



Legislation Text

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File #: CB 118437, Version: 2

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**CITY OF SEATTLE**  
**ORDINANCE** \_\_\_\_\_  
COUNCIL BILL \_\_\_\_\_

AN ORDINANCE related to imposing a tax on engaging in the business of making retail sales of firearms and ammunition; amending Sections 5.30.010, 5.30.060, 5.55.010, 5.55.040, 5.55.060, 5.55.150, 5.55.165, 5.55.220, and 5.55.230 of the Seattle Municipal Code; and adding a new Chapter 5.50 to the Seattle Municipal Code.

WHEREAS, in 2013 Public Health Seattle & King County published a report detailing the effects of gun violence, finding that there were on average 131 firearms deaths per year in King County from 2006-2010, with another 536 individuals hospitalized for nonfatal firearm injuries during this same five year period; and

WHEREAS, Public Health estimated the total economic costs of firearm deaths and injuries in the County to average \$181 million per year from 2009-2013; and

WHEREAS, in 2014 alone, the direct medical costs of treating 253 gunshot wound victims at Harborview Medical Center, the regional trauma center for the Pacific Northwest, reached more than \$17 million, or approximately \$68,000 per gunshot victim; and

WHEREAS, taxpayer funds covered more than \$12 million of Harborview's 2014 direct medical costs, with private health care payments covering the balance; and

WHEREAS, after the December 2012 massacre of 20 schoolchildren and six adults at Sandy Hook Elementary School in Newtown, Connecticut, the Seattle City Council renewed in earnest its efforts to seek solutions for gun safety at the municipal level; and

WHEREAS, in June 2013 the City Council passed C.B. 117770, a public health gun safety package that made Seattle the first city in the nation to provide local government funding for basic gun safety research; and

WHEREAS, in July 2014 the Harborview Injury Prevention and Research Center presented a groundbreaking report on the predictors and consequences of firearm violence in King County, later published in the peer-reviewed *Annals of Internal Medicine* (Vol. 162, No. 7: April 7, 2015); and

WHEREAS, the study found that “gun violence begets gun violence,” with individuals hospitalized for a firearm injury being 30 times more likely to be re-hospitalized for another firearm injury than people admitted to the hospital for non-injury reasons; and

WHEREAS, the data from this report led Harborview to develop a hospital-based intervention program modeled on a similar approach piloted for alcohol interventions in the 1990s that reduced injuries requiring hospital admission for those served by nearly 50 percent; and

WHEREAS, basic research and prevention programs can reduce long-term costs and save lives but often need funding to get started; and

WHEREAS, due to successful efforts by the gun lobby, funding for research into the causes of gun violence has been blocked at the federal level since 1996; and

WHEREAS, the firearms industry is financially healthy and robust in this country, as demonstrated by the number of firearms imported into the U.S. or manufactured in the U.S. between 2008 and 2012 (excluding exports) increasing from 6,876,842 to 13,135,646, a 91 percent increase; and

WHEREAS, the creation of a sustained local revenue source through a tax on the sale of firearms and ammunition would provide broad-based public benefits for residents of Seattle related to gun violence by funding programs that promote public safety, prevent gun violence and address in part the cost of gun violence in the City;; NOW, THEREFORE,

**BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:**

Section 1. The City finds and declares that gun violence directly affects the City and its residents.

Therefore, the City intends to exercise its taxing authority, as granted by the Washington State Constitution and as authorized by the Washington State Legislature, to raise general revenue for the City and to use that revenue

to provide broad-based public benefits for residents of Seattle related to gun violence by funding programs that promote public safety, prevent gun violence and address in part the cost of gun violence in the City.

Section 2. Section 5.30.010 of the Seattle Municipal Code which section was last amended by Ordinance 123063, is amended as follows:

**5.30.010 Definition provisions ((-))**

The definitions contained in this ((chapter)) Chapter 5.30 shall apply to the following chapters of the Seattle Municipal Code: Chapters 5.32 (Amusement Devices), 5.35 (Commercial Parking ((Taxes)) Tax), ((5.37 (Employee Hours Taxes)),) 5.40 (Admission ((Taxes)) Tax), 5.45 (Business License ((Taxes)) Tax), 5.46 (Square Footage ((Business)) Tax), 5.48 (((Utility Taxes)) Business Tax - Utilities), 5.50 (Firearms and Ammunition Tax), 5.52 (Gambling ((Taxes)) Tax), and 5.55 (General Administrative Provisions) unless expressly provided for otherwise therein, and shall also apply to other chapters and sections of the Seattle Municipal Code in the manner and to the extent expressly indicated in each chapter or section. Words in the singular number shall include the plural and the plural shall include the singular. Words in one gender shall include ((both)) the other genders.

