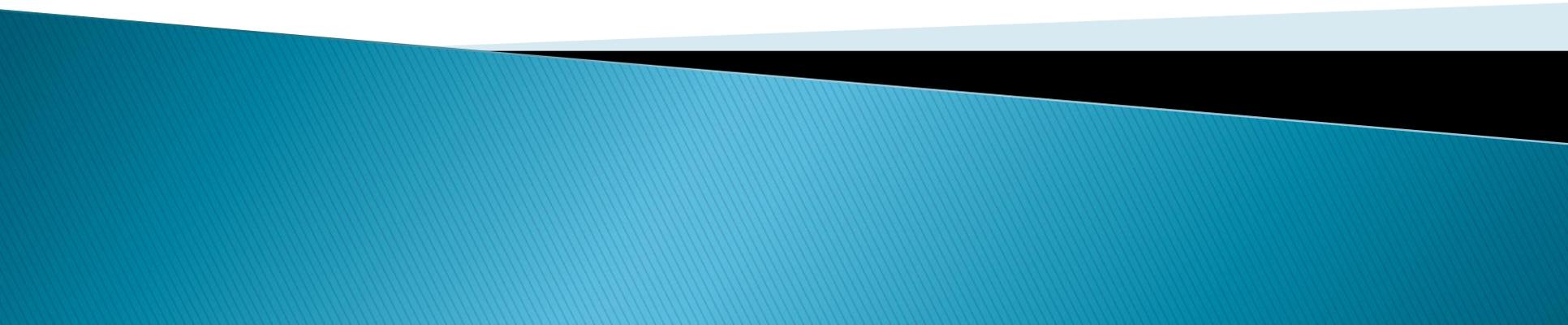


**Finance Department
Tax Office
Stakeholder Meeting
October 30th 2012**

Tax Portal Update and Square Footage Tax Discussion



This Morning's Agenda

- ▶ Multi-City Tax Portal Project Update
- ▶ Square Footage Tax Exemption Discussion

Objective: Inform and discuss efforts for simplification.



Tax Policy & Administration Guiding Principles

- ▶ To maintain a taxpayer friendly environment that is sensitive to the needs of our resident businesses and competitive in the local market;
 - ▶ To simplify compliance with Bellevue's tax code and minimize costs associated with tax administration; and
 - ▶ To gain consistency with other taxing jurisdictions where possible.
- 



Local Business and Occupation Tax Streamlining

A Multi-City Tax Portal for Business

A Better Way

One-stop online portal



Goals

- ▶ Make license and tax filing easier
 - ▶ Improve customer service
 - ▶ Share common data
 - ▶ Reduce administrative costs
- 

Progress So Far...

- ▶ Developed system/business requirements
- ▶ Conducted online focus group session with business community
- ▶ Developing governance structure



Business Requirements

- ▶ Enter information once
 - ▶ Apply for business license
 - ▶ Pay taxes
 - ▶ Update information
- 

How The Portal Works

Customer



Web



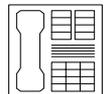
Mobile



FAX



Electronic Mail



Telephone

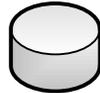


Social Networks



Face-to-Face

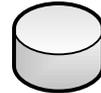
Multi-City Portal



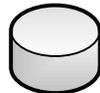
Portal Accounts –
Roles & Permissions



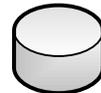
Multi-City Portal –
Customer Service
Functions



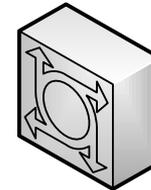
Content
Management



Knowledge



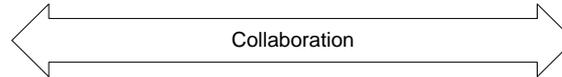
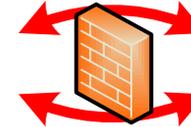
Business Processes –
Rules & Workflow



Middleware



Data
Store



Collaboration

Subject-Matter Experts
Telephone
Web Chat
Web Co-browsing
Peer-to-Peer Community Support

