

# SENATE BILL REPORT

## SB 6194

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As of January 14, 2020

**Title:** An act relating to prohibiting cities and towns from citing the same statutory authority to impose multiple business taxes.

**Brief Description:** Prohibiting cities and towns from citing the same statutory authority to impose multiple business taxes.

**Sponsors:** Senator Braun.

**Brief History:**

**Committee Activity:** Local Government: 1/14/20.

**Brief Summary of Bill**

- Prohibits first-class cities, second-class cities, towns and code cities from imposing a new tax on business activities if a separate tax is already imposed on the same business activities.

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### SENATE COMMITTEE ON LOCAL GOVERNMENT

**Staff:** Bonnie Kim (786-7316)

**Background:** Cities. Cities in Washington are municipal corporations classified according to their population at the time of organization. There are four classification types: first-class city, second-class city, town, or code city. First-class cities are those cities with a population of 10,000 or more that have adopted a city charter, while second class cities are those cities with a population of 1,500 or more that have not adopted a city charter. Towns are smaller municipalities that have a population of less than 1,500. Code cities are those cities with a population of 1,500 or more that operate under the Optional Municipal Code, which grants broad home rule powers.

Cities and towns may license all kinds of business, production, commerce, entertainment, exhibition, and upon all occupations, trades and professions and any other lawful activity.

**Summary of Bill:** Cities and towns may not authorize a new tax on business activities if the jurisdiction already imposes a tax on business activities.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

**Appropriation:** None.

**Fiscal Note:** Requested on January 13, 2020.

**Creates Committee/Commission/Task Force that includes Legislative members:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony:** PRO: This bill does not weigh in on the merits of individual existing local taxes but rather provides a level playing field throughout the state. This bill grandfathers in all current local taxes.

CON: This bill preempts local business taxing authority. We presently have 46 cities levying a B&O tax but if this bill passes, no new cities would be able to levy the tax.

**Persons Testifying:** PRO: Senator John Braun, Prime Sponsor.

CON: Candice Bock, Association of Washington Cities.

**Persons Signed In To Testify But Not Testifying:** No one.