Section 3. Subsection 5.30.060.B of the Seattle Municipal Code, which section was last amended by Ordinance 124808, is amended as follows:

**5.30.060 Definitions, T-Z**

B. "Taxpayer" means any "person," as herein defined, required by Chapter 5.55 to have a business license tax certificate, or liable for any license, tax or fee, or for the collection of any tax or fee, under Chapters 5.32 (Amusement Devices), 5.35 (Commercial Parking Tax), 5.40 (Admission Tax), 5.45 (Business License Tax), 5.46 (Square Footage ((Business)) Tax), 5.48 (((Utility Tax)) Business Tax - Utilities), 5.50 (Firearms and Ammunition Tax), and 5.52 (Gambling Tax) or who engages in any business or who performs any act for which a tax or fee is imposed under those chapters.

Section 4. Section 5.55.010 of the Seattle Municipal Code, last amended by Ordinance 123063, is

amended as follows:

**5.55.010 Application of chapter stated ((-))**

Unless expressly stated to the contrary in each chapter, the provisions of this ((chapter)) Chapter 5.55 shall apply with respect to the licenses and taxes imposed under this ((chapter)) Chapter 5.55 and ((SMC)) Chapters 5.32 (Amusement Devices), 5.35 (Commercial Parking ((Taxes)) Tax), 5.37 (Employee Hours Taxes), 5.40 (Admission Tax), 5.45 (Business License Tax), 5.46 (Square Footage ((Business)) Tax), 5.48 (((Utility Tax)) Business Tax - Utilities), 5.50 (Firearms and Ammunition Tax), and 5.52 (Gambling Tax) and under other titles, chapters and sections in such manner and to such extent as indicated in each such title, chapter or section.

Section 5. Subsection 5.55.040.A of the Seattle Municipal Code, which section was last amended by Ordinance 124808, is amended as follows:

**5.55.040 When due and payable - Reporting periods - Monthly, quarterly, and annual returns - Threshold provisions - Computing time periods - Failure to file returns**

A. Other than any annual license fee or registration fee assessed under this ((chapter)) Chapter 5.55, the tax imposed by ((SMC)) Chapters 5.32 (Amusement Devices), 5.35 (Commercial Parking Tax), 5.40 (Admission Tax), 5.45 (Business License Tax), 5.46 (Square Footage ((Business)) Tax), 5.48 (((Utility Tax)) Business Tax - Utilities), 5.50 (Firearms and Ammunition Tax), and 5.52 (Gambling Tax) shall be due and payable in quarterly installments. The Director may use ((his or her)) discretion to assign businesses to a monthly or annual reporting period depending on the tax amount owing or type of tax. Taxes imposed by ((SMC Section)) subsections 5.52.030.A.2 and 5.52.030.B.2 for punchboards and pulltabs shall be due and payable in monthly installments. Tax returns and payments are due on or before the last day of the next month following the end of the assigned reporting period covered by the return.

Section 6. Subsection 5.55.060.A of the Seattle Municipal Code, which section was last amended by Ordinance 123361, is amended as follows:

**5.55.060 Records to be preserved - Examination - Inspection - Search warrants - Estoppel to question assessment ((-))**

A. Every person liable for any fee or tax imposed by this ~~((chapter))~~ Chapter 5.55 ~~((-))~~ and Chapters 5.32, 5.35, 5.40, 5.45, 5.46, 5.48, 5.50, and 5.52 shall keep and preserve, for a period of five years after filing a tax return, such records as may be necessary to determine the amount of any fee or tax for which the person may be liable; which records shall include copies of all federal income tax and state tax returns and reports made by the person. All books, records, papers, invoices, ticket stubs, vendor lists, gambling games, and payout information, inventories, stocks of merchandise, and other data, including federal income tax and state tax returns, and reports needed to determine the accuracy of any taxes due, shall be open for inspection or examination at any time by the Director or a duly authorized agent. Every person's business premises shall be open for inspection or examination by the Director or a duly authorized agent.

Section 7. Subsection 5.55.150.E of the Seattle Municipal Code, which section was last amended by Ordinance 123899, is amended as follows:

**5.55.150 Appeal to the Hearing Examiner**

E. The Hearing Examiner shall ascertain the correct amount of the tax, fee, interest, or penalty due either by affirming, reversing, or modifying an action of the Director. Reversal or modification is proper if the Director's assessment or refund denial violates the terms of this Chapter 5.55, or Chapters 5.30, 5.32, 5.35, 5.37, 5.40, 5.45, 5.46, 5.48, 5.50, or 5.52.

