



BUSINESS OF THE CITY COUNCIL CITY OF SNOQUALMIE

AB24-027
February 12, 2024
Ordinance

AGENDA BILL INFORMATION

TITLE:	AB24-027: Ordinance Amending SMC Chapters 5.04 and 5.08 Regarding Business Licenses and Business and Occupation Tax	<input type="checkbox"/> Discussion Only
PROPOSED ACTION:	Approve Ordinance No. 1288 Amending SMC Chapters 5.04 and 5.08 Regarding Business Licenses and Business and Occupation Tax	<input checked="" type="checkbox"/> Action Needed: <input type="checkbox"/> Motion <input checked="" type="checkbox"/> Ordinance <input type="checkbox"/> Resolution

REVIEW:	Department Director	Drew Bouta	1/31/2024
	Finance	Janna Walker	2/1/2024
	Legal	David Linehan	2/1/2024
	City Administrator	Mike Chambless	Click or tap to enter a date.

DEPARTMENT:	Finance		
STAFF:	Drew Bouta, Finance Director		
COMMITTEE:	Finance & Administration	COMMITTEE DATE: February 6, 2024	
EXHIBITS:	1. Ordinance Amending SMC Chapters 5.04 and 5.08 – Clean Version 2. Ordinance Amending SMC Chapters 5.04 and 5.08 – Redline Version		

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

SUMMARY

INTRODUCTION

The intent of this agenda bill is to amend Snoqualmie Municipal Code (SMC) chapters 5.04 and 5.08 to reflect the latest Associated of Washington Cities (AWC) model ordinance regarding business and occupation (B&O) taxes. The model ordinance was revised in 2019 and 2023 to reflect changes in state law and to promote uniformity and foster an equitable business environment.

LEGISLATIVE HISTORY

In 2003, the Washington State Legislature adopted a bill that required 45 cities with local B&O taxes at the time to adopt a city B&O tax model ordinance ([RCW 35.102](#)). A 2008 update to the model required cities that levy the B&O tax to allow for “allocation and apportionment” to minimize concerns over multiple taxation. In 2017, the Washington State Legislature adopted [EHB 2005](#) establishing a task force of city and business representatives to recommend changes to the two-factor apportionment formula for service income under [RCW 35.102.130\(3\)](#). To incorporate the changes recommended by the task force and passed by the State Legislature in HB 1403 regarding service apportionment rules and HB 1059 regarding annual tax filers, the

model ordinance was updated. The model ordinance was further revised in 2023 to account for the passage of [SB 5199](#) which changed the definition of printing and publishing income.

ANALYSIS

This agenda bill will update SMC Chapters 5.04 and 5.08 ensuring compliance with state law and the provisions of the model B&O tax ordinance. Exhibit 2 shows the redline version of these updates. Blue text reflects the 2019 model ordinance and minor code cleanup, while the changes shown in red text are the 2023 required changes for printing and newspaper/periodical publishing.

BUDGET IMPACTS

The amendments to SMC 5.04 and 5.08 regarding B&O taxes are not anticipated to have a significant effect on revenues within the 2023-24 Biennial Budget.

NEXT STEPS

This is the first reading of this ordinance. Council may choose to waive the second reading of Ordinance No. 1288 and adopt it immediately, or consider the second reading on February 26, 2024, at which time Council may choose to adopt the ordinance.



Motion to waive Council Rule of Procedure 9.6.2.2 and adopt Ordinance No. 1288 on first and final reading.

OR

Motion to authorize the first reading pertaining to adoption of Ordinance No. 1288 Amending SMC Chapters 5.04 and 5.08 Regarding Business Licenses and Business and Occupation Tax and set forth the second reading and adoption at the February 26, 2024, City Council meeting.