

(C) Without being all inclusive, any one of the following activities conducted within the City by a person, or its employee, agent, representative, independent contractor, broker or another acting on its behalf constitutes engaging in business and requires a person to register and obtain a Business License.

- (1) Owning, renting, leasing, maintaining, or having the right to use, or using, tangible personal property, intangible personal property, or real property permanently or temporarily located in the City.
- (2) Owning, renting, leasing, using, or maintaining, an office, place of business, or other establishment in the City.
- (3) Soliciting sales.
- (4) Making repairs or providing maintenance or service to real or tangible personal property, including warranty work and property maintenance.
- (5) Providing technical assistance or service, including quality control, product inspections, warranty work, or similar services on or in connection with tangible personal property sold by the person or on its behalf.
- (6) Installing, constructing, or supervising installation or construction of, real or tangible personal property.
- (7) Soliciting, negotiating, or approving franchise, license, or other similar agreements.
- (8) Collecting current or delinquent accounts.
- (9) Picking up and transporting tangible personal property, solid waste, construction debris, or excavated materials.
- (10) Providing disinfecting and pest control services, employment and labor pool services, home nursing care, janitorial services, appraising, landscape architectural services, security system services, surveying, and real estate services including the listing of homes and managing real property.
- (11) Rendering professional services such as those provided by accountants, architects, attorneys, auctioneers, consultants, engineers, professional athletes, barbers, baseball clubs and other sports organizations, chemists, consultants, psychologists, court reporters, dentists, doctors, detectives, laboratory operators, teachers, veterinarians.



- (12) Meeting with customers or potential customers, even when no sales or orders are solicited at the meetings.
- (13) Training or recruiting agents, representatives, independent contractors, brokers or others, domiciled or operating on a job in the City, acting on its behalf, or for customers or potential customers.
- (14) Investigating, resolving, or otherwise assisting in resolving customer complaints.
- (15) In-store stocking or manipulating products or goods, sold to and owned by a customer, regardless of where sale and delivery of the goods took place.
- (16) Delivering goods in vehicles owned, rented, leased, used, or maintained by the person or another acting on its behalf.

(D) If a person, or its employee, agent, representative, independent contractor, broker or another acting on the person's behalf, engages in no other activities in or with the City but the following, it need not register and obtain a Business License.

- (1) Meeting with suppliers of goods and services as a customer.
- (2) Meeting with government representatives in their official capacity, other than those performing contracting or purchasing functions.
- (3) Attending meetings, such as board meetings, retreats, seminars, and conferences, or other meetings wherein the person does not provide training in connection with tangible personal property sold by the person or on its behalf. This provision does not apply to any board of director member or attendee engaging in business such as a member of a board of directors who attends a board meeting.
- (4) Renting tangible or intangible property as a customer when the property is not used in the City.
- (5) Attending, but not participating in a "trade show" or "multiple vendor events". Persons participating at a trade show shall review the City's trade show or multiple vendor event ordinances.
- (6) Conducting advertising through the mail.
- (7) Soliciting sales by phone from a location outside the City.

(E) A seller located outside the City merely delivering goods into the City by means of common carrier is not required to register and obtain a Business License, provided that it engages in no other business activities in the City. Such activities do not include those in subsection (D). The City expressly intends that engaging in business include any activity sufficient to establish nexus for purposes of applying the license fee under the law and the constitutions of the United States and the State of Washington. Nexus is presumed to continue as long as the taxpayer benefits from the activity that constituted the original nexus generating contact or subsequent contacts.

**5.05.020 Business License Required.**

A. No Person shall engage in business within the City without first being issued a Business License

B. A Business License is not transferable except as provided in 5.05.170. A Person acquiring an existing business in the City must obtain a new Business License.

C. The Business License issued by the City shall be displayed in a conspicuous place on the premises identified on the license.

D. This Section applies regardless of whether a fee is owed for obtaining a Business License as provided in this Chapter.

**5.05.030 Separate License Required.**

A separate Business License shall be obtained for each separate location within the City at which the business is conducted. A separate Business License shall be obtained for each different and discrete business conducted by any person, whether at the same location, within the City, as another licensed business, or at a different location within the City.

**5.05.040 Change in Nature or Location of a Business.**

Each Business License shall authorize a particular type of business at the designated location. Any change in the nature of the business shall necessitate a new application for a Business License. A change of location shall be reported to the City Manager, or designee, in writing, within ten (10) days of the change and, if in compliance with zoning and business regulatory ordinances, the existing Business License shall be transferred to the new location.

**5.05.050 Exemptions.**

Notwithstanding the requirement of SMC 5.05.020, the following shall be exempted from the requirement to apply for and obtain a Business License:

A. Persons engage in taxi cab or for-hire businesses within the City which are licensed and regulated by King County pursuant to Interlocal Agreement with the City, including the following:

1. Persons engaged in the business of operating taxi cabs and for-hire vehicles within the City, which are subject to SeaTac Ordinance No. 90-1014, codified in Chapter 5.15 SMC, and the “For-Hire Interlocal Agreement” between King County and the City.

However, this subsection does not apply to persons whose taxi cab or for-hire business is registered with the Washington State Department of Revenue with an address located within the City of SeaTac.

B. Minors engaged in babysitting, delivery of newspapers, mowing lawns, washing cars, and similar activities.

C. Service oriented clubs and organizations such as Rotary, Kiwanis, Soroptimist, Lions, Jaycees, Boy Scouts, Girl Scouts and CampFire, or school sponsored clubs, such as DECA, FBLA, FFA and Key Club involved in special charitable fund-raising events, provided that in order for this exemption to apply, the club must be organized in and regularly meet within the corporate limits of the City, or within the corporate limits of a city immediately adjacent thereto. If requests are received for this exemption for clubs or organizations not specifically listed above, the City Manager or designee shall have the discretion to determine whether or not the exemption applies.

