

CITY COUNCIL REGULAR SESSION

Ordinance ratifying and confirming Order #1 Pursuant to Proclamation of Emergency of March 3, 2020, and amending Ordinance 5436, Section 1, as previously amended, to extend deadline for certain Business and Occupation tax payments.

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EXECUTIVE SUMMARY

On March 20, 2020 the Mayor signed Order #1 Pursuant to Proclamation of Emergency of March 3, 2020 (Attachment A) directing City of Bellevue staff to offer tax relief by extending the B&O tax filing deadline for small businesses due to the financial impacts that small businesses are experiencing related to the COVID-19 outbreak. Per Bellevue City Code (BCC) 9.22.020, the Order must be presented to the City Council for ratification and confirmation. If not so ratified and confirmed, the Order shall be void.

RECOMMENDATION

Move to adopt Ordinance No. 6506.

BACKGROUND/ANALYSIS

The COVID-19 virus has been classified by the World Health Organization as a worldwide pandemic. It has broadly spread, significantly increasing the threat of serious associated health risks in Washington State and elsewhere. In response, federal, state and local governments have taken a number of actions to slow the spread of the virus. Initially those included guidance encouraging social distancing. Most recently, on March 23, 2020, Governor Inslee issued a "Stay Home – Stay Healthy" Order directing all Washingtonians, with limited exceptions, to stay in their homes until midnight on April 6, and ordering all nonessential businesses to cease operating until midnight on April 8.

The economic impact of these actions to businesses in and around the City of Bellevue has been substantial. Local small businesses have reported laying off employees, experiencing severe revenue losses, dealing with lost business due to declines in foot traffic of thousands of employees working from home, and having to close their business. These impacts are being felt across all industry sectors, including retail, restaurant, hospitality, transportation, logistics, arts and culture, and many more.

BCC 4.03.040(A) requires B&O tax payments for the first quarter of 2020 to be paid on or before April 30, 2020 and requires subsequent payments to be due within thirty (30) days of the end of each quarter.

On March 3, 2020, the Bellevue City Mayor, pursuant to the authority granted by BCC 9.22.010, proclaimed that a civil emergency exists within the City of Bellevue due to the COVID-19 outbreak.

BCC 9.22.020 authorizes the Mayor, during the existence of such proclaimed emergency, to issue such orders as are imminently necessary for the protection of life and property.

With the extreme revenue losses of local small businesses which is impacting their cash flow, on March 20, 2020 the Mayor issued Order #1 Pursuant to Proclamation of Emergency of March 3, 2020. The Order provides cash flow relief to businesses that reported \$5 million or less of taxable gross receipts in 2019 by allowing them to defer payment of their first and second quarter B&O tax until October 31. This relief is not a reduction in tax assessment. It is an automatic deferment to all local small businesses to assist them in retaining or regaining their business during the pandemic. If a business reported greater than \$5 million in taxable gross receipts in 2019 and is therefore not qualified for the automatic deferment, the business can request a filing extension by emailing tax@bellevuewa.gov in accordance with BCC 4.03.050(c).

BCC 9.22.020 requires that Order #1 be presented to the City Council for ratification and confirmation at the earliest practical time. If the Order is not so ratified and confirmed, it shall be void.

This Ordinance, if adopted, would ratify and confirm Order #1, and would amend the tax code to reflect the deferral in the Order.

POLICY & FISCAL IMPACTS

Policy Impact

Ratification and confirmation of Order #1 would assist small businesses in protecting their property as a result of the COVID-19 virus.

Fiscal Impact

There is no fiscal impact due to the timing of payments as Order #1 allows for a deferment of tax payment, not a reduction of tax payments, due to the City in fiscal year 2020.

OPTIONS

1. Adopt the Ordinance ratifying and confirming Order #1 Pursuant to Proclamation of Emergency of March 3, 2020, and amending Ordinance 5436, Section 1, as previously amended, to extend deadline for certain Business and Occupation tax payments.
2. Do not adopt the Ordinance and provide alternative direction to staff.

ATTACHMENTS & AVAILABLE DOCUMENTS

A. Order #1 Pursuant to Proclamation of Emergency of March 3, 2020
Proposed Ordinance No. 6506

AVAILABLE IN COUNCIL LIBRARY

N/A