Section 8. Section 5.55.165 of the Seattle Municipal Code, last amended by Ordinance 123361, is amended as follows:

**5.55.165 Director of Finance and Administrative Services to make rules ((-))**

The Director of Finance and Administrative Services shall have the power and it shall be ~~((his or her))~~ the Director's duty, from time to time, to adopt, publish and enforce rules and regulations not inconsistent with this ~~((chapter))~~ Chapter 5.55, ~~((SMC))~~ Chapters 5.30, 5.32, 5.35, 5.40, 5.45, 5.46, 5.48, 5.50, or 5.52, or with

law for the purpose of carrying out the provisions of such chapters, and it shall be unlawful to violate or fail to comply with, any such rule or regulation.

Section 9. Subsections 5.55.220.A and 5.55.220.B of the Seattle Municipal Code, which section was last amended by Ordinance 124808, are amended as follows:

**5.55.220 Unlawful actions-Violation-Penalties ((-))**

A. It shall be unlawful for any person subject to the provisions of this Chapter 5.55, or Chapters 5.32, 5.35, 5.40, 5.46, 5.45, 5.48, 5.50, and 5.52:

1. To violate or fail to comply with any of the provisions of this Chapter 5.55, or Chapters 5.32, 5.35, 5.40, 5.45, 5.46, 5.48, 5.50, and 5.52, or any lawful rule or regulation adopted by the Director;
2. To make or manufacture any license required by this ((chapter)) Chapter 5.55 except upon authority of the Director;
3. To make any false statement on any license, application, or tax return;
4. To aid or abet any person in any attempt to evade payment of a license fee or tax;
5. To refuse admission to the Director to inspect the premises and/or records as required by this ((chapter)) Chapter 5.55, or to otherwise interfere with the Director in the performance of duties imposed by Chapters 5.32, 5.35, 5.40, 5.45, 5.46, 5.48, 5.50, and 5.52;
6. To fail to appear or testify in response to a subpoena issued pursuant to Section 3.02.120 in any proceeding to determine compliance with this ((chapter)) Chapter 5.55 and Chapters 5.32, 5.35, 5.40, 5.45, 5.46, 5.48, 5.50, and 5.52;
7. To testify falsely in any investigation, audit, or proceeding conducted pursuant to this Chapter 5.55;
8. To continue to engage in any business activity, profession, trade, or occupation after the revocation of or during a period of suspension of a business license tax certificate issued under Section 5.55.030; or

9. In any manner, to hinder or delay the City or any of its officers in carrying out the provisions of this Chapter 5.55 or Chapters 5.32, 5.35, 5.40, 5.45, 5.46, 5.48, 5.50, and 5.52.

B. Each violation of or failure to comply with the provisions of this (~~chapter~~) Chapter 5.55, or (~~SMC~~) Chapters 5.32, 5.35, 5.37, 5.40, 5.45, 5.46, 5.48, 5.50, or 5.52 shall constitute a separate offense. Except as provided in subsection 5.55.220.C, any person who commits an act defined in subsection 5.55.220.A (~~of this section~~) is guilty of a gross misdemeanor, punishable in accordance with (~~SMC~~) Section 12A.02.070. The provisions of Chapters 12A.02 and 12A.04 (~~of the Seattle Municipal Code~~) apply to the offenses defined in subsection 5.55.220.A of this section, except that liability is absolute and none of the mental states described in (~~SMC~~) Section 12A.04.030 need be proved.

Section 10. Subsection 5.55.230.A of the Seattle Municipal Code, which section was last amended by Ordinance 124808, is amended as follows:

**5.55.230 Denial, revocation of, or refusal to renew business license tax certificate**

A. The Director, or the Director's designee, has the power and authority to deny, revoke, or refuse to renew any business license tax certificate or amusement device license issued under the provisions of this (~~chapter~~) Chapter 5.55. The Director, or the Director's designee, shall notify such applicant or licensee in writing by mail in accordance with section 5.55.180 of the denial, revocation of, or refusal to renew, the license and on what grounds such a decision was based. The Director may deny, revoke, or refuse to renew any license issued under this (~~chapter~~) Chapter 5.55 on one or more of the following grounds:

1. The license was procured by fraud or false representation of fact.
2. The licensee has failed to comply with any provisions of this Chapter 5.55.
3. The licensee has failed to comply with any provisions of Chapters 5.32, 5.35, 5.40, 5.45, 5.46, 5.48, 5.50, or 5.52.
4. The licensee is in default in any payment of any license fee or tax under Title 5 or Title 6.
5. The property at which the business is located has been determined by a court to be a chronic

nuisance property as provided in Chapter 10.09.

