

August 7, 2017

CITY COUNCIL AGENDA MEMORANDUM

SUBJECT

Resolution authorizing execution of Amendment No. 1 to the Washington Multi-City Business License and Tax Portal Agency Interlocal Agreement between the Cities of Bellevue, Everett, Seattle and Tacoma to amend the agency cost allocation for 2019-2021.

FISCAL IMPACT

On December 2, 2013, Council adopted Ordinance No. 6138 that established the Multi-City Business License and Tax Portal “FileLocal” Interlocal Agreement (ILA) and related Articles of Incorporation with the Cities of Bellevue, Everett, Seattle, and Tacoma. As part of this agreement, FileLocal is supported by a fee allocation between the four cities through 2018 of Bellevue 10 percent, Everett 5 percent, Seattle 69 percent, and Tacoma 16 percent. This fee arrangement is to change in 2019 to a new model based on actual use. As Seattle and Everett have not fully transitioned over to FileLocal, transitioning to an actual use model would adversely increase Bellevue’s portion to 46 percent. The city is seeking an amendment to delay the implementation of the new fee schedule for three years, thus continuing the existing fee schedule for an additional three years for Bellevue to remain at 10 percent share. The FileLocal board has approved the amendment to continue at the existing rate structure.

There is no new fiscal impact to this amendment. The impacts from the existing agreement have been budgeted in 2017 and 2018, and will be requested in future budget processes.

STAFF CONTACTS

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POLICY CONSIDERATION

The Interlocal Cooperation Act (RCW 39.34) permits local governments to make the most efficient use of their powers by enabling cooperation with other public entities based on mutual advantage to provide services and facilities.

Per the terms of the original ILA, any amendment that changes principal contribution responsibilities requires consent of the legislative authorities of all the Principals.

BACKGROUND

Over the past seven years the cities of Bellevue, Everett, Seattle, and Tacoma have been collaborating to simplify business registration, filing taxes, and address stakeholder concerns over filing taxes in multiple jurisdictions. The result of these efforts was an entity called FileLocal. FileLocal is now a one-stop, hassle-free, fully secure website that makes it easy for businesses to get and renew their city business licenses and to calculate and pay local B&O taxes for participating cities. This joint entity was set up by eGov systems by an ILA in 2013 with Ordinance 6138. In the original ILA, the cost allocation for 2019-2021 was intended to be increased based on a formula that takes into account actual counts of tax filings

in the system. Because Seattle and Everett have not fully converted their tax filings to the Portal, using this formula would significantly increase costs to Tacoma and Bellevue. This amendment will retain the 2014-2018 cost allocation in the original agreement for the years 2019-2021 and allow for the continuation of the original allocation formula based on the 2012 historical transaction count so that Tacoma and Bellevue will not be adversely affected.

The 2012 historical transaction count percentage, which has been used to allocate costs for years 2014-2018, is as follows: Bellevue 10 percent, Everett 5 percent, Seattle 69 percent, and Tacoma 16 percent. If the city were to move to using actual counts, the allocation percentages are materially different: Bellevue 46 percent, Everett 4 percent, Seattle 3 percent, and Tacoma 47 percent. These differences are a result of Seattle's and Everett's delay in fully implementing the Portal in their respective City's. This amendment extends the use of the 2012 historical transaction counts by three years to allow additional time for Seattle and Everett to fully implement and not adversely affect Tacoma and Bellevue during the delay.

If the cost allocation were to change to 46 percent for Bellevue's allocation, the City's portion would increase from \$76,220 to \$338,191 on average for years 2019 through 2021.

EFFECTIVE DATE

If approved, this Resolution becomes effective immediately upon Council adoption.

OPTIONS

1. Adopt the Resolution authorizing execution of Amendment No. 1 to the Washington Multi-City Business License and Tax Portal Agency Interlocal Agreement between the Cities of Bellevue, Everett, Seattle and Tacoma to amend the agency cost allocation for 2019-2021.
2. Do not adopt Resolution and provide alternative direction to staff.

RECOMMENDATION

Option 1

MOTION

Move to adopt Resolution No.9298 authorizing execution of Amendment No. 1 to the Washington Multi-City Business License and Tax Portal Agency Interlocal Agreement between the Cities of Bellevue, Everett, Seattle and Tacoma to amend the agency cost allocation for 2019-2021.

ATTACHMENTS

Proposed Resolution No. 9298

AVAILABLE IN COUNCIL DOCUMENT LIBRARY

- A. Resolution FL2017-04
- B. File Local Inter Local Agreement Amendment #1