



SUBSTITUTE ORDINANCE NO. 28481

1 BY REQUEST OF COUNCIL MEMBERS CAMPBELL AND 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 two new
4 credits which local businesses can use against their City business and
5 occupation taxes, one in the amount of \$500, that are filled by residents
6 of Tacoma, and one for \$250 for those employed in a "Green Job," for
7 qualifying positions created on or after January 1, 2018.

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

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

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

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

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

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

WHEREAS another proposed Job Credit would provide Tacoma businesses a new, additional \$250 credit towards their local business and occupation taxes, and would apply when a new “qualifying employment position,” as defined in Tacoma Municipal Code 6A.30.065, is filled by an employee in a “Green Job,” and

WHEREAS the new credits are 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 allowed 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 5. "Green Jobs" or "Green Job" means either:

a. Jobs in businesses that produce goods or provide services that benefit the environment or
conserve natural resources. These goods and services are sold to customers, and include
research and development, installation, and maintenance services. Green goods and services
fall into one or more of five groups:

i. Energy from renewable sources. Electricity, heat, or fuel generated from renewable sources.
These energy sources include wind, biomass, geothermal, solar, ocean, hydropower, landfill
gas, and municipal solid waste.

ii. Energy efficiency. Products and services that improve energy efficiency. Included in this
group are energy efficient equipment, appliances, buildings, and vehicles, as well as products
and services that improve the energy efficiency of buildings and the efficiency of energy storage
and distribution, such as Smart Grid technologies.

iii. Pollution reduction and removal, greenhouse gas reduction, and recycling and reuse. These
are products and services that: Reduce or eliminate the creation or release of pollutants or toxic
compounds, or remove pollutants or hazardous waste from the environment. Reduce greenhouse
gas emissions through methods other than renewable energy generation and energy efficiency.



such as electricity generated from nuclear sources. Reduce or eliminate the creation of waste materials; collect, reuse, remanufacture, recycle, or compost waste materials or wastewater.

iv. Natural resources conservation. Products and services that conserve natural resources. Included in this group are products and services related to organic agriculture and sustainable forestry; land management; soil, water, or wildlife conservation; and stormwater management.

v. Environmental compliance, education and training, and public awareness. These are products and services that: Enforce environmental regulations. Provide education and training related to green technologies and practices. Increase public awareness of environmental issues.

b. Jobs in which workers' duties involve making their establishment's production processes more environmentally friendly or use fewer natural resources. These workers research, develop, maintain, or use technologies and practices to lessen the environmental impact of their establishment, or train the establishment's workers or contractors in these technologies and practices. These technologies and practices fall into one or more of four groups:

i. Energy from renewable sources. Generating electricity, heat, or fuel from renewable sources primarily for use within the establishment. These energy sources include wind, biomass, geothermal, solar, ocean, hydropower, landfill gas, and municipal solid waste.

ii. Energy efficiency. Using technologies and practices to improve energy efficiency within the establishment. Included in this group is cogeneration (combined heat and power).

iii. Pollution reduction and removal, greenhouse gas reduction, and recycling and reuse. Using technologies and practices within the establishment to: Reduce or eliminate the creation or release of pollutants or toxic compounds, or remove pollutants or hazardous waste from the environment. Reduce greenhouse gas emissions through methods other than renewable energy generation and energy efficiency. Reduce or eliminate the creation of waste materials; collect, reuse, remanufacture, recycle, or compost waste materials or wastewater.

iv. Natural resources conservation. Using technologies and practices within the establishment to conserve natural resources. Included in this group are technologies and practices related to organic agriculture and sustainable forestry; land management; soil, water, or wildlife conservation; and stormwater management.

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 an additional \$250 for each qualified employment position within the City eligible for a credit 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 meeting the requirements of the basic credit and eligible for a credit under RCW 82.04.44525.

3. An additional \$250 is available for each qualified employment position within the City meeting the requirements of the basic credit and where the position is a Green Job.

43. 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.



1 54. 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;

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

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

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

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

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

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

24 ec. Credit may not be accrued and carried forward or back. No refunds may be granted for
 25 unused portion of credits under this section. If the position is filled during the calendar year,
 26 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.

2. For the purposes of this section:

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

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.~~

c. ~~“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.~~



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

~~3. 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:~~

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

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

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

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