6. The applicant or licensee has been convicted of theft under Section 12A.08.060.A.4 within the last ten years.

7. The applicant or licensee is a person subject within the last ten years to a court order entering final judgment for violations of RCW 49.46, 49.48, or 49.52, or 29 U.S.C. 206 or 29 U.S.C. 207, and the judgment was not satisfied within 30 days of the later of either:

a. the expiration of the time for filing an appeal from the final judgment order under the court rules in effect at the time of the final judgment order; or

b. if a timely appeal is made, the date of the final resolution of that appeal and any subsequent appeals resulting in final judicial affirmation of the findings of violations of RCW 49.46, 49.48, or 49.52, or 29 U.S.C. 206 or 29 U.S.C. 207.

8. The applicant or licensee is a person subject within the last ten years to a final and binding citation and notice of assessment from the Washington Department of Labor and Industries for violations of RCW 49.46, 49.48, or 49.52, and the citation amount and penalties assessed therewith were not satisfied within 30 days of the date the citation became final and binding.

9. Pursuant to subsection 14.20.070.F (~~(14.20.070.F.6)~~), the applicant or licensee has failed to promptly comply with a final order by the Division Director of the Office of Labor Standards within the Office for Civil Rights issued under Chapter 14.20, for which all appeal rights have been exhausted, and the Division Director of the Office of Labor Standards within the Office for Civil Rights has requested that the Director refuse to issue, refuse to renew, or revoke any business license held or requested by the applicant or licensee. The refusal to issue, refusal to renew, or revocation shall remain in effect until such time as the violation under Chapter 14.20 is remedied.

10. The business is one that requires a license under Title VI and is operating without one or cannot lawfully obtain one at the time of its application.



11. The business has been determined under a separate enforcement process to be operating in violation of law.

Section 11. A new Chapter 5.50 is added to the Seattle Municipal Code as follows:

## **Chapter 5.50 FIREARMS AND AMMUNITION TAX**

### **5.50.010 Administrative provisions**

All of the provisions contained in Chapter 5.55 shall have full force and application with respect to taxes imposed under this Chapter 5.50 except as may be expressly stated to the contrary herein.

### **5.50.020 Definitions**

The definitions contained in Chapter 5.30 of the Seattle Municipal Code shall be fully applicable to this chapter except as may be expressly stated to the contrary herein. The following additional definitions shall apply throughout this Chapter 5.50:

“Ammunition” means any projectiles with their fuses, propelling charges, or primers designed to be fired from firearms. Ammunition shall include any shotgun shell and any rifle, pistol, or revolver cartridge.

“Round of ammunition” means a single unit of ammunition.

“Antique firearm” means a firearm or replica of a firearm not designed or redesigned for using rim fire or conventional center fire ignition with fixed ammunition and manufactured in or before 1898, including any matchlock, flintlock, percussion cap, or similar type of ignition system and also any firearm using fixed ammunition manufactured in or before 1898, for which ammunition is no longer manufactured in the United States and is not readily available in the ordinary channels of commercial trade.

“Family or household member” means “family” or “household member” as used in RCW 10.99.020.

“Firearm” means a weapon from which a projectile or projectiles may be fired by an explosive such as gunpowder.

“Law enforcement officer” includes a general authority Washington peace officer as defined in RCW 10.93.020, or a specially commissioned Washington peace officer as defined in RCW 10.93.020. “Law

enforcement officer” also includes a limited authority Washington peace officer as defined in RCW 10.93.020 if such officer is duly authorized by the officer’s employer to carry a concealed pistol.

“Licensed dealer” means a person who is federally licensed under 18 U.S.C. 923(a).

#### **5.50.030 Tax imposed; rates**

A. There is imposed a tax on every person engaging within the City in the business of making retail sales of firearms or ammunition. The amount of the tax due shall be equal to the quantity of firearms sold at retail and the quantity of ammunition sold at retail multiplied by the applicable tax rates that are stated in Section 5.50.030.B.

B. The tax rate shall be \$25 per firearm sold at retail, \$.02 per round of ammunition that contains a single projectile that measures .22 caliber or less sold at retail, and \$.05 per round of ammunition for all other ammunition sold at retail.

#### **5.50.040 Firearms and ammunition tax - When due**

The tax imposed by this Chapter 5.50 shall be due and payable in accordance with Section 5.55.040 in the same manner as the business license tax under Chapter 5.45. Taxpayers filing and paying their business license tax on a quarterly basis shall file and pay the firearms and ammunition tax on a quarterly basis and taxpayers filing and paying their business license tax on an annual basis shall file and pay the firearms and ammunition tax on an annual basis. Forms for such filings shall be prescribed by the Director. Persons discontinuing their business activities in Seattle shall report and pay the firearms and ammunition tax at the same time as they file their final business license tax return.