**5.05.060 Non-Profit Organization.**

A. Non-profit organizations recognized by the Federal Government as a 501(c)(3) organization, with proper documentation are exempted from the requirement to pay fees associated with the issuance of a Business License as required by this chapter. Applicants shall provide one (1) of the following:

1. Form 1023, Application for Recognition of Exemption; or
2. IRS Determination Letter; or
3. IRS Affirmation Letter

However, non-profit organizations are still required to apply for and obtain a valid Business License and comply with all other provisions of this Chapter.

B. Failure to register a non-profit organization with the City will result in a penalty as established by the City’s Schedule of License Fees, Permit Fees, Other Fees and Charges for City Services.

**5.05.070 Application for License.**

No Business License shall be issued except upon application therefor made on forms prescribed by the City Manager, or designee. Upon approval of the application, the Business License shall be issued by the City and either is mailed to the applicant or available for pick up at SeaTac City Hall during normal business hours.

**5.05.080 Business License Fees.**

A. For purposes of this Chapter, any Person or business whose annual value of products, gross proceeds of sales, or gross income of the business in the City is equal to or less than two-thousand dollars (\$2,000.00) and who does not maintain a place of business within the City, shall submit a Business License registration to the City Manager or designee. The threshold does not apply to regulatory license requirements or activities that require a specialized permit.

B. Business License fees are established by the City’s Schedule of License Fees, Permit Fees, Other Fees and Charges for City Services.

C. Appeal fees are established by the City’s Schedule of License Fees, Permit Fees, Other Fees and Charges for City Services.

**5.05.100 Term and Renewal of License.**

A. All Business Licenses shall be effective for the year of issuance. Business Licenses issued during a Business License Year shall be effective from the date of issue until the following March 31<sup>st</sup>. Unless renewed, as provided in this chapter, each such Business License shall expire and be of no force or effect on April 1st of the ensuing year, unless sooner revoked as provided in this Chapter.

B. All Business Licenses shall be renewed by the licensee on or before April 1st of the year of issuance, if the business is to be continued. Application for renewal shall be made on forms prescribed by the City Manager, or designee. Each application for renewal shall be accompanied by the license renewal fee for the ensuing year as prescribed by the City’s Schedule of License

Fees, Permit Fees, Other Fees and Charges for City Services. Applications for renewal shall be processed by the City commencing on February 1st of each year for the ensuing year.

C. A business that is inactive or no longer doing business in the City may request dormant status by indicating so on the “Renewal Notice” and returning the notice to the City. A business that has requested and been granted dormant status, but resumes business activity within the City shall reapply for a Business License.

**5.05.110 Penalty for Late Application.**

Any licensee, who shall fail to make application for an original Business License or for renewal and/or fail to pay the renewal fee, prior to April 1st of the applicable year, shall be subject to a penalty, which shall be added to the prescribed fee:

A. Delinquent as of May 1<sup>st</sup>:

1. A 30 day penalty letter mailed to the licensee;
2. In addition to the Business License fee, a penalty will be assessed per the City’s Schedule of License Fees, Permit Fees, Other Fees and Charges for City Services.

B. Delinquent as of June 1<sup>st</sup>:

1. Notify the licensee in writing by certified mail that they have thirty (30) days to apply and obtain a Business License or be issued a “Notice of Infraction”;
2. In addition to the Business License fee, a penalty will be assessed per the City’s Schedule of License Fees, Permit Fees, Other Fees and Charges for City Services;
3. Pay all accrued penalties;

C. Delinquent as of July 1<sup>st</sup>:

1. Pay all accrued late penalties;
2. A “Notice of Infraction” is issued per SMC 1.15.065;
3. Subject to a Hearing before the Municipal Judge per SMC 1.15.075; and
4. A fine levied by the Municipal Judge up to \$250.00

D. Any business that has been granted dormant status is not subject to late penalties unless they resume business activity within the City without reapplying for a Business License.

**5.05.120 Duties of the City Manager or Designee.**

The City Manager, or designee, is authorized and directed to enforce the terms and provisions of this Chapter.

**5.05.130 Inspections, Investigations, and Right of Entry.**

A. All applications for Business Licenses may be investigated by the City Manager, or designee, and the business premises may likewise be inspected.

B. The City Manager, or designee, is authorized to make such inspections of licensed premises and take such action as may be required to enforce the provisions of this Chapter. The City Manager may designate any appropriate City employee as an inspector, to undertake such inspections. Inspections shall, to the extent possible, be in compliance with the following procedure:

1. An inspector may enter any licensed business location or any business location that is required by ordinance to be licensed, at any reasonable time, to inspect the same or perform any duty imposed on the City Manager, or designee, by any Business License or regulation ordinance.
2. If the place of business is occupied, the inspector shall first present proper credentials and demand entry and right to inspect.
3. If the place of business is unoccupied, the inspector shall first make a reasonable effort to locate the licensee or other person having charge or control of the premises and shall then present proper credentials and demand entry and right to inspect.
4. No licensee, employee or agent, shall fail or neglect, after proper demand, to admit the inspector, acting within the scope of the inspector's employment, to any location licensed for business, or to interfere with the inspector while in the performance of the inspector's duty.
5. Nothing herein shall prevent or prohibit undercover investigations or inspections by appropriate officers in appropriate circumstances.

**5.05.140 Basis for License Denial, Suspension or Revocation.**

A Business License may be denied, suspended or revoked by the City Manager, or designee. The City Manager, or designee, shall notify the applicant or licensee in writing of the denial, suspension, or revocation of the Business License and the grounds thereof. A Business License may be denied, suspended or revoked for any of the following reasons:

- A. The Business License was procured by fraud or misrepresentation of fact or contains misleading statements or suppression of material facts about the business.
- B. The applicant or licensee failed to pay any fee or is in default of any fee, charges or amounts due and payable to the City of SeaTac as outlined in the SeaTac Municipal Code or City's Schedule of License Fees, Permit Fees, Other Fees and Charges.
- C. The building structure, equipment, operation or location of the business for which the license was issued does not comply with the requirements or standards of the SeaTac Municipal Code.
- D. The applicant or licensee has failed to comply with any of the provisions of this Chapter.
- E. The applicant or licensee has applied for a Business License for activities that are prohibited by law.

