



TO: Elizabeth Pauli, City Manager
FROM: Danielle Larson, Tax & License Manager, Finance Department
 Andy Cherullo, Finance Director
COPY: City Council and City Clerk
SUBJECT: Ordinance – Chapter 6A.30.065 Amendments – Green Jobs Credit – December 12, 2023
DATE: November 27, 2023

SUMMARY AND PURPOSE:

An ordinance amending Sub-Title 6A of the Municipal Code, entitled Tax Code, by amending Chapter 6A.30, relating to business & occupation (B&O) tax job credits to narrow the definition of a green job and increase the value of the green job tax credit from \$250/year to \$1,000/year; and amending various sections throughout 6A.30, to update language, address areas of inconsistency and comply with state law.

BACKGROUND:

The Finance Department’s Tax & License Division recommendation is based on aligning the B&O job tax credit with the objectives of the Tacoma Green Economic Development Strategy by narrowing the definition of a green job.

Tacoma Municipal Code Chapter 6A.30 establishes tax credits for new permanent jobs created in Tacoma. The credit is available to businesses to offset Business & Occupation tax for a period of five years. The credit ranges from \$500 - \$1,500/year.

| Job Credit | Amount |
|-----------------------|---|
| Full-Time Family Wage | \$500 |
| Tacoma Resident | \$500 |
| Green Job | \$250 |
| Empowerment Zone | \$250 |
| Work Opportunity | \$1,000 (currently under Council consideration) |

Additionally, the recommendation is based on a comprehensive review of Title 6. An extensive review is conducted approximately every five years to ensure code language is clear in application, up to date with current practice and administratively workable.

The Government Performance and Finance Committee voted unanimously on November 21, 2023 to move this proposal forward to the full City Council.

COMMUNITY ENGAGEMENT/ CUSTOMER RESEARCH:

If approved by Council, Tacoma based businesses will be notified of the changes to the Green Job tax credit.

2025 STRATEGIC PRIORITIES:

Equity and Accessibility: (Mandatory)

The jobs tax credit is intended to incentivize new jobs, creating new opportunities for residents of diverse income levels and race/ethnicity. Additionally review of the Tax & License code on regular intervals allows staff to use equity and bias training to review the code through an equity lens. While many sections pertain to requirements on



businesses and administrative functions, reviewing these through an equity lens allows for removal or changes to code language that would impact the City’s equity and anti-racist efforts.

Economy/Workforce: *Equity Index Score:* Moderate Opportunity
Increase positive public perception related to the Tacoma economy.
Increase the number of diverse livable wage jobs.

Education: *Equity Index Score:* Moderate Opportunity
Increase the number of college students that find employment and remain in Tacoma after post-secondary completion.

Livability: *Equity Index Score:* Moderate Opportunity
New definition of a green job includes targeted industry sectors that include clean energy, green products, industrial symbiosis and maritime.
Increase positive public perception of safety and overall quality of life

Explain how your legislation will affect the selected indicator(s).
Providing a tax incentive to businesses to establish new green jobs could help increase the number of new jobs in the city and expand employment opportunities for individuals. In addition, this jobs tax credit could help the City meet the goals of the Tacoma Green Economic Development Strategy.

ALTERNATIVES:

| Alternative(s) | Positive Impact(s) | Negative Impact(s) |
|---|--|--|
| 1. Retain current “green job” definition. | No fiscal impact. | Does not assist the Tacoma Green Economic Development Strategy in reaching their goals |
| 2. Adopt a lower amount of credit | Less fiscal impact to the General Fund | May not incentivize businesses to add new green jobs to their workforce |

STAFF/SPONSOR RECOMMENDATION:

Staff recommends Council pass the Ordinance to amend Tacoma Municipal Code Chapter 6A.30.065 related to B&O tax job credit to narrow the definition of a green job and increase the amount of the green job tax credit from \$250 to \$1,000 and to amend various sections throughout 6A.30, to update language, address areas of inconsistency and comply with state law.

FISCAL IMPACT:

There will be an estimated decrease to the General Fund in 2024 of \$13,000 with the changes to the green job definition and increase to the amount of the credit from \$250 to \$1,000.

| Fund Number & Name | COST OBJECT (CC/WBS/ORDER) | Cost Element | Total Amount |
|---|----------------------------|--------------|--------------|
| 1. 0010 General Fund – B&O Tax Job Credit | 106500 | 4316500 | (\$13,000) |



| | | | |
|-------|--|--|--|
| TOTAL | | | |
|-------|--|--|--|

What Funding is being used to support the expense?

Are the expenditures and revenues planned and budgeted in this biennium's current budget?

YES

Click or tap here to enter text.

Are there financial costs or other impacts of not implementing the legislation?

NO

Will the legislation have an ongoing/recurring fiscal impact?

YES

If passed, this tax credit would be available each year for new "green job" positions created and filled. Businesses that qualify for the tax credit will be eligible for five years of tax credit if the position remains filled.

Will the legislation change the City's FTE/personnel counts?

NO