



**BUSINESS OF THE CITY COUNCIL  
CITY OF SNOQUALMIE**

**AB24-005  
January 4, 2024  
Ordinance**

**AGENDA BILL INFORMATION**

<b>TITLE:</b>	AB24-005: Ordinance Amending SMC 5.04.050 (B&O Tax Increase)	<input type="checkbox"/> Discussion Only <input type="checkbox"/> Action Needed: <input type="checkbox"/> Motion <input checked="" type="checkbox"/> Ordinance <input type="checkbox"/> Resolution
	<b>PROPOSED ACTION:</b>	

<b>REVIEW:</b>	Department Director	Drew Bouta	12/27/2023
	Finance	Janna Walker	12/27/2023
	Legal	David Linehan	12/29/2023
	City Administrator	Mike Chambless	1/2/2024

<b>DEPARTMENT:</b>	Finance		
<b>STAFF:</b>	Janna Walker, Budget Manager		
<b>COMMITTEE:</b>	Finance & Administration	<b>COMMITTEE DATE:</b> January 2, 2024	
<b>EXHIBITS:</b>	1. Ordinance XXXX 2. Effect of B&O Taxes on Local Businesses		

<b>AMOUNT OF EXPENDITURE</b>	\$ n/a
<b>AMOUNT BUDGETED</b>	\$ n/a
<b>APPROPRIATION REQUESTED</b>	\$ n/a

**SUMMARY**

**INTRODUCTION**

Snoqualmie Municipal Code (SMC) authorizes a Business & Occupation (B&O) Tax of 0.15% on businesses making over \$5,000 within a fiscal quarter or \$20,000 within a fiscal year. The Revised Code of Washington (RCW) allows a B&O tax up to 0.20%, unless a higher percentage is authorized by voters. This agenda bill seeks to increase the current 0.15% B&O tax by 0.05%, bringing the total B&O sales tax to the current councilmanic maximum of 0.20%.

**LEGISLATIVE HISTORY**

Chapter 5.04.050 of SMC establishes a tax of fifteen one-hundredths of one percent (0.15%). RCW 35.21.710 grants cities the authority to raise this tax to a maximum rate of twenty one-hundredths of one percent (0.20%), unless a higher tax rate is approved by a simple majority of voters.

This section of the SMC was amended by Ordinance 982 on August 22, 2005 to exempt from B&O taxes any person whose gross proceeds of sales, gross income of the business, from all activities conducted within the city during any calendar year is equal to or less than \$20,000, or is equal to or less than \$5,000 during any quarter if on a quarterly reporting basis.

**ANALYSIS**

Enacting this B&O tax early in 2024 would likely result in the following increased B&O tax revenue, assuming the tax goes into effect for the second quarter of 2024, with inflation based on the CPI-U estimate from King County’s Office of Economic & Financial Analysis:

**Increased Revenue from the B&O Tax (0.15% to 0.20%):**

2024	2025	2026	2027	2028
123,000	253,000	260,000	267,000	274,000

**BUDGET IMPACTS**

This Agenda Bill relates to revenue and will increase revenues within the Biennial budget. However, it will not increase expenditures and no budgetary amendment is required.

**NEXT STEPS**

This is the first reading of this ordinance. Council may choose to waive the second reading of Ordinance No. XXXX and adopt it immediately, or consider the second reading on January 8, 2024 at which time Council may choose to adopt the ordinance at that time.

**PROPOSED ACTION**

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

OR

Motion to authorize the first reading pertaining to adoption of Ordinance No. XXXX Amending SMC 5.04.050.