F. The licensee, owner, or operator of the business is currently operating a business in a manner that is prohibited by law.

G. The applicant or licensee, owner, operator, or an employee has been convicted of a crime involving the business or suffered a civil judgment which bears a direct relationship to the conduct of the business pursuant to this chapter.

H. The licensee, or licensee's employees or agents, have engaged in, have permitted or have acquiesced in unlawful drug related activity on the business premises.

I. The licensee has caused or permitted a public nuisance to exist.

J. The applicant or licensee has failed to pay a civil penalty or to comply with any notice.

K. The applicant or licensee has failed to comply with State or Federal law.

L. It is necessary to deny, suspend, or revoke the license for the protection of the public health, safety, peace or welfare.

M. The Chief of Police has issued a declaration of chronic nuisance property against the business pursuant to SMC Chapter 7.05.

**5.05.150 Procedures for a Denial, Suspension or Revocation of a Business License.**

A. Denial, Suspension or Revocation of license. Any action to deny, suspend or revoke a Business License applied for or issued shall be commenced by notice of the denial, suspension or revocation. A notice issued under this section shall substantially comply with the following:

1. The notice shall be delivered, by first class mail or certified mail, to the Business License applicant or the holder of the Business License as set forth in the most recent Business License application.
2. The notice shall describe the basis for the denial, suspension or revocation.
3. The notice shall describe corrective action, if any, that may be taken to eliminate the basis for the denial, suspension or revocation.
4. The notice shall specify a date for which an appeal may be filed with the City Clerk. Such a date shall occur thirty (30) days from the date of the notice of denial, suspension or revocation and shall be made on forms provided by the City Clerk. The applicable appeal fee per the City's Schedule of License Fees, Permit Fees, Other Fees and Charges for City Services shall be paid at the time of filing.
5. The notice shall provide that if the applicant or licensee fails to respond within thirty (30) days from the date of the notice of denial, suspension or revocation that shall constitute a waiver of the right to a hearing.

6. The business may continue to operate until such time as the Hearing Examiner issues a decision on the denial, suspension or revocation.

**5.05.160 Procedures for an Appeal of a Notice of Denial, Suspension or Revocation.**

A. The City Hearing Examiner is designated to hear appeals by applicants or licensees aggrieved by actions of the City Manager, or designee, pertaining to any denial, suspension, or revocation of a Business License.

B. The Hearing Examiner procedures are found in SeaTac Municipal Code (SMC) Chapter 1.20 Hearing Examiner System.

C. Any licensee may, within thirty (30) days after receipt of a notice denial, suspension or revocation, file with the City Clerk a written notice of appeal containing the following:

1. A heading with the words: “Before the City Manager or designee of the City of SeaTac”.

2. A caption reading: “Appeal of \_\_\_\_\_” giving the names of all appellants participating in the appeal.

3. A brief statement setting forth the legal interest of each of the appellants in the business involved in the notice of denial, suspension or revocation.

4. A brief statement, in concise language, of the specific notice protested, together with any material facts claimed to support the contentions of the appellant or appellants.

5. A brief statement, in concise language, of the relief sought, and the reasons why it is claimed the protested notice or denial, suspension or revocation should be reversed, modified, or otherwise set aside.

6. The signatures of all persons named as appellants, and their official mailing addresses.

7. The verification (by declaration under penalty of perjury) of each appellant as to the truth of the matters stated in the appeal.

D. As soon as practicable after receiving the written appeal, but not greater than thirty (30) days, the City Clerk shall fix a date, time, and place for the hearing of the appeal by the Hearing Examiner. Written notice of the time and place of the hearing shall be given at least ten (10) days prior to the date of the hearing by the City Clerk, by mailing a copy thereof, postage prepaid, by certified mail with return receipt requested, addressed to each appellant at his or her address shown on the notice of appeal.

E. At the hearing, the appellant or appellants shall be entitled to appear in person, and to be represented by counsel and to offer such evidence as may be pertinent and material to the denial, suspension or revocation of the notice. The technical rules of evidence need not be followed.

F. Only those matters or issues specifically raised by the appellant or appellants in the written notice of appeal shall be considered in the hearing of the appeal.

G. Within ten (10) business days following conclusion of the hearing, the Hearing Examiner shall make written findings of fact and conclusions of law, supported by the record, and a decision which may affirm, modify, or overrule the order of the City Manager, or designee, and may further impose terms as conditions to issuance or continuation of a Business License.

H. Failure of any applicant or licensee to file an appeal in accordance with the provisions of this chapter shall constitute a waiver of the right to a hearing.

I. The decision of the Hearing Examiner is considered final and conclusive per SeaTac Municipal Code (SMC) 1.20.100 (H).

J. Enforcement of any civil penalty, denial, suspension or revocation of any Business License, or other order of by the City Manager, or designee, shall be stayed during the pendency of an appeal therefrom which is properly and timely filed.

**5.05.170 Continuation of License Upon Death of Licensee.**

In event of the death of any licensee, his or her duly appointed executor or administrator may continue to conduct business under the license issued to the decedent for the unexpired term thereof, upon filing proof of such appointment with the City Manager or designee.

**5.05.180 Assignment of Licenses.**

Every Business License shall be personal to the licensee and shall not be assignable or transferable to any person, except as provided in 5.05.170.

**5.05.190 Engaging in Business Without a License or Payment of Fee.**

If any person engaged in a business without a license, fails or refuses to pay the prescribed license fee for any year, the City Manager or designee shall follow these procedures:

A. Notify the licensee in writing by first class mail, certified mail or personal service that they are operating a business within the City limits without a Business License and have thirty (30) days to apply and obtain a Business License as specified in SMC 5.05.020.

B. If the licensee fails to respond to the letter within thirty (30) days, the licensee will be subject to penalties as set forth in this Chapter.

**5.05.200 Violations, Penalties and Enforcement.**

A. It is unlawful for any person either directly or indirectly to engage in business within the City without having first obtained a Business License as required pursuant to this Chapter.

