

**CITY OF BURIEN  
AGENDA BILL**

<b>Agenda Subject:</b> Discussion of Business & Occupation Tax		<b>Meeting Date:</b> July 11, 2011
<b>Department:</b> Finance	<b>Attachments:</b>	<b>Fund Source:</b> N/A <b>Activity Cost:</b> N/A <b>Amount Budgeted:</b> N/A <b>Unencumbered Budget Authority:</b> N/A
<b>Contact:</b> Kim Krause, Finance Director		
<b>Telephone:</b> (206) 439-3150		
<b>Adopted Initiative:</b> Yes      No    X	<b>Initiative Description:</b>	
<b>PURPOSE/REQUIRED ACTION:</b>		
The purpose of this agenda item is for Council to discuss the City's Business & Occupation Tax small business taxation threshold.		
<b>BACKGROUND (Include prior Council action &amp; discussion):</b>		
On March 28, 2011, Councilmember Robison requested a report on the City's Business & Occupation Tax and asked that the City consider raising the small business taxation threshold. On May 9, 2011, staff presented an analysis of the City's Business & Occupation Tax. Council requested that staff return with this item for further discussion to consider raising the Business & Occupation Tax small business taxation threshold and waiving the filing requirement for businesses under the threshold.		
The City's current small business taxation threshold is \$100,000 in gross receipts with a minimum of \$20,000 for activities conducted in Burien. As previously presented, the City receives approximately \$30,000 in revenue from businesses reporting less than \$200,000 in gross receipts. Forty-one percent of this revenue is derived from businesses located outside Burien city limits. The cost of processing these returns is \$7.22 each, for an annual cost of approximately \$16,600. Staff researched Council's request to waive the filing requirement for small businesses and determined that the State's model ordinance requires that all businesses file an annual return. All B&O Tax cities are required to comply with the provisions of the model ordinance which was enacted by the Washington State Legislature in 2003. The City of Burien revised the B&O Tax Ordinance to comply with the model ordinance in December 2004.		
If the small business taxation threshold is raised to \$200,000, General Fund revenue will be reduced by about \$30,000. The City is unable to offset the revenue reduction by waiving the requirement for small businesses to file their annual return.		
<b>OPTIONS (Including fiscal impacts):</b>		
N/A		
<b>Administrative Recommendation:</b> Hold discussion.		
<b>Committee Recommendation:</b> N/A		
<b>Advisory Board Recommendation:</b> N/A		
<b>Suggested Motion:</b> None required.		
Submitted by: Kim Krause		
<b>Administration</b>		<b>City Manager</b>
<b>Today's Date:</b> July 5, 2011		<b>File Code:</b> \\File01\records\CC\Agenda Bill 2011\071111ad-1 business & occupation tax.docx