City Tax and License Systems



Bellevue



Bellingham



Everett



Seattle



Tacoma



Other
Cities



Department
of Revenue

Potential Portal Splash Page

The screenshot shows a web browser window with the address bar displaying "http://5-CitiesPortal.gov" and a search bar with "Google". The browser's toolbar includes links for Apple, Yahoo!, Google Maps, YouTube, Wikipedia, News (931), and Popular. The main content area features the "Washington Cities BUSINESS CONNECTION" logo on the left and a "REGISTERED USER? LOGIN HERE" section with a text input field for "Enter User ID" and a "GO" button. Below the logo is a "NEWSFEED" section with a list of news items: "JULY 5: CUPTAT AUT IPSANDI DIT MODIGENTI TEM CON.", "JULY 3: UNT IPSA AM, CORE SED VOLOREPEL.", and "JULY 3: UNT IPSA AM, CORE SED UT VOLOREPEL.". The main content is divided into several sections: "What would you like to do today?" with links for "NEW LICENSE >", "UPDATE INFORMATION >", "ADD LOCATION >", "PAY TAXES >", and "MORE >"; "We are working collaboratively to:" with a list of goals: "make license and tax filing easier", "improve customer service", "share common data", and "reduce administrative costs", followed by a "FIND OUT MORE >" link; "Starting a business?" with a link "HERE >"; "Filing Your Taxes?" with a link "HERE >" and "TAX PREPARERS >"; "Changing information about your business?" with a link "HERE >"; and "Frequently asked questions" with links for "ASD >", "SDF >", "DFG >", "FGH >", and "MORE >". At the bottom, there are logos for the City of Bellingham, City of Everett, and Tacoma.

Washington Cities
BUSINESS CONNECTION

REGISTERED USER?
LOGIN HERE
Enter User ID

NEWSFEED JULY 5: CUPTAT AUT IPSANDI DIT MODIGENTI TEM CON. JULY 3: UNT IPSA AM, CORE SED VOLOREPEL.
JULY 3: UNT IPSA AM, CORE SED UT VOLOREPEL.

What would you like to do today?
NEW LICENSE >
UPDATE INFORMATION >
ADD LOCATION >
PAY TAXES >
MORE >

We are working collaboratively to:

- make license and tax filing easier
- improve customer service
- share common data
- reduce administrative costs

FIND OUT MORE >

Starting a business?
For guided assistance to starting your new business, click [HERE >](#)

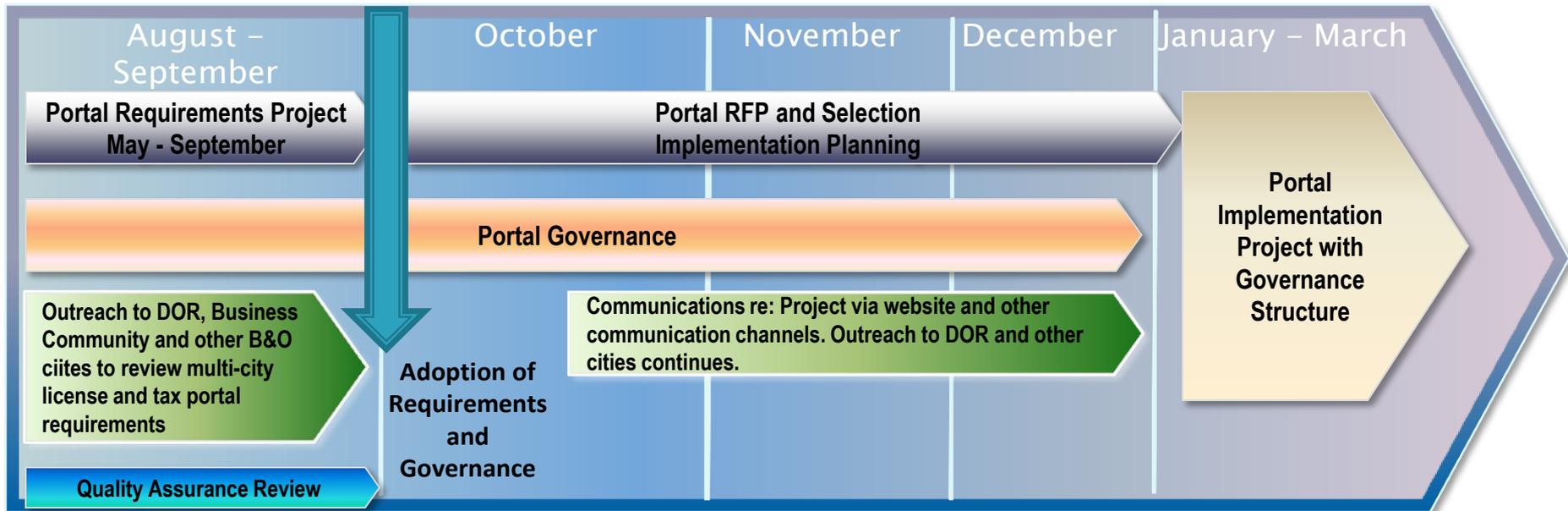
Filing Your Taxes?
For guided assistance to filing your B & O taxes, click [HERE >](#)
[TAX PREPARERS >](#)

Changing information about your business?
For guided assistance on updating the information about your business, click [HERE >](#)

Frequently asked questions
[ASD >](#)
[SDF >](#)
[DFG >](#)
[FGH >](#)
[MORE >](#)

2012 Work Plan and Current Status



Milestones for Nov./Dec.:

- RFP development and publication
- Governance building
- Communications
- Implementation planning

Ready to Serve

Planned completion early 2014

Questions?