B. It is unlawful for any person either directly or indirectly to engage in business within the City without obtaining a renewed Business License for the current License Year as required pursuant to this Chapter.

C. Each day that a person engages in business without a valid Business License constitutes a separate offense.



D. It is a civil infraction, subject to a penalty of \$300 including costs and assessments, for any Person to violate any provision of this this Chapter shall be subject to the penalties prescribed in Chapter 1.15 SMC. The penalties set forth herein are not exclusive. The City Manager or his/her designee may seek civil enforcement and remedies as allowed by law.

E. The City Attorney's Office shall have the discretion to file criminal charges when a person willfully or knowingly violates, by way of repeat violations, the provisions this chapter. A criminal violation under this Subsection is a misdemeanor punishable by a fine not to exceed one thousand dollars (\$1,000) or imprisonment for a term not to exceed ninety (90) days, or both.

Section 2. If any section, subsection, paragraph, sentence, clause, or phrase of this Ordinance is declared unconstitutional or invalid for any reason, such decision shall not affect the validity of the remaining parts of this Ordinance.

Section 3. This Ordinance shall be in full force and effect five (5) days after passage and publication as required by law, but no sooner than January 1, 2019.

**ADOPTED** this \_\_\_\_\_ day of \_\_\_\_\_, 2018, and signed in authentication thereof on this \_\_\_\_\_ day of \_\_\_\_\_, 2018.

**CITY OF SEATAC**

\_\_\_\_\_  
Michael Siefkes, Mayor

ATTEST:

\_\_\_\_\_  
Kristina Gregg, City Clerk

Approved as to Form:

\_\_\_\_\_  
Mary E. Mirante Bartolo, City Attorney

[Effective Date: January 1, 2019]

**ORDINANCE NO. \_\_\_\_\_**

AN ORDINANCE of the City Council of the City of SeaTac, Washington, amending Chapter 5.05 of the SeaTac Municipal Code relating to Business Licenses and Regulations.

**WHEREAS**, the Washington State Legislature enacted HB 2005 during the 2017 legislative session; and

**WHEREAS**, HB 2005 requires that municipalities adopt certain model ordinance language that was drafted by the Association of Washington Cities, pertaining to general business licensing requirements; and

**WHEREAS**, HB 2005 also provides that if the City does not adopt such model ordinance language by January 1, 2019, the City would no longer be able to enforce its business licensing requirements;

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SEATAC, WASHINGTON, DO ORDAIN as follows:**

**Section 1.** Section 5.05.010 of the SeaTac Municipal Code is hereby amended to read as follows:

**5.05.010 Definitions.**

For purposes of this eChapter, the following definitions shall apply:

~~A. "Business" includes all activities engaged in with the object of gain, benefit, or advantage, directly or indirectly, except non-profit organizations as defined in 5.05.060. The term "business" shall specifically include the letting for rent or lease for residential occupancy on a month to month basis, or longer term, of any single family structure, any multi-family structure containing more than one (1) dwelling unit, or spaces within a mobile home park.~~

A. "Business License" means a license issued by the City authorizing a Person to engage in business within the City.

B. "City" shall mean the City of SeaTac, Washington.

C. "City Manager" shall mean the SeaTac City Manager or designee.

BD. “Person” means any individual, corporation, company, firm, joint stock company, co-partnership, joint venture, trust, business trust, club, association, society, or any group of individuals acting as a unit, whether mutual, cooperative, fraternal, nonprofit, or otherwise, receiver, administrator, executor, assignee, or trustee in bankruptcy.

CE. “License Year” means the twelve (12) month period commencing the first day of the month in which the license was issued ~~April 1st and ending on the following March 31st.~~

### **5.05.015 Engaging in Business—Defined**

(A) The term "engaging in business" means commencing, conducting, or continuing in business, and also the exercise of corporate or franchise powers, as well as liquidating a business when the liquidators thereof hold themselves out to the public as conducting such business.

(B) This Section sets forth examples of activities that constitute engaging in business in the City, and establishes safe harbors for certain of those activities so that a person who meets the criteria may engage in de minimus business activities in the City without having to pay a Business License fee. The activities listed in this Section are illustrative only and are not intended to narrow the definition of "engaging in business" in subsection (A). If an activity is not listed, whether it constitutes engaging in business in the City shall be determined by the City Manager or designee, considering all the facts and circumstances and applicable law.

(C) Without being all inclusive, any one of the following activities conducted within the City by a person, or its employee, agent, representative, independent contractor, broker or another acting on its behalf constitutes engaging in business and requires a person to register and obtain a Business License.

(1) Owning, renting, leasing, maintaining, or having the right to use, or using, tangible personal property, intangible personal property, or real property permanently or temporarily located in the City.

(2) Owning, renting, leasing, using, or maintaining, an office, place of business, or other establishment in the City.

(3) Soliciting sales.

(4) Making repairs or providing maintenance or service to real or tangible personal property, including warranty work and property maintenance.

(5) Providing technical assistance or service, including quality control, product inspections, warranty work, or similar services on or in connection with tangible personal property sold by the person or on its behalf.

(6) Installing, constructing, or supervising installation or construction of, real or tangible personal property.

(7) Soliciting, negotiating, or approving franchise, license, or other similar agreements.

(8) Collecting current or delinquent accounts.

(9) Picking up and transporting tangible personal property, solid waste, construction debris, or excavated materials.

(10) Providing disinfecting and pest control services, employment and labor pool services, home nursing care, janitorial services, appraising, landscape architectural services, security

system services, surveying, and real estate services including the listing of homes and managing real property.

(11) Rendering professional services such as those provided by accountants, architects, attorneys, auctioneers, consultants, engineers, professional athletes, barbers, baseball clubs and other sports organizations, chemists, consultants, psychologists, court reporters, dentists, doctors, detectives, laboratory operators, teachers, veterinarians.

(12) Meeting with customers or potential customers, even when no sales or orders are solicited at the meetings.

(13) Training or recruiting agents, representatives, independent contractors, brokers or others, domiciled or operating on a job in the City, acting on its behalf, or for customers or potential customers.

