



Seattle Tax Advisory Group

Date: Tuesday, June 1, 2021
10:00 am

Location: WebEx Meeting

Attendees:

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

Dan Robillard, Director U.S. Indirect Tax, Inc., Expedia
MaryAnne Olmstead, Director of Finance and Accounting, Virginia Mason
Marsha McLean, State & Local Tax Compliance Manager, Weyerhaeuser
Sharon Wismeth Johnston, Sr. Tax Manager, Indirect Tax, Starbucks
Tarah McLaughlin, Indirect Tax Compliance, Amazon
Rachel Le Mieux, Partner, BDO USA, LLP

Minutes:

FileLocal update.

- From the original four cities, five additional cities have been added to FileLocal
 - Kent in Q2 2021 (business licenses only) and Auburn with its new B&O tax to be added
- Tax Forms and payments have increased year over year from 2020.
 - 2021 (projected) 213,000 new licenses & renewal – up 47%
 - 2021 (projected) 301M revenue – up 43%
 - COVID 19 has forced more people to file online
- Business sign-up with FileLocal remains around 90% for Seattle and 67% for the other cities

Payroll Expense Tax. Ordinance 126309 amended the PET for the hours method of allocating payroll expense to Seattle.

- Rule hearing on the amended rule scheduled for June 16.
 - Notice posted to the DJC today and stakeholders will be notified on June 2 using email
- We have had 3 public training sessions on the PET in Feb, Mar & Apr
 - Trainings will resume in Late June / early July after rulemaking is finalized
- TAG members were encouraged to provide any feedback on the amended rule that they may have.

Cases that we are monitoring.

- *Lowes v. Washington DOR* – The Supreme Court of the State of Washington (en banc) held that Lowes was entitled to a bad debt deduction for reimbursements paid to a 3rd party creditor for debts not paid by Lowes customers.

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- The Legislature drafted HB 1539 to exclude amounts repaid to 3rd party creditors from the bad debt deduction. The Bill died in committee.
- Sound Inpatient v. City of Tacoma – At issue, in this case, is the service income of the taxpayer in the city prior to 2020 (where contacts with the customer occurred)
 - The hearing examiner determined that SIP had not met its burden of proof and was not entitled to its refund.
 - Sound Inpatient appealed this decision to Superior Court and won
 - City of Tacoma appealed this decision. Initial briefs have been filed with the Appellate Court but no oral arguments have been calendared.
- Seattle Chamber of Commerce v. City of Seattle – On Friday, May 28, oral arguments on Summary Judgement motions were heard by King County Superior Court Judge Mary Roberts via Zoom.
 - Judge Roberts said that she would issue her decision by Friday, June 4.

Open.

Covid Recovery and Seattle – Dan Robillard asked what kind of recovery if any are we seeing.

- There is an expectation that this will be a slow recovery
- Federal American Recovery Plan funds for Seattle have been allocated by the Mayor and council.
- The Governor has stated that the emergency order will be lifted June 30
 - We are currently still working from home with talks happening to open some of the public facing counters in by September