Square Footage Tax

The Problem

The Problem: Compliance with the Square Footage Tax is difficult.

The Objective of These Efforts: To make compliance with the tax easier for taxpayers.

General Tax Overview

Two Components to the Bellevue Business and Occupations Tax:

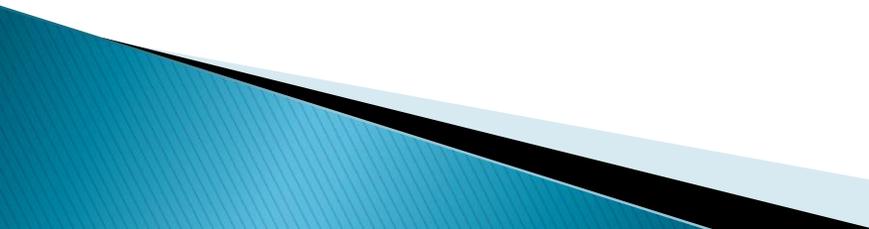
1. Gross Receipts Tax
 2. Square Footage Tax
- 

Business with Location & Sales in Bellevue

- ▶ Gross Receipts = \$1M
- ▶ SF = 1000 SF (No Warehouse)
- ▶ All Sales reported to Bellevue

- ▶ Gross Receipts Tax Due = \$1,496
- ▶ Square Footage Tax Due = \$0

Business with Location in Bellevue and All Sales outside of Bellevue

- ▶ Gross Receipts = \$1M
 - ▶ SF = 1000 SF (No Warehouse)
 - ▶ 0% Sales reported to Bellevue
 - ▶ 100% Sales reported to other Cities
-
- ▶ Gross Receipts Tax Due = \$0
 - ▶ Square Footage Tax Due = \$928
- 

Business with Location in Bellevue and Sales in Bellevue and Seattle

- ▶ Gross Receipts = \$1M
 - ▶ SF = 1000 SF (No Warehouse)
 - ▶ 50% Sales reported to Bellevue
 - ▶ 50% Sales reported to Seattle

 - ▶ Gross Receipts Tax Due = \$748
 - ▶ Square Footage Tax Due = \$464
- 

Square Footage Tax

Bellevue City Code 4.09.050(A)

All Bellevue square footage is subject to tax, unless it is used for:

1. Retail selling area
 2. Warehouse
 3. Company gym
 4. Company cafeteria
- 

The Exemption

Bellevue City Code 4.09.050(1)

Space used for activities that are subject to the gross receipts tax are exempt.



The Calculation

Bellevue Square Footage
<Spaces Used for Specific Uses>

=

Net Rentable Area
<Exempt>

=

Net Taxable Area

The Calculation

Exemption

$$\begin{aligned} & (\text{Adj. Gross Receipts} / \text{Gross Receipts}) \\ & \quad \times \\ & \text{Taxable Sq. Ft. Used for Activities Subject to} \\ & \quad \underline{\text{the Gross Receipts Tax}} \\ & \quad = \\ & \quad \underline{\text{Exempt Space}} \end{aligned}$$

The Problem, The Objective

The Problem: Compliance with the tax is difficult, due to the complexity of the exemption calculation.

The Objective of these efforts: To simplify the exemption calculation.

The Proposal, changes to the exemption calculation

Draft changes to the Square Footage Tax exemption calculation that would:

- ▶ Separate the calculation into only two distinct parts;
 - ▶ Simplify the classification of space; and
 - ▶ Simplify the calculation of adjusted gross receipts.
- 

Change No. 1

Streamline the calculation into two parts (from four)

1. Net Rentable Area
2. Exemption

■ *Simplified?*

Change No. 2

Simplify the classification of space

From: Performs and Supports

To: Revenue Generating and Non–Revenue
Generating

■ *Simplified?*

Change No. 3

Update and simplify the calculation of adjusted gross receipts

From: Identification of receipts from retailing and wholesaling of goods delivered outside of Bellevue and not taxable under another gross receipts tax classification.

To: Transferring the value of the deduction taken.

■ *Simplified?*

Feedback



Next Steps

1. Draft proposed changes (form, code, or both),
 2. Circulate a draft to stakeholders,
 3. Report to City Council on November 19th.
- 