(14) Investigating, resolving, or otherwise assisting in resolving customer complaints.

(15) In-store stocking or manipulating products or goods, sold to and owned by a customer, regardless of where sale and delivery of the goods took place.

(16) Delivering goods in vehicles owned, rented, leased, used, or maintained by the person or another acting on its behalf.

(D) If a person, or its employee, agent, representative, independent contractor, broker or another acting on the person's behalf, engages in no other activities in or with the City but the following, it need not register and obtain a Business License.

(1) Meeting with suppliers of goods and services as a customer.

(2) Meeting with government representatives in their official capacity, other than those performing contracting or purchasing functions.

(3) Attending meetings, such as board meetings, retreats, seminars, and conferences, or other meetings wherein the person does not provide training in connection with tangible personal property sold by the person or on its behalf. This provision does not apply to any board of director member or attendee engaging in business such as a member of a board of directors who attends a board meeting.

(4) Renting tangible or intangible property as a customer when the property is not used in the City.

(5) Attending, but not participating in a "trade show" or "multiple vendor events". Persons participating at a trade show shall review the City's trade show or multiple vendor event ordinances.

(6) Conducting advertising through the mail.

(7) Soliciting sales by phone from a location outside the City.

(E) A seller located outside the City merely delivering goods into the City by means of common carrier is not required to register and obtain a Business License, provided that it engages in no other business activities in the City. Such activities do not include those in subsection (D). The City expressly intends that engaging in business include any activity sufficient to establish nexus for purposes of applying the license fee under the law and the constitutions of the United States and the State of Washington. Nexus is presumed to continue as long as the taxpayer benefits from the activity that constituted the original nexus generating contact or subsequent contacts.

#### **5.05.020 ~~Business License~~ Business License Required.**

A. No ~~p~~Person shall ~~conduct, maintain, operate, or~~ engage in ~~any~~ business within the City without first ~~applying for and obtaining being issued~~ a ~~b~~Business ~~l~~icense ~~and paying the fee as prescribed herein.~~

B. ~~The~~ ~~A~~ ~~b~~Business ~~l~~icense is not transferable except as provided in 5.05.170. A ~~business owner~~Person acquiring an existing business in the City must obtain a new ~~business license~~Business License.

C. The ~~business license~~Business License issued by the City shall be displayed in a conspicuous place on the premises identified on the license.

D. This Section applies regardless of whether a fee is owed for obtaining a Business License as provided in this Chapter.

#### **5.05.030 Separate License Required.**

A separate ~~business license~~Business License shall be obtained for each separate location, within the City, at which the business is conducted. A separate ~~business license~~Business License shall be obtained for each different and discrete business conducted by any person, whether at the same location, within the City, as another licensed business, or at a different location within the City.

#### **5.05.040 Change in Nature or Location of a Business.**

Each ~~business license~~Business License shall authorize a particular type of business at the designated location. Any change in the nature of the business shall necessitate a new application for a ~~business license~~Business License. A change of location shall be reported to the City Manager, or designee, in writing, within ten (10) days of the change and, if in compliance with zoning and business regulatory ordinances, the existing ~~business license~~Business License shall be transferred to the new location.

#### **5.05.050 Exemptions.**

Notwithstanding the requirement of SMC 5.05.020, the following shall be exempted from the requirement to apply for and obtain a ~~business license~~Business License:

~~A. Casual or isolated sales made by persons who are not engaged in the business of selling the type of property involved, providing that not more than four (4) such sales are made during any year.~~

~~B. Sales, delivery, or peddling of any fruits, vegetables, berries, eggs, or any farm produce or edibles raised, gathered, produced, or manufactured by any farmer, gardener, or other person; provided, that this exemption shall not apply to any person selling, delivering, or peddling any dairy product, meat, poultry, eel, fish, mollusk, or shellfish.~~

CA. Persons engaged in ~~any taxi cab or for-hire~~ businesses within the City which ~~is~~ are licensed and regulated by King County pursuant to Interlocal Agreement with the City, including the following:

1. Persons engaged in the business of operating taxi cabs and for-hire vehicles within the City, which are subject to SeaTac Ordinance No. 90-1014, codified in Chapter 5.15 SMC, and the “For-Hire Interlocal Agreement” between King County and the City.

However, this subsection does not apply to persons whose taxi cab or for-hire business is registered with the Washington State Department of Revenue with an address located within the City of SeaTac.

~~DB.~~ Minors engaged in babysitting, delivery of newspapers, mowing lawns, washing cars, and similar activities.

~~EC.~~ Service oriented clubs and organizations such as Rotary, Kiwanis, Soroptimist, Lions, Jaycees, Boy Scouts, Girl Scouts and CampFire, or school sponsored clubs, such as DECA, FBLA, FFA and Key Club involved in special charitable fund-raising events, provided that in order for this exemption to apply, the club must be organized in and regularly meet within the corporate limits of the City, or within the corporate limits of a city immediately adjacent thereto. If requests are received for this exemption for clubs or organizations not specifically listed above, the City Manager or designee shall have the discretion to determine whether or not the exemption applies.

#### **5.05.060 Non-Profit Organization.**

A. Non-profit organizations recognized by the Federal Government as a 501(c)(3) organization, with proper documentation are exempted from the requirement to pay fees associated with the issuance of a ~~business license~~Business License as required by this chapter. Applicants shall provide one (1) of the following:

1. Form 1023, Application for Recognition of Exemption; or
2. IRS Determination Letter; or
3. IRS Affirmation Letter

However, non-profit organizations are still required to apply for and obtain a valid ~~business license~~Business License and comply with all other provisions of this ~~e~~Chapter.

B. Failure to register a non-profit organization with the City will result in a penalty as established by the City’s Schedule of License Fees, Permit Fees, Other Fees and Charges for City Services.

