

and conclusions of law, affirm, modify, or overrule the suspension or revocation and reinstate the license, and may impose any terms upon the continuance of the license which the Hearing Examiner may seem advisable.

No suspension or revocation of a license issued pursuant to the provisions of this subchapter shall take effect until twenty (20) days after the mailing of the notice thereof by the Department, and if appeal is taken as herein prescribed the suspension or revocation shall be stayed pending final action by the Hearing Examiner. All licenses which are suspended or revoked shall be surrendered to the City on the effective date of such suspension or revocation.

The decision of the Hearing Examiner shall be final. The licensee and/or the Department may seek review of the decision of the Hearing Examiner to the Superior Court of Washington in and for King County within fourteen (14) days from the date of the decision. If review is sought as herein prescribed the suspension or revocation shall be stayed pending final action by the Superior Court.

C. Upon revocation of any license as provided in this subchapter no portion of the license fee shall be returned to the licensee.  
(Ord. 118314 § 31, 1996; Ord. 117169 § 42, 1994; Ord. 102623 § 16, 1973; Ord. 72630 § 29, 1943.)

Cases: A city may lawfully impose a business and occupation tax on attorneys; accordingly, failure of attorney to pay the tax justified revocation of his business license and imposition of a fine. *City of Seattle v. Campbell*, 27 Wn. App. 37, 611 P.2d 1347 (1980).

#### **5.44.340 Unlawful acts.**

It shall be unlawful for any person liable for fees under this subchapter to fail or refuse to secure the license, or to pay the license fee when due, or for any person to make any false or fraudulent application or any false statement or representation in, or in connection with, any such application, or to aid or abet another in any attempt to evade payment of the license fee, or any part thereof, or for any person to fail to appear and/or testify in response to subpoena issued pursuant hereto, or to testify falsely upon any investigation of the correctness of a license application, or upon the hearing of any appeal, or in any manner to hinder or delay the City or any of its officers in carrying out the provisions of this subchapter.

(Ord. 118314 § 32, 1996.)

#### **5.44.350 License not obtained.**

License fees shall be collected for the application year only; except in the case of a person found to be engaged in business in the City without a license. Demands for any license fees or penalties due as a result of failure to obtain and maintain a license as provided for under this subchapter may be made by the Director within ten (10) years after the close of the calendar year in which the same accrued.  
(Ord. 118314 § 33, 1996.)

### **Subchapter III Business License Tax**

#### **5.44.400 Tax or fee levied.**

There is levied upon and shall be collected from and paid as hereinafter provided by every person on account and for the privilege of engaging in business activities within the City, whether his or her office or place of business is within or without the City, a business and occupation tax or fee, sometimes herein referred to as the "tax." The tax, except as hereinafter provided, shall be in amounts to be determined by application of rates given against value of products, gross proceeds of sale, or gross income of business as the case may be, as follows:

A. Upon every person engaging within the City in business as an extractor; as to such persons the amount of the tax with respect to such business shall be equal to the value of the products extracted for sale or commercial use, multiplied by the rate of two hundred fifteen (215) one-thousandths of one percent (1%). The measure of the tax is the value of the products so extracted, regardless of the place of sale or the fact that deliveries may be made to points outside the City.

B. Upon every person engaging within the City in business as a manufacturer; as to such persons the amount of the tax with respect to such business shall be equal to the value of the products manufactured, multiplied by the rate of two hundred fifteen (215) one-thousandths of one percent (1%). The measure of the tax is the value of the products so manufactured, regardless of the place of sale or the fact that deliveries may be made to points outside the City.

C. Upon every person engaging within the City in the business of making sales at wholesale or retail, except persons taxable under subsection D of this section; as to such persons, the amount of tax with respect to such business of making

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sales at wholesale or retail shall be equal to the gross proceeds of such sales of the business without regard to the place of delivery of articles, commodities or merchandise sold, multiplied by the rate of two hundred fifteen (215) one-thousandths of one percent (1%).

