



BUSINESS OF THE CITY COUNCIL CITY OF MERCER ISLAND

AB 5679
April 7, 2020
Regular Business

AGENDA BILL INFORMATION

TITLE:	AB 5679: B&O Tax Payment Deferral	<input type="checkbox"/> Discussion Only
RECOMMENDED ACTION:	Adopt Ordinance 20C-05 amending Business and Occupation Tax Payment Due Dates in MICC 4.10.110(A) during a declared emergency.	<input checked="" type="checkbox"/> Action Needed: <input type="checkbox"/> Motion <input checked="" type="checkbox"/> Ordinance <input type="checkbox"/> Resolution

DEPARTMENT:	City Manager
STAFF:	Alison Van Gorp, Policy Group Lead
COUNCIL LIAISON:	n/a
EXHIBITS:	1. Ordinance No. 20C-05
CITY COUNCIL PRIORITY:	n/a

AMOUNT OF EXPENDITURE	\$ n/a
AMOUNT BUDGETED	\$ n/a
APPROPRIATION REQUIRED	\$ n/a

SUMMARY

The City has heard from the Mercer Island Chamber of Commerce as well as a number of local businesses that the COVID-19 emergency is causing undue hardship to local Mercer Island businesses. City staff have identified relief options to support local business within state and federal regulation requirements.

Per [chapter 4.10](#) MICC, the City charges a Business and Occupation (B&O) Tax on gross revenues earned within City limits during each tax year. For businesses earning gross receipts of at least \$250,000 per quarter, the tax is paid quarterly. All other businesses who earn annual gross receipts of \$150,001 or more pay the B&O tax annually. State legislation passed in 2019 changed the filing deadline for B&O tax annual filers to April 15, aligning with Federal tax reporting deadlines.

For businesses that make quarterly B&O tax payments, staff recommends amending the city code to give the City the ability to extend the deadline for payment. Such an amendment would allow applicable businesses the option to submit first and second quarter B&O tax returns for 2020 by October 31, 2020.

Ordinance 20C-05 (Exhibit 1) gives the Finance Director during a declared emergency the ability to extend the payment deadline through the end of 2020, depending on evolving economic conditions. In 2021, payment deadlines would return to the regular quarterly schedule. The City will rely on cash reserves to float City operations due to delayed tax revenues and to sustain the City's emergency response.

Taking action to extend the B&O tax filing and payment deadline for quarterly filers will help distressed businesses manage the use of scarce cash resources during the COVID-19 emergency.

RECOMMENDATION

1. Suspend the City Council Rules of Procedures Section 6.3 requiring a second reading of an ordinance.
2. Adopt Ordinance No. 20C-05, amending MICC 4.10.110(A) related to business and occupation tax payment due dates.