#### **5.50.050 Deductions**

A. In computing the tax, the taxpayer may deduct from the measure of the tax all firearms or ammunition:

1. That the taxpayer delivers to the buyer or the buyer's representative at a location outside the State of Washington.

2. That the taxpayer sells to an office, division, or agency of the United States, or the State of Washington or any of its municipal corporations.

B. In computing the tax, the taxpayer may deduct from the measure of the tax all antique firearms.

### **5.50.060 Exemptions**

A. A person who sells no more than one firearm within the City in any quarterly tax reporting period is exempt from the tax on the business of making retail sales of firearms for that period.

B. A person who sells fewer than 50 rounds of ammunition within the City in any quarterly tax reporting period is exempt from the tax on the business of making retail sales of ammunition for that period.

C. A licensed dealer is exempt from the tax for retail sales of firearms in which the licensed dealer's only role is to facilitate sales of firearms between two unlicensed persons by conducting background checks under chapter 9.41 RCW.

Section 12. A new Firearms and Ammunition Tax Fund is hereby created in the City Treasury, to which revenues received from the tax imposed by this ordinance shall be deposited and from which associated expenditures may be paid for the purposes described in Section 13 below.

Section 13. The purpose of the Firearms and Ammunition Tax Fund authorized in Section 12 above is to provide broad-based public benefits for residents of Seattle related to gun violence by funding programs that promote public safety, prevent gun violence and address in part the cost of gun violence in the City. Such public benefits may include, but are not limited to, basic research, prevention and youth education and employment programs, and the administrative costs to manage the fund and make tax system modifications as needed.

Section 14. The Director of Finance is authorized to create other subfunds, accounts, or subaccounts as may be needed to implement the purpose of the Firearms and Ammunition Tax fund as established by this ordinance. The fund shall receive earnings on its positive balances and pay interest on its negative balances.

Section 15. If any part, provision, or section of this ordinance is held to be void or unconstitutional, all

other parts, provisions, and sections of this ordinance not expressly so held to be void or unconstitutional shall continue in full force and effect.

Section 16. Pursuant to RCW 35.21.706, this ordinance is subject to the referendum procedure specified in that state law. A referendum petition may be filed within seven days of the passage of the ordinance with the filing officer of the City, which is hereby designated to be the City Clerk, located on the third floor of City Hall, 600 Fourth Avenue, Seattle, Washington. Within ten days of filing the petition, the City Clerk shall confer with the petitioner concerning the form and style of the petition, issue the petition an identification number, and secure an accurate, concise, and positive ballot title from the City Attorney. The petitioner shall then have thirty days in which to secure the signatures of not less than fifteen percent of the registered voters of the City, as of the last municipal general election, upon petition forms which contain the ballot title and the full text of the measure to be referred. Signed petition forms that are timely submitted to the City Clerk shall be transmitted to the King County Director of Records and Elections who shall verify the sufficiency of the signatures on the petition and report to the City Clerk. If sufficient valid signatures are properly submitted, the City Clerk shall so inform the City Council, which shall submit the referendum measure to the voters at a special election to be held on the next City election date, as provided in RCW 29A.04.330, that occurs not less than forty-five days after the county's report of sufficiency is received by the City Clerk, unless a general election will occur within ninety days of receipt of that report, in which event the proposed ordinance will be submitted at the general election. State law, RCW 35.21.706, provides that the referendum procedure in this section is exclusive and that this ordinance is not subject to any other referendum or initiative process.

Section 17. Sections 1 through 15 of this ordinance shall take effect on January 1, 2016 and the Firearms and Ammunition Tax shall be imposed beginning January 1, 2016 on every person engaging within the City in the business of making retail sales of firearms or ammunition

Section 18. This ordinance shall take effect and be in force 30 days after its approval by the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it shall take effect as provided by Seattle Municipal Code Section 1.04.020.

Passed by the City Council the \_\_\_\_ day of \_\_\_\_\_, 2015, and signed by me in open session in authentication of its passage this \_\_\_\_ day of \_\_\_\_\_, 2015.

\_\_\_\_\_  
President \_\_\_\_\_ of the City Council

Approved by me this \_\_\_\_ day of \_\_\_\_\_, 2015.

\_\_\_\_\_  
Edward B. Murray, Mayor

Filed by me this \_\_\_\_ day of \_\_\_\_\_, 2015.

\_\_\_\_\_  
Monica Martinez Simmons, City Clerk

(Seal)