

**Date:** Tuesday, December 3, 2024  
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

Marsha McLean, State & Local Tax Compliance Manager, Weyerhaeuser

Sharon Wismeth Johnson, Director, Global Indirect Tax, Starbucks

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

**Minutes:**

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**1. Welcome / Introductions**

-n/a-

**2. City Legislation Updates**

A. Seattle Gambling Tax

Mark Watterson –

SMC 5.52 imposes a tax upon engaging in gambling activity including sales of punch boards, pull tabs, and engaging in fund-raising events.

A recent ordinance eliminates the tax on nonprofits with respect to bingo games and raffles.

The cost of administration of the gambling tax imposed on nonprofit organizations with respect to bingo games and raffles was higher than the revenue generated. Further, the bingo and raffle gambling tax imposed on nonprofit organizations reduced the funds that the nonprofits had to allocate to their organization priorities.

Joseph Cunha – The fiscal impact of the gambling tax amendments is approximately (\$90,000) per year.

B. I-137 – Social Housing Initiative

Joseph Cunha – The Seattle City Council voted to move voter consideration of I-137 to a special election on Feb. 11, 2025. In addition to the excess compensation tax in I-137, the council also included an alternative which would allocate --\$10 million dollars from revenue generated by the Seattle Payroll Expense tax to fund the social housing project.

If the voters pass the I-137 social housing tax, it will be effective Jan. 1, 2025, and it will be retroactive.

If the voters pass the I-137 then City Finance will engage in outreach and engage in a stakeholder process.

If voters do not pass I-137, then the city need not take any action.

C. City Tax Proposals Considered by the Select Budget Committee

Joseph Cunha--

The Seattle City Council's select budget committee considered

1. Professional services tax
2. Digital advertising tax

Stephanie Gilfeather--Is the city going to delay substantive consideration of a digital ad tax until the Maryland advertising tax litigation is resolved? Will the ITFA preclude Maryland's ad tax? We may see the resolution of the Maryland digital ad tax litigation by the end of 2025.

Joseph--there isn't more information at this time other than the tax was considered. We have to wait and see if there is further discussion on it.

Stephanie Gilfeather--Requests that the city reach out if the council considers a digital advertising tax in 2025. She identified issues related to such a tax that the city may find prudent to consider that relate to digital advertising taxes.

**3. Payroll Expense Tax Q1 2025 Training**

The City is continuing to complete the PET trainings quarterly. The city continues to see good participation at the PET trainings.

**4. Payroll Expense Tax CPI Adjustments for 2025**

The city has published the 2025 CPI adjustments on its website for review by any interested persons.

**5. Open items/questions**