#### **5.05.070 Application for License.**

No ~~business license~~Business License shall be issued except upon application therefor made on forms prescribed by the City Manager, or designee. Upon approval of the application, the ~~business license~~Business License shall be issued by the City and either is mailed to the applicant or available for pick up at SeaTac City Hall during normal business hours. ~~In event of denial, the fee paid shall be returned to the applicant together with notice that the application has been denied.~~

#### **5.05.080 Business License Fees.**

A. For purposes of this Chapter, any Person or business whose annual value of products, gross proceeds of sales, or gross income of the business in the City is equal to or less than two-

thousand dollars (\$2,000.00) and who does not maintain a place of business within the City, shall submit a Business License registration to the City Manager or designee. The threshold does not apply to regulatory license requirements or activities that require a specialized permit.

~~AB.~~ Business License fees are established by the City's Schedule of License Fees, Permit Fees, Other Fees and Charges for City Services.

~~BC.~~ Appeal fees are established by the City's Schedule of License Fees, Permit Fees, Other Fees and Charges for City Services.

**~~5.05.090 Prorating Fee.~~**

~~The license fee shall be for the year, and each applicant must pay the full license fee for the current year or portion thereof during which the applicant has engaged in business.~~

**5.05.100 Term and Renewal of License.**

A. All ~~business license~~Business Licenses shall be effective for the year of issuance. Business Licenses issued during a ~~y~~Business License Year shall be effective from the date of issue until the following March 31<sup>st</sup>. Unless renewed, as provided in this chapter, each such ~~business license~~Business License shall expire and be of no force or effect on April 1st of the ensuing year, unless sooner revoked as provided in this ~~e~~Chapter.

B. All ~~business license~~Business Licenses shall be renewed by the licensee on or before April 1st of the year of issuance, if the business is to be continued. Application for renewal shall be made on forms prescribed by the City Manager, or designee. Each application for renewal shall be accompanied by the license renewal fee for the ensuing year as prescribed by the City's Schedule of License Fees, Permit Fees, Other Fees and Charges for City Services. Applications for renewal shall be processed by the City commencing on February 1st of each year for the ensuing year.

C. A business that is inactive or no longer doing business in the City may request dormant status by indicating so on the "Renewal Notice" and returning the notice to the City. A business that has requested and been granted dormant status, but resumes business activity within the City shall reapply for a ~~business license~~Business License.

**5.05.110 Penalty for Late Application.**

Any licensee, who shall fail to make application for an original ~~business license~~Business License or for renewal and/or fail to pay the renewal fee, prior to April 1st of the applicable year, shall be subject to a penalty, which shall be added to the prescribed fee:

A. Delinquent as of May 1<sup>st</sup>:

1. A 30 day penalty letter mailed to the licensee;

2. In addition to the ~~business license~~Business License fee, a penalty will be assessed per the City's Schedule of License Fees, Permit Fees, Other Fees and Charges for City Services.

B. Delinquent as of June 1<sup>st</sup>:

1. Notify the licensee in writing by certified mail that they have thirty (30) days to apply and obtain a ~~business license~~Business License or be issued a “Notice of Infraction”;

2. In addition to the ~~business license~~Business License fee, a penalty will be assessed per the City’s Schedule of License Fees, Permit Fees, Other Fees and Charges for City Services;

3. Pay all accrued penalties;

C. Delinquent as of July 1<sup>st</sup>:

1. Pay all accrued late penalties;

2. A “Notice of Infraction” is issued per SMC 1.15.065;

3. Subject to a Hearing before the Municipal Judge per SMC 1.15.075; and

4. A fine levied by the Municipal Judge up to \$250.00

D. Any business that has been granted dormant status is not subject to late penalties unless they resume business activity within the City without reapplying for a ~~business license~~Business License.

**5.05.120 Duties of the City Manager or Designee.**

The City Manager, or designee, is authorized and directed to enforce the terms and provisions of ~~all business license and regulations ordinance~~this Chapter.

**5.05.130 Inspections, Investigations, and Right of Entry.**

A. All applications for Business Licenses may be investigated by the City Manager, or designee, and the business premises may likewise be inspected.

B. The City Manager, or designee, is authorized to make such inspections of licensed premises and take such action as may be required to enforce the provisions of ~~any business license ordinance~~this Chapter. The City Manager may designate any appropriate City employee as an inspector, to undertake such inspections. Inspections shall, to the extent possible, be in compliance with the following procedure:

1. An inspector may enter any licensed business location or any business location that is required by ordinance to be licensed, at any reasonable time, to inspect the same or perform any duty imposed on the City Manager, or designee, by any ~~business license~~Business License or regulation ordinance.

2. If the place of business is occupied, the inspector shall first present proper credentials and demand entry and right to inspect.

3. If the place of business is unoccupied, the inspector shall first make a reasonable effort to locate the licensee or other person having charge or control of the premises and shall then present proper credentials and demand entry and right to inspect.



4. No licensee, employee or agent, shall fail or neglect, after proper demand, to admit the inspector, acting within the scope of the inspector's employment, to any location licensed for business, or to interfere with the inspector while in the performance of the inspector's duty.

5. Nothing herein shall prevent or prohibit undercover investigations or inspections by appropriate officers in appropriate circumstances.

**5.05.140 Basis for License Denial, Suspension or Revocation.**

A ~~business license~~Business License may be denied, suspended or revoked by the City Manager, or designee. The City Manager, or designee, shall notify the applicant or licensee in writing of the denial, suspension, or revocation of the ~~business license~~Business License and the grounds thereof. A ~~business license~~Business License may be denied, suspended or revoked for any of the following reasons:

A. ~~The license~~Business License was procured by fraud or misrepresentation of fact or contains misleading statements or suppression of material facts about the business.

B. The applicant or licensee failed to pay any fee or is in default of any fee, charges or amounts due and payable to the City of SeaTac as outlined in the SeaTac Municipal Code or City's Schedule of License Fees, Permit Fees, Other Fees and Charges.

C. The building structure, equipment, operation or location of the business for which the license was issued does not comply with the requirements or standards of the SeaTac Municipal Code.

D. The applicant or licensee has failed to comply with any of the provisions of this ~~chapter~~Chapter.

E. The applicant or licensee has applied for a ~~business license~~Business License for activities that are prohibited by law.

