



TO: Elizabeth Pauli, City Manager
FROM: Andy Cherullo, Finance Director
COPY: Government Performance & Finance Committee
PRESENTER: Danielle Larson, Tax & License Manager, Finance Department
SUBJECT: Amendments to Tacoma Municipal Code Chapter 6A.30 – Job Tax Credit
DATE: November 21, 2023

PRESENTATION TYPE:
Request for Ordinance

SUMMARY:

Following City Council adoption of the Tacoma Green Economic Development Strategy on June 13, 2023, staff is proposing amendments to Tacoma’s Green Job Tax Credit to narrow the credit to provide a more targeted incentive that aligns with the objectives of the Strategy and increase the value of the credit from \$250/year to \$1,000/year.

BACKGROUND:

Tacoma Municipal Code Chapter 6A.30.065 establishes a tax credit for new permanent jobs created in Tacoma that pay at least a “family wage.” 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. Among the incentives is a credit for a “green job” in the amount of \$250/year that was broadly defined when adopted in December 2017.

ISSUE:

Staff is seeking to revise the Green Jobs tax credit to align more closely with the Tacoma Green Economic Development Strategy.

The amendments would target the credit towards companies working in Clean Energy, Green Products, Industrial Symbiosis, and Maritime who are selling products and services outside of Tacoma (“traded sector”) as highlighted in the strategy. Eligible businesses would include companies making and selling components for green products outside of Tacoma (for example components for electric and hydrogen vehicles, green buildings, and offshore windmills).

It would remove eligibility for 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.

In addition, the proposed amendments increase the amount of the tax credit for a “green job” from \$250/year to \$1,000/year.

Additional amendments are proposed throughout 6A.30 for general clean-up of code language and compliance with state law changes.



ALTERNATIVES:

Alternatives to the proposed amendments include 1) retaining the current definition of a “green job,” however, that would not assist the Tacoma Green Economic Development Strategy in reaching their goals or 2) retaining or changing the proposed amount of the Green Jobs Tax Credit.

FISCAL IMPACT:

The estimated fiscal impact from increasing the amount of the Green Job Tax Credit from \$250/year to \$1,000/year is estimated to decrease the general fund by \$12,750 in annual revenues.

Green Jobs Credit		\$250	\$1,000
Expired 2022	18	\$4,500	\$18,000
Currently Available	16	\$4,000	\$16,000
Average	17	\$4,250	\$17,000
Estimated Fiscal Impact			\$12,750

RECOMMENDATION:

Staff recommends the proposed amendments to Tacoma’s Green Job Tax Credit to narrow the credit and provide a more targeted incentive aligned with the objectives of the Tacoma Green Economic Development Strategy and to increase the value of the credit from \$250/year to \$1,000/year.