



ORDINANCE NO. 28481

1 BY REQUEST OF COUNCIL MEMBER LONERGAN

2 AN ORDINANCE relating to the City's tax code; amending Section 6A.30.065
3 of the Municipal Code, entitled "Job Credits," to establish a new credit in
4 the amount of \$500, which local businesses can use against their City
5 business and occupation taxes, for qualifying positions created on or
6 after January 1, 2018, that are filled by residents of Tacoma.

6 WHEREAS, in 1999, the City established the Job Credit as part of an
7 incentive tax program to encourage growth among existing business and to attract
8 new businesses to Tacoma, and

9 WHEREAS a \$500 tax credit was established for every new, permanent
10 full-time position added to a workforce that pays at least a "family wage," and
11

12 WHEREAS, if the qualifying position provides international services and is
13 located in a community empowerment zone as defined in RCW 43.31C.010, an
14 additional \$250 credit is available, and

15 WHEREAS the credit is available for five consecutive calendar years, and to
16 remain eligible for the credit, a business must keep the new, full-time permanent
17 position for all five consecutive years; since 2001, a total of 2,833 new positions
18 qualified for the \$500 Job Credit, and
19

20 WHEREAS the City desires to establish a new Job Credit targeted at hiring
21 Tacoma residents, and
22

23 WHEREAS the proposed Job Credit would provide Tacoma businesses a
24 new additional \$500 credit towards their local business and occupation taxes, and
25 would apply when a new "qualifying employment position," as defined in Tacoma
26 Municipal Code 6A.30.065, is filled by an employee who resides in Tacoma, and



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WHEREAS the new credit is allowed for qualifying positions created on or after January 1, 2018; Now, Therefore,

BE IT ORDAINED BY THE CITY OF TACOMA:

Section 1. That Section 6A.30.065 of the Tacoma Municipal Code, relating to Job Credits, is hereby amended as set forth in the attached Exhibit "A."

Section 2. That the new credit is allow for qualifying positions created on or after January 1, 2018.

Passed _____

Mayor

Attest:

City Clerk

Approved as to form:

Deputy City Attorney



EXHIBIT "A"

1 **6A.30.065 Job credits.**

2 A. Intent.

3 It is the intent of the City Council to encourage growth and attract new businesses to the City.
4 To that end, the City Council finds that an incentive measured by a business's growth in jobs is
5 a meaningful method of attracting and retaining such businesses. Therefore, the incentive in this
6 section is specifically targeted at new full-time positions.

7 ~~A basic credit is made available to all businesses located in the City, while an additional credit
8 is made available to Tacoma businesses eligible for the job credit allowed by the State
9 Department of Revenue under RCW 82.04.44525, relating to new employment for international
10 services activity in eligible areas.~~

11 B. Definitions for the purposes of this section:

12 1. "Eligible person" means a person or company who resides in the City and is engaging in a
13 business activity within the City.

14 2. "Family wage," beginning January 1, 2018, is \$19.77 an hour. The amount will be adjusted
15 annually on January 1, by an amount equal to the increase in the Consumer Price Index ("CPI")
16 for Urban wage earners, Tacoma-Seattle area, using the CPI from October of the prior year. If
17 the CPI increase is more than 5 percent, a 5 percent increase will be used in computing the
18 basis. If the CPI decreases, no adjustment to the wage will be made.

19 3. "Qualified employment position" means a permanent, full-time position with compensation
20 of at least a "family wage" within 12 months after the date of hire (allowing for training time
21 and a probation period). If an employee is either voluntarily or involuntarily separated from
22 employment, the employment position is considered filled on a full-time basis during a period
23 not to exceed three months if the employer is actively recruiting a replacement employee.

24 4. "Resident" means a person who lives inside the city limits of Tacoma with the intent to
25 remain.

26 C. Credit.

~~B.~~ Subject to the limits in this section, an eligible person is allowed a credit against the tax due
under this chapter. The credit is based on a qualified employment position located within the
City.

~~1. The basic credit shall be \$500 for each qualified employment position within the City, and
2. an additional \$250 for each qualified employment position within the City eligible for a credit
3. under RCW 82.04.44525, which positions were created after the effective date of this section.~~

2. An additional \$250 is available for each qualified employment position within the City
eligible for a credit under RCW 82.04.44525.

3. An additional \$500 is available for each qualified employment position meeting the
requirements of the basic credit and where the employee hired to fill the position is a resident of
Tacoma.