F. The licensee, owner, or operator of the business is currently operating a business in a manner that is prohibited by law.

G. The applicant or licensee, owner, operator, or an employee has been convicted of a crime involving the business or suffered a civil judgment which bears a direct relationship to the conduct of the business pursuant to this chapter.

H. The licensee, or licensee's employees or agents, have engaged in, have permitted or have acquiesced in unlawful drug related activity on the business premises.

I. The licensee has caused or permitted a public nuisance to exist.

J. The applicant or licensee has failed to pay a civil penalty or to comply with any notice.

K. The applicant or licensee has failed to comply with State or Federal law.

L. It is necessary to deny, suspend, or revoke the license for the protection of the public health, safety, peace or welfare.

M. The Chief of Police has issued a declaration of chronic nuisance property against the business pursuant to SMC Chapter 7.05.

**5.05.150 Procedures for a Denial, Suspension or Revocation of a ~~Business License~~Business License.**

A. Denial, Suspension or Revocation of license. Any action to deny, suspend or revoke a ~~business license~~Business License applied for or issued shall be commenced by notice of the denial, suspension or revocation. A notice issued under this section shall substantially comply with the following:

1. The notice shall be delivered, by first class mail or certified mail, to the ~~business license~~Business License applicant or the holder of the ~~business license~~Business License as set forth in the most recent ~~business license~~Business License application.
2. The notice shall describe the basis for the denial, suspension or revocation.
3. The notice shall describe corrective action, if any, that may be taken to eliminate the basis for the denial, suspension or revocation.
4. The notice shall specify a date for which an appeal may be filed with the City Clerk. Such a date shall occur thirty (30) days from the date of the notice of denial, suspension or revocation and shall be made on forms provided by the City Clerk. The applicable appeal fee per the City's Schedule of License Fees, Permit Fees, Other Fees and Charges for City Services shall be paid at the time of filing.
5. The notice shall provide that if the applicant or licensee fails to respond within thirty (30) days from the date of the notice of denial, suspension or revocation that shall constitute a waiver of the right to a hearing.
6. The business may continue to operate until such time as the Hearing Examiner issues a decision on the denial, suspension or revocation.

**5.05.160 Procedures for an Appeal of a Notice of Denial, Suspension or Revocation.**

A. The City Hearing Examiner is designated to hear appeals by applicants or licensees aggrieved by actions of the City Manager, or designee, pertaining to any denial, suspension, or revocation of a ~~business license~~Business License.

B. The Hearing Examiner procedures are found in SeaTac Municipal Code (SMC) Chapter 1.20 Hearing Examiner System.

C. Any licensee may, within thirty (30) days after receipt of a notice denial, suspension or revocation, file with the City Clerk a written notice of appeal containing the following:

1. A heading with the words: "Before the City Manager or designee of the City of SeaTac".

2. A caption reading: “Appeal of \_\_\_\_\_” giving the names of all appellants participating in the appeal.

3. A brief statement setting forth the legal interest of each of the appellants in the business involved in the notice of denial, suspension or revocation.

4. A brief statement, in concise language, of the specific notice protested, together with any material facts claimed to support the contentions of the appellant or appellants.

5. A brief statement, in concise language, of the relief sought, and the reasons why it is claimed the protested notice or denial, suspension or revocation should be reversed, modified, or otherwise set aside.

6. The signatures of all persons named as appellants, and their official mailing addresses.

7. The verification (by declaration under penalty of perjury) of each appellant as to the truth of the matters stated in the appeal.

D. As soon as practicable after receiving the written appeal, but not greater than thirty (30) days, the City Clerk shall fix a date, time, and place for the hearing of the appeal by the Hearing Examiner. Written notice of the time and place of the hearing shall be given at least ten (10) days prior to the date of the hearing by the City Clerk, by mailing a copy thereof, postage prepaid, by certified mail with return receipt requested, addressed to each appellant at his or her address shown on the notice of appeal.

E. At the hearing, the appellant or appellants shall be entitled to appear in person, and to be represented by counsel and to offer such evidence as may be pertinent and material to the denial, suspension or revocation of the notice. The technical rules of evidence need not be followed.

F. Only those matters or issues specifically raised by the appellant or appellants in the written notice of appeal shall be considered in the hearing of the appeal.

G. Within ten (10) business days following conclusion of the hearing, the Hearing Examiner shall make written findings of fact and conclusions of law, supported by the record, and a decision which may affirm, modify, or overrule the order of the City Manager, or designee, and may further impose terms as conditions to issuance or continuation of a ~~business license~~Business License.

H. Failure of any applicant or licensee to file an appeal in accordance with the provisions of this chapter shall constitute a waiver of the right to a hearing.

I. The decision of the Hearing Examiner is considered final and conclusive per SeaTac Municipal Code (SMC) 1.20.100 (H).

J. Enforcement of any civil penalty, denial, suspension or revocation of any ~~business license~~Business License, or other order of by the City Manager, or designee, shall be stayed during the pendency of an appeal therefrom which is properly and timely filed.

#### **5.05.170 Continuation of License Upon Death of Licensee.**

In event of the death of any licensee, his or her duly appointed executor or administrator may continue to conduct business under the license issued to the decedent for the unexpired term thereof, upon filing proof of such appointment with the City Manager or designee.

#### **5.05.180 Assignment of Licenses.**

Every ~~business license~~Business License shall be personal to the licensee and shall not be assignable or transferable to any person, except as provided in 5.05.170.

#### **5.05.190 Engaging in Business Without a License or Payment of Fee.**

If any person engaged in a business without a license, fails or refuses to pay the prescribed license fee for any year, the City Manager or designee shall follow these procedures:

A. Notify the licensee in writing by first class mail, certified mail or personal service that they are operating a business within the City limits without a ~~business license~~Business License and have thirty (30) days to apply and obtain a ~~business license~~Business License as specified in SMC 5.05.020.