D. Upon every person engaging within the City in the business of:

1. Buying wheat, oats, corn, barley and rye, but not including any manufactured or processed products thereof, and selling the same at wholesale, the tax imposed shall be equal to the gross proceeds derived from such sales multiplied by the rate of two hundred fifteen (215) ten-thousandths of one percent (1%); or

2. Manufacturing wheat into flour; the tax imposed shall be equal to the value of the flour manufactured, multiplied by the rate of two hundred fifteen (215) ten-thousandths of one percent (1%).

E. Upon every person engaging within the City in the business of: (1) printing and publication of newspapers; (2) building, repairing or improving any publicly owned street, place, road, highway, bridge or trestle which is used, or to be used, primarily for foot or vehicular traffic; as to such persons the amount of tax on such business shall be equal to the gross income of the business multiplied by the rate of two hundred fifteen (215) one-thousandths of one percent (1%).

F. Upon every other person engaging within the City in any business activity other than or in addition to those enumerated in subsections A, B, C, D, and E above; as to such persons the amount of tax on account of such activities shall be equal to the gross income of the business multiplied by the rate of four hundred fifteen (415) one-thousandths of one percent (1%). This subsection includes, among others, and without limiting the scope hereof (whether or not title to material used in the performance of such business passes to another by accession, confusion or other than by outright sale), persons engaged in the business of rendering any type of service which does not constitute a sale at retail or a sale at wholesale. This subsection also includes, as authorized by RCW Chapter 82.14A, subject to and in accordance with the definitions, deductions and exemptions set forth in RCW Chapter 82.04 insofar as the same may be applicable, national banks, state banks, trust companies, mutual savings banks, building and loan associations, savings and loan associa-

tions, loan companies, and other banking, loan, security or financial institutions.

(Ord. 118314 § 34, 1996: Ord. 117801 § 3, 1995: Ord. 116951 § 2, 1993: Ord. 116461 § 1, 1992: Ord. 115434 § 1, 1990: Ord. 115118 § 1, 1990: Ord. 114702 § 1, 1989: Ord. 114468 §§ 1, 2, 1989: Ord. 114236 § 1, 1988: Ord. 110878 § 2, 1982: Ord. 110261 § 2, 1981: Ord. 109523 § 2, 1980: Ord. 106013 § 1, 1976: Ord. 105139 § 1, 1975: Ord. 104235 § 1, 1975: Ord. 104059 § 1, 1974: Ord. 101033 § 1, 1972: Ord. 100946 § 1, 1972: Ord. 98817 § 1, 1970: Ord. 93360 § 1, 1964: Ord. 88270 § 2, 1959: Ord. 73335 § 2, 1944: Ord. 72630 § 3, 1943.)

Cases: RCW 82.02.020 and RCW Ch. 82.24 do not prevent a municipality from imposing an excise tax on the privilege of wholesaling even when the product being sold at wholesale is cigarettes. **P. Lorillard Co. v. Seattle**, 83 Wn.2d 586, 521 P.2d 208 (1974) reversing 8 Wn. App. 510, 507 P.2d 1212 (1973).

A city may lawfully impose a business and occupation tax on attorneys; accordingly, failure of attorney to pay the tax justified revocation of his business license and imposition of a fine. **City of Seattle v. Campbell**, 27 Wn. App. 37, 611 P.2d 1347 (1980).

**5.44.410 Persons taxable as to each activity—Principles to reduce multiple taxation.**

A. Persons who engage in activities that are within the purview of two (2) or more subsections of Section 5.44.400 shall be taxable under each applicable subsection.

B. Sections 5.44.412 through 5.44.416 allow a series of exclusions and deductions in order to reduce overlapping gross receipts taxation upon taxpayers engaging in activities within two (2) or more subsections of Section 5.44.400 and to follow the precedent of Chapter 3, Laws of 1987, 2nd Ex. Sess. (RCW 82.04.440, as amended). The exclusions and deductions reflect these basic principles:

1. A taxpayer should pay a gross receipts tax no more than once to a state or national government and once to local government on manufacturing and selling the same product;

2. The tax should be assessed and collected at the latest stage in the taxpayer's manufacturing/selling process; gross receipts taxes imposed on retailing/wholesaling activity take priority over taxes on manufacturing/extracting activity; and taxes on manufacturing activity take precedence over taxes on extracting activity.