4. No application is necessary for the tax credit; however, information must be submitted for
each new employee position for which credit is requested, and included with the first tax return



in which the credit is claimed. The person must keep records necessary for the City to verify eligibility under this section. This information includes:

1 a. Employment records, including Washington State and federal tax returns, for the current year and previous five years;

2 b. Information relating to description of business activity engaged in at the eligible location by the employee; and

3 c. Employee records, including documentation of an employee's address of residency at the time the employee was hired to fill the eligible position

4 5. A credit is earned for the calendar year in which the employee is hired to fill the position, plus an additional 4 subsequent consecutive years, if the position, along with the company's increased workforce of eligible persons, is maintained during the entire period.

5 a. ~~Credit may not be taken for hiring persons into positions existing on the effective date of this section. Credit is authorized for new employees hired for new positions created after the effective date of this section, which result in an increase in the total work force of the business located in the City. New positions filled by existing employees are eligible for the credit under this section only if the position vacated by the existing employee is filled by a new hire.~~

6 ~~ba.~~ The qualified employment position credit must be taken within 365 consecutive days after the position is filled to be eligible for the credit ~~as defined in this section 6A.30.065.~~

7 ~~eb.~~ If filled before July 1, a newly created position is eligible for ~~at~~ the full yearly credit. If filled after June 30, the position is eligible for only a half ~~of the~~ credit for the first calendar year ~~and the full credit for the subsequent four years.~~

8 ~~ec.~~ Credit may not be accrued and carried forward or back. No refunds may be granted for unused portion of credits under this section. If the position is filled during the calendar year, after the filing of a quarterly tax period, an amended 1st or 3rd quarter tax return will be allowed, if appropriate, to qualify ~~for~~ all the credit to which the employer is entitled for that year.

9 2. For the purposes of this section:

10 a. ~~"Eligible person" means a person or company who resides in the City and is engaging in a business activity within the City; and~~

11 b. ~~"Qualified employment position" means a permanent, full-time position with compensation of at least a "family wage" within 12 months after the date of hire (allowing for training time and a probation period). If an employee is either voluntarily or involuntarily separated from employment, the employment position is considered filled on a full-time basis during a period not to exceed three months if the employer is actively recruiting a replacement employee.~~

12 e. ~~"Family wage," beginning January 1, 1999, is \$12.70 an hour. This is the annual average wage in Pierce County for 1997, developed by the Washington State Employment Security Department, Labor Market and Economic Development Division ("ES202"). This amount will be adjusted annually beginning on January 1, 2000, by an amount equal to the increase in the Consumer Price Index ("CPI") for Urban wage earners, Tacoma-Seattle area, of the prior year. If the CPI increase is more than 5 percent, a 5 percent increase will be used in computing the basis.~~

13 d. The purchase of an existing business does not create an allowance of the credit for existing positions.



1 ~~3. No application is necessary for the tax credit; however, information must be submitted for~~
2 ~~each new employee position for which credit is requested, and included with the first tax return~~
3 ~~in which the credit is claimed. The person must keep records necessary for the City to verify~~
4 ~~eligibility under this section. This information includes:~~

5 ~~a. Employment records, including Washington State and federal tax returns, for the current year~~
6 ~~and previous five years; and~~

7 ~~b. Information relating to description of business activity engaged in at the eligible location by~~
8 ~~the employee.~~

9 ~~46. If at any time the Director finds that an employer is not eligible or has lost eligibility for a~~
10 ~~tax credit under this section, the total amount of taxes for which a credit has been claimed for~~
11 ~~current and prior periods shall be immediately due, provided that if, after the effective date of~~
12 ~~this section, there exists or existed a recognized general economic recession or a declared~~
13 ~~emergency requiring an employer to lose eligibility for the tax credit under this section, then an~~
14 ~~employer is not required to pay back the tax credit received for any prior periods under this~~
15 ~~section. If an employer claims that such conditions exist and, as a result, has lost eligibility~~
16 ~~under this section, the employer must certify such facts to the City on a form approved by the~~
17 ~~Director.~~

18 ~~However, if an employer moves its principle place of business outside the City then, regardless~~
19 ~~of any conditions, the total amount of taxes for which a credit has been claimed for current and~~
20 ~~all prior periods shall immediately become due. The Director shall assess interest on the~~
21 ~~recapture of the credit for which the person is not eligible or has lost eligibility. The interest~~
22 ~~shall be assessed as provided in Section 6A.10.090, shall be assessed retroactively to the~~
23 ~~beginning of the reporting period in which the tax credit was allowed, and shall accrue until the~~
24 ~~taxes for which a credit has been used are repaid. The Director may also assess applicable~~
25 ~~penalties.~~