



TO: Elizabeth Pauli, City Manager
FROM: Jeff Robinson, Community and Economic Development Department
COPY: Economic Development Committee
PRESENTER: Pat Beard, Community and Economic Development Department, Danielle Larson, Finance Department
SUBJECT: Proposed Revisions to the Tacoma Green Job Creation Tax Credit
DATE: August 8, 2023

PRESENTATION TYPE:
Informational Briefing

SUMMARY:

Following City Council adoption of the Tacoma Green Economic Development Strategy, staff is preparing a package in support of business attraction and expansion identified in the Strategy. Staff is recommending revisions to the existing Tacoma Green Job Creation Tax Credit to better align it to the objectives and outcomes identified in the Strategy.

BACKGROUND:

Tacoma Municipal Code Section 6.A.30 describes credits against local Business and Occupation (“B&O”) taxes that companies can receive if they create permanent new family-wage jobs in the city. Among those incentives is a credit for “green jobs” that was broadly defined when adopted in December 2017. Following City Council adoption of the Green Economic Development Strategy on June 13, 2023, staff is seeking to narrow the credit and increase its value to provide a more targeted incentive aligned with the objectives of the Strategy.

ISSUE:

Staff is requesting the Council to revise the tax incentive for Green Jobs to more closely align with the Tacoma Green Economic Development Strategy. These revisions would target the credit toward companies working in Clean Energy, Green Products, Industrial Symbiosis, and Maritime which are selling products and services outside of Tacoma (“traded sector”) as highlighted in the strategy. It would allow that companies making and selling components for green products outside of Tacoma (for example components for electric and hydrogen vehicles, green buildings, and offshore windmills) would be eligible for the credit and would increase the credit per new family wage job created from \$250/year to \$1,000/year. It would remove the credit from general businesses instituting green practices such as recycling or energy efficient upgrades that are eligible for other incentives and from service providers performing such work as environmental remediation or heating/air conditioning installations at Tacoma residences. To date no companies performing these types of services have taken advantage of the credit and these types of services are not targeted as traded sector in the adopted Strategy.

Staff intends to present this policy revision to the Government Performance and Finance Committee (“GPFC”) on October 3, 2023. The GPFC which oversees proposed changes to the City’s taxation policies and laws. The GPFC will pass the measure on for full Council consideration if it so chooses.

ALTERNATIVES:

This is an information briefing only. There are no alternatives presented.



FISCAL IMPACT:

This is an information briefing only. There is no fiscal impact.

RECOMMENDATION:

This is an information briefing only. There is no recommendation.