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Thus, the gross receipts taxes of a jurisdiction with retailing activity (the “market city”) apply to displace the gross receipts taxes of the place of manufacturing or wholesaling;

3. Where wholesaling/retailing activity within subsections C and D1 of Section 5.44.400 occurs in two (2) or more jurisdictions with gross receipts taxation, Section 5.44.422 applies to allocate transactions; where activity within subsections A, B, D2, or E of Section 5.44.400 occurs in a contiguous location within two (2) or more jurisdictions, Section 5.44.420 applies to apportion the taxpayer's gross value of products;

4. No deduction is allowed on account of payment of Washington State taxes; payment of dissimilar taxes or fees; liability for taxes on engaging in service activity; or taxes paid by another taxpayer; and

5. If imposition of the City's tax would place an undue burden upon interstate commerce or violate constitutional requirements, a taxpayer shall be allowed a deduction to the extent necessary to preserve the validity of the City's tax and still apply the City tax to as much of the taxpayer's activities as may be subject to the City's taxing authority (SMC Section 5.44.470 E).

C. The term “eligible gross receipts tax” is used in Sections 5.44.412 through 5.44.418 as follows:

1. The term excludes all taxes imposed by the State of Washington and The City of Seattle;

2. With respect to political subdivisions of the State of Washington, the term means a business and occupation tax imposed and paid to another Washington city that measures the amount of the payment due by gross receipts and that, in accord with subsection 5.44.410 B2, applies to a later stage in the taxpayer's manufacturing/selling process than the taxpayer's business activity in Seattle;

3. With respect to the United States of America, its territories and possessions, or a federally recognized Indian tribe with taxing authority; a state other than Washington and political subdivisions of another state; the District of Columbia; or any foreign country or political subdivision thereof, the term means a tax which meets these criteria:

a. The tax is imposed on the act or privilege of engaging in business activities of making sales at wholesale or retail, manufacturing, or extracting,

b. The amount of the tax is measured by the gross volume of business, in terms of gross receipts or in other terms, and in determining what constitutes gross receipts, any deductions allowed against such gross receipts would not result in an income tax or value added tax,

c. The tax is also not, pursuant to law or custom, separately stated from the sales price, and

d. The tax is not a sales or use tax, franchise fee, royalty or severance tax measured by volume or weight, or concession charge, or payment for the use and enjoyment of property, property right or a privilege.

D. If it is determined by a court of competent jurisdiction, in a judgment not subject to review, that Sections 5.44.412, 5.44.414, and/or 5.44.416 of the Seattle Municipal Code result in an unconstitutional discrimination against interstate or foreign commerce, and that relief is appropriate for any tax reporting periods, it is the intent of the City Council that the credit provisions contained in RCW 82.04.440 (1) through (4), and in accordance with SMC Section 5.44.410 A and C and SMC Section 5.44.418, be applied to such reporting periods and that relief for such periods be limited to the granting of such credits. It is further the intent of the City Council that such credits shall be applicable only under the conditions provided in RCW 82.04.440 (1) through (4), SMC Section 5.44.410 A and C, and SMC Section 5.44.418. The amount of credit shall not exceed the tax liability arising under this chapter in respect to extracting, manufacturing, wholesaling, and retailing. It is the intent of this act to preserve the integrity of Seattle's business and occupation tax system and impose only that financial burden upon the City necessary to establish parity in taxation between taxpayers engaging in business within the City.

(Ord. 118314 § 35, 1996: Ord. 113611 § 1(part), 1987: Ord. 112029 § 2(part), 1984: Ord. 81150 § 1(part), 1952: Ord. 73335 § 2(part), 1944: Ord. 72630 § 4(part), 1943.)

Cases: The multiple activities exemption does not unconstitutionally discriminate against taxpayers who manufacture outside the city but sell inside. *Seattle v. Paschen Contractors*, 111 Wn.2d 54, 758 P.2d 975 (1988).