B. If the licensee fails to respond to the letter within thirty (30) days, the licensee will be subject to ~~a fine of a maximum of \$250, and the City Manager or designee shall follow the procedures for a Notice of Infraction in SMC 1.15.065 and Hearing before the Municipal Court Judge in SMC 1.15.075~~penalties as set forth in this Chapter.

#### **5.05.200 Violations, Penalties and Enforcement.**

A. It is unlawful for any person either directly or indirectly to engage in ~~or conduct~~ business within the City without having first obtained a ~~business license~~Business License as required pursuant to this Chapter.

B. It is unlawful for any person either directly or indirectly to engage in ~~or conduct any~~ business within the City without obtaining a renewed ~~business license~~Business License for the current License Year as required pursuant to this Chapter.

C. Each day that a person engages in ~~or conducts any~~ business without a valid ~~business license~~Business License constitutes a separate offense.

D. ~~It is a civil infraction, subject to a penalty of \$300 including costs and assessments, for any Person to violate any provision of this Chapter, or failure to comply with any requirements of this Chapter,~~ shall be subject to the penalties prescribed in Chapter 1.15 SMC. The penalties set forth herein are not exclusive. The City Manager or his/her designee may seek civil enforcement, ~~civil penalties,~~ and remedies ~~in accordance with~~ as allowed by law, ~~in addition to any criminal penalties that may apply for violation of this Chapter.~~

E. The City Attorney’s Office shall have the discretion to file criminal charges when a person willfully or knowingly violates, by way of repeat violations, the provisions this chapter. A criminal violation under this Subsection is a misdemeanor punishable by a fine not to exceed one thousand dollars (\$1,000) or imprisonment for a term not to exceed ninety (90) days, or both.

**~~5.05.210 Pawnbrokers.~~**

~~The following listed sections of Chapter 6.56 King County Code as now in effect, and as may be subsequently amended, are adopted by reference, except that, unless the context indicates otherwise, the words “County” or “King County”, and references to occurrences within the geographic boundaries of “King County outside the limits of incorporated cities and towns” shall refer to the City and its geographic boundaries, the word “director” shall refer to the City Manager, or designee, and that the penalties for late payment of license fees shall be as prescribed at SMC 5.05.110.~~

- ~~6.56.010—License required.~~
- ~~6.56.020—Pawnbroker and pawnshop defined.~~
- ~~6.56.030—License fees as established by the City’s Schedule of License Fees, Permit Fees, Other Fees and Charges for City Services.~~
- ~~6.56.040—Application for license.~~
- ~~6.56.050—Personal property tax return.~~
- ~~6.56.080—Records required.~~
- ~~6.56.090—Compliance required.~~
- ~~6.56.100—Transcript to be furnished.~~
- ~~6.56.110—Records and articles to be available for inspection.~~
- ~~6.56.120—Seller or consignee to give true name and address.~~
- ~~6.56.130—Authorized rate of interest—Penalty for violation.~~
- ~~6.56.140—Prima facie evidence of violation.~~
- ~~6.56.150—Period of redemption.~~
- ~~6.56.160—Certain transaction prohibited.~~
- ~~6.56.170—Pawnshop to be closed during certain hours.~~

~~It is provided, however, that no pawnbroker’s license shall be issued which would increase the number of holders of such licenses to more than one (1) for every fifteen thousand (15,000) of population or fractional part thereof, according to the last preceding Federal census, provided that this population limitation shall not operate to prohibit the licensing of any pawnbroker duly licensed prior to the enactment of this chapter, if such pawnbroker is otherwise duly qualified.~~

**~~5.05.220 Charitable Solicitations.~~**

~~The following listed sections of Chapter 6.76 King County Code as now in effect, and as may be subsequently amended, are hereby adopted by reference, except that, unless the context indicates otherwise, the words “County” or “King County”, and references to occurrences within the geographic boundaries of “King County outside the limits of incorporated cities and towns” shall refer to the City and its geographic boundaries, the words “director” and “Division of the Comptroller” shall refer to the City Manager, or designee.~~

- ~~6.76.010—Definitions.~~
- ~~6.76.020—Soliciting for private needs prohibited.~~

- ~~6.76.030 Permit Required Exemptions.~~
- ~~6.76.040 Permit Application Contents.~~
- ~~6.76.050 Permit Application Investigation.~~
- ~~6.76.060 Permit Application State registration in lieu of.~~
- ~~6.76.070 Permit Issuance.~~
- ~~6.76.080 Permit Fees, except the fee, refer to the City of SeaTac's Schedule of License Fees, Permit Fees, Other Fees and Charges for City Services~~
- ~~6.76.090 Permit Term.~~
- ~~6.76.100 Credentials.~~
- ~~6.76.110 Permit Expiration Return.~~
- ~~6.76.120 Written receipts required.~~
- ~~6.76.140 Permit Suspension or revocation Notice to Director of Public Safety.~~
- ~~6.76.150 Books and records of permit holders.~~
- ~~6.76.160 Financial reports.~~
- ~~6.76.170 Religious solicitations Certificate of registration Required.~~
- ~~6.76.180 Religious solicitations Certificate of registration Regulations.~~
- ~~6.76.190 Fraudulent misrepresentation and misstatements prohibited.~~
- ~~6.76.200 Violation Penalty.~~
- ~~6.76.210 Civil penalty.~~
- ~~6.76.220 Additional enforcement.~~

Section 2. If any section, subsection, paragraph, sentence, clause, or phrase of this Ordinance is declared unconstitutional or invalid for any reason, such decision shall not affect the validity of the remaining parts of this Ordinance.

Section 3. This Ordinance shall be in full force and effect five (5) days after passage and publication as required by law, but no sooner than January 1, 2019.

**ADOPTED** this \_\_\_\_\_ day of \_\_\_\_\_, 2018, and signed in authentication thereof on this \_\_\_\_\_ day of \_\_\_\_\_, 2018.

**CITY OF SEATAC**

\_\_\_\_\_  
Michael Siefkes, Mayor

ATTEST:

\_\_\_\_\_  
Kristina Gregg, City Clerk

Approved as to Form:

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Mary E. Mirante Bartolo, City Attorney

[Effective Date: January 1, 2019]