



Seattle Tax Advisory Group

Date: Tuesday, September 5, 2023
10:00 am

Location: Microsoft Teams

Attendees:

Joseph Cunha, Tax Administrator, City of Seattle

Mark Watterson, Tax Audit Manager, City of Seattle

Kevin Guichon, Tax Policy Analyst, City of Seattle

Eric Ng, Starbucks, Senior Manager, Global Indirect Tax

MaryAnne Olmstead, Director of Finance and Accounting, Virginia Mason

Tarah McLaughlin, Director, State & Local Tax, Amazon

Sharon Wismeth Johnston, Sr. Tax Manager, Indirect Tax, Starbucks

Stephanie Gilfeather, Director U.S. Indirect Tax, Inc., Expedia

Marsha McLean, State & Local Tax Compliance Manager, Weyerhaeuser

Minutes:

1. Welcome and introductions.

-n/a-

2. Payroll Expense Tax.

Training. The city has been holding quarterly payroll expense tax trainings. The trainings are still receiving strong interest and attendance. Last attendance had approximately 60 attendees out of approximately 100 that had registered. The city plans to continue the quarterly trainings if attendance is strong.

3. Legislation.

No substantial legislation came out of this last legislative session that affected the cities. One bill, E2SSB 5199 (2023), exempts gross income from the activities of printing/publishing a newspaper and the publishing of eligible digital content from state B&O tax. E2SSB 5199 updates RCW 35.102.150 by stating the activities subject to sourcing to the place where the business is directed or managed are those newspaper printing/publishing and digital content printing/publishing activities that are exempt from state B&O tax. The cities do not expect any notable impact from E2SSB 5199 (2023). However, E2SSB 5199 will require an update to the cities' business and license tax revised model ordinance. E2SSB 5199's effective date is January 1, 2024.

4. Rule Updates.

This summer, the City of Seattle promulgated 5 amended and 2 new director's rules. On July 11, 2023, the city held a public hearing and requested comment regarding the proposed rules. Three persons attending the public hearing. The city received no written comments with respect to the 7 proposed rules. On August 7, 2023, the city published the final rules.

No.	Seattle Dir. Rule No.	Subject
	Amended	
1.	5-007	Penalties
2.	5-133	Warranties and service agreements
3.	5-500	Computer software
4.	5-501	Computer hardware
5.	5-502	Information services and computer related services
	New	
6.	5-503	Digital Products
7.	5-990	Information Requests Aggregation and Confidentiality

5. Open items / questions

- A. Tarah McLaughlin asked about PET electronic filing and an "ACH credit." Mark Watterson responded that the city understands Tarah's concerns and continues to review the request.
- B. Stephanie Gilfeather requested that the city identify the seven rules promulgated in 2023 and send a link allowing her to locate them.
- C. Stephanie Gilfeather explained that DOR has proposed three bills for introduction for the 2024 legislative session and asked whether the city was contemplating new tax legislation. Joseph Cunha responded that
 - (1) Seattle City Council Member, Alex Pedersen, proposed a capital gains tax and a repeal of the city's drinking water tax.
 - (2) Seattle City Council has passed legislation to protect app-based workers
 - i. Minimum wage protections
 - ii. Paid sick and safe leave and
 - iii. Deactivation due process protections.

The city council is considering introducing a network company tax to provide a source of revenue to fund the app-based worker protection ordinances administered by OLS.

- D. Eric Ng asked whether the city is considering a high paid CEO tax. Joseph Cunha responded that the city had formed a revenue stabilization work group with participation by several stakeholders. The revenue stabilization work group had considered revenue alternatives to address the projected city budget deficit. The work group has published a report. In the report, as one of the revenue recommendations is a highly compensated employee tax.
- E. Sharon Wismeth Johnston asked whether the City of Seattle's proposed capital gains tax imposes the tax upon real property. Joseph Cunha responded that he would defer answering the question at this time since the proposed city capital gains tax has not yet been formally introduced before the city council.