



Seattle Tax Advisory Group

Meeting Minutes:

Date: Wednesday, December 5th, 2018
10:00 am

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

Attendees:

Joseph Cunha, Tax Administrator, City of Seattle
Mark Watterson, Tax Audit Manager, City of Seattle
Kevin Fitzpatrick, FileLocal Program Manager, City of Seattle

Brian Aragon, Special Projects Team, Amazon
Damian Hunt, Senior Tax Manager, Amazon
Dan Robillard, Director U.S. Indirect Tax, Expedia

Welcome and Introductions. Brian Aragon of Amazon was present on behalf of Damian Hunt for part of the meeting.

FileLocal Update. During the fourth quarter of 2018, the City of Bremerton and Shoreline will be onboarded into FileLocal. The City of Shoreline will start using FileLocal in 2019 when its B&O tax becomes effective. By the second quarter of 2019, FileLocal expects to have one or two additional cities signing onto the FileLocal program. Currently, there are four active cities—Seattle, Bellevue, Tacoma, and Everett.

A question was asked whether or not some cities plan to make FileLocal a requirement for filing city license renewals or taxes. At this time, no cities have made FileLocal or electronic filing a requirement. It was noted that one of the benefits of FileLocal is that a city can choose to have both its license renewals and tax returns filed through FileLocal. BLS, however, is only for business license applications and renewals.

Service Apportionment Task Force (HB 2005, 2017) – Next steps. The joint task force completed its review and recommendation for changing the method of sourcing service receipts under SMC 35.102.130. The recommendations were put together in a report to the Legislature by the Department of Revenue.

On December 4th, 2018, the Department of Revenue briefed the House Finance Committee on the task force's recommendation for changes to the two-factor apportionment methodology for service income. No further news on this has been received by the City. Now, the Cities and AWB will see if the recommendations are introduced as legislation.

Sweetened Beverage Tax Update. The sweetened beverage tax is moving into its fourth quarter. Most returns have been received and processed, and initial numbers indicate that the third quarter will be higher than the second quarter.

Income Tax update. The city had appealed the Superior Court decision, asking for direct review by the Washington State Supreme Court. The five-judge panel that decides whether to accept a case could not come to a unanimous decision whether or not to accept direct review. Therefore, the full bench will determine whether to accept the direct review in early January 2019 based on majority rule—at least five of the nine judges need to vote to move to hear the case for the Supreme Court to accept direct review.