



TO: Elizabeth Pauli, City Manager
FROM: Danielle Larson, Tax & License Division Manager
Andy Cherullo, Finance Director
COPY: City Council and City Clerk
SUBJECT: Amendments to Substitute Ordinance No. 28624 Firearms & Ammunition Tax - June 23, 2020
DATE: June 15, 2020

SUMMARY AND PURPOSE:

An ordinance amending Amended Substitute Ordinance No. 28624, relating to Firearms & Ammunition Tax to (1) change the effective date of the tax from July 1, 2020 to a date to-be-determined by City Council in January 2021, and (2) provide for review by the City Council in January 2021, the requirements for gathering information, conducting community and stakeholder outreach and reports to City Council.

COUNCIL SPONSORS:

Council Member Hunter

BACKGROUND:

This Department's Recommendation is Based On:

City Council passed Substitute Amended Ordinance No. 28624 on November 12, 2019. The Ordinance amended Subtitle 6A of the Municipal Code, relating to Tax Code, by adding a new Chapter 6A.120, entitled "Firearms and Ammunition Tax", to impose a tax on firearms and ammunition to consist of \$25.00 per firearm sold at retail, \$0.02 per round of ammunition .22 caliber or less, and \$0.05 per round of other ammunition sold at retail to raise revenue for funding programs that promote public safety, prevent gun violence, and help offset the impacts and costs of gun violence in the City effective July 1, 2020.

The Ordinance also required the City Manager, by February 8, 2020, to make recommendations on 1) potential partnerships and programming to reduce youth and young adult gun violence 2) gun buyback program and 3) local, state, and federal legislative priorities and by May 25, 2020 to conduct a review and report to the City Council regarding:

- 1) Revenue generated from tax
- 2) Changes in B&O taxes received from tax within City limits.
- 3) Factual info on Business closed after the effective date of ordinance
- 4) List of programs, projects, initiative, other efforts funded with revenue
- 5) Number of fire-arm-involved criminal offenses in Tacoma during preceding 12 month period
- 6) Multiple Actions
 - i. Review existing gun and youth violence reduction groups
 - ii. Convene workgroup to include representatives from TPS, Tacoma based firearms manufacturers and retailers, community partners, City Staff (to include TPD)
 - iii. Review best practices to address gun and youth violence reduction
 - iv. Review and present fiscal analysis – to include costs of expending current programs and fiscal impact of any future firearms and ammunition tax on local gun vendors and manufactures.



On February 13, 2020, Tadd Willie, Assistant City Manager, proposed the following recommendations to the Community, Vitality, and Safety Committee:

1. Potential partnerships and engagement:
 - Expand services and grassroots efforts to improve the social intervention network
 - Engage key subject matter experts
 - Identify Convener and mobilize Community Advisory Committee
 - Select Fiscal Agent to administer funding for grassroots efforts
2. Programs to reduce youth violence:
 - Provider service delivery efficacy
 - Community skills and spheres of influence
 - Scope and scale of issues we are working to address
 - Challenge old thinking and norms around this work and revise approaches to improve outcomes
 - Develop outcomes aligned with performance indicators
3. Not to proceed with a gun buyback program.

COMMUNITY ENGAGEMENT/ CUSTOMER RESEARCH:

Due to the current state of emergency related to COVID-19, staff was unable to convene community workgroups and gather certain information that was required to be reported to the City Council by May 25, 2020. During the COVID-19 emergency, the City is focusing its resources on its emergency response and on essential City services. Given the uncertainty around the duration of the emergency, it is unknown when the community workgroups could be scheduled and convened.

ALTERNATIVES:

Presumably, your recommendation is not the only potential course of action; please discuss other alternatives or actions that City Council or staff could take. Please use table below.

Alternative(s)	Positive Impact(s)	Negative Impact(s)
1. Retain the tax implementation date of July 1, 2020	City would begin collecting revenues to assist in funding programs that reduce violence	<ul style="list-style-type: none"> • Local businesses are not prepared to implement tax on July 1 • No stakeholder or community outreach could be completed • City Council has not been provided an opportunity to review any reports prepared from community and stakeholder input
2. Move the implementation date to January 1, 2022	Would provide additional time for staff to conduct community & stakeholder outreach	Would delay the collection of revenues that would support programs aimed at reducing gun and youth violence
3. Repeal the Ordinance	Unknown	Unknown



STAFF/SPONSOR RECOMMENDATION:

Staff recommends to (1) change the effective date of the tax from July 1, 2020 to a date to-be-determined by City Council in January 2021, and (2) provide for review by the City Council in January 2021, the requirements for gathering information, conducting community and stakeholder outreach and reports to City Council.

The recommended approach would allow time, hopefully, for the COVID-19 emergency to end, which would (1) allow staff to re-engage on a community and stakeholder outreach program, (2) perform the research on best practices that is required by the ordinance, and (3) allow City Council time to review the information and determine the best path forward implementing the tax.

The ordinance shall be retroactive to July 1, 2020.

FISCAL IMPACT:

Fund Number & Name	COST OBJECT (CC/WBS/ORDER)	Cost Element	Total Amount
1185 - NCS Special Revenue	TBD	TBD	\$30,000
TOTAL			\$30,000

What Funding is being used to support the expense?

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

NO, PLEASE EXPLAIN BELOW

IF THE CHANGE TO THE TAX IMPLEMENTATION DATE IS APPROVED, THE REVENUES AND EXPENSES CAN BE PLANNED IN THE 2021-2022 BUDGET.

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

YES

Will the legislation have an ongoing/recurring fiscal impact?

YES

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

No