**5.44.412 Deduction for multiple activity sales at wholesale or retail for**

**interstate manufacturing/  
extracting.**

A person may deduct from the measure of the tax under Section 5.44.400 C (making sales at wholesale or retail), the value of products extracted or manufactured outside Washington if and to the extent the products were subject to an eligible gross receipts tax, as described in Section 5.44.410 C, elsewhere on manufacturing or extracting activity. The deduction for any transaction shall not exceed the amount of the transaction reported as part of the gross proceeds of sales under Section 5.44.400 C.

(Ord. 118314 § 36, 1996; Ord. 113611 § 1(part), 1987; Ord. 112029 § 2(part), 1984; Ord. 81150 § 1(part), 1952; Ord. 73335 § 2(part), 1944; Ord. 72630 § 4(part), 1943.)

**5.44.414 Multiple activity exclusion from manufacturing for Seattle-taxed selling and deduction for other taxed activity.**

A. Exclusion of Seattle-taxed Selling. A person taxable under subsection C of Section 5.44.400 (making sales at wholesale or retail) on products sold within the City for delivery within the state may exclude from the measure of the tax under subsections A, B and/or D2 of Section 5.44.400 (extracting, manufacturing and/or milling wheat, respectively) those amounts the taxpayer used in measuring the tax payable under subsection C of Section 5.44.400 (retailing/wholesaling).

B. Deduction for Activity Taxed Elsewhere. A person taxable under subsection B (engaging in manufacturing) or D2 (milling wheat) of Section 5.44.400 may deduct from the measure of the tax:

1. The value of ingredients extracted outside Seattle, if and to the extent that the taxpayer used them in manufacturing in Seattle and used their value in measuring an eligible gross receipts tax elsewhere on extracting;

2. The value of products, which were manufactured in part in Seattle, if manufacturing was completed outside Seattle and the value of the Seattle production was used in measuring an eligible gross receipts tax elsewhere on manufacturing; and/or

3. The value of products, which were manufactured in Seattle and sold outside Seattle, if the value of such products was used in measuring an eligible gross receipts tax elsewhere on making sales at wholesale or retail.

C. The amount of any deduction of any transaction shall not exceed the value of the product manufactured in Seattle and reported as subject to tax under subsection B or D2 of Section 5.44.400. (Ord. 118314 § 37, 1996; Ord. 113611 § 1(part), 1987; Ord. 112029 § 2(part), 1984; Ord. 81150 § 1(part), 1952; Ord. 73335 § 2(part), 1944; Ord. 72630 § 4(part), 1943.)

**5.44.416 Multiple activity exclusion from extracting for Seattle-taxed selling and manufacturing—Deduction for other taxed activity.**

A. Exclusion for Seattle-taxed Activity. A person taxable under subsections A (extracting), B (engaging in manufacturing), or D (milling wheat) of Section 5.44.400 may exclude from the measure of the tax under subsection A (extracting) those amounts the taxpayer used in measuring the tax payable under subsections A or B, respectively, with respect to extracting the ingredients of the products manufactured or sold in Seattle.

B. Deduction for Activity Taxed Elsewhere. A person taxable under subsection 5.44.400 A (engaging in extracting) may deduct from the measure of the tax:

1. The value of products extracted in Seattle and sold outside Seattle and subject to an eligible gross receipts tax elsewhere on making sales at wholesale or retail; and

2. The value of products extracted in Seattle and manufacturing outside Seattle and subjected to an eligible gross receipts tax elsewhere on manufacturing.

C. The amount of any deduction on any transaction shall not exceed the value of the product so extracted in Seattle and reported as subject to tax under subsection 5.44.400 A.

(Ord. 118314 § 38, 1996; Ord. 113611 § 1(part), 1987; Ord. 112029 § 2(part), 1984; Ord. 81150 § 1(part), 1952; Ord. 73335 § 2(part), 1944; Ord. 72630 § 4(part), 1943.)

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**5.44.418 Multiple activity exclusion—Determination; documentation.**

A. A determination by a court, the State of Washington Department of Revenue, or the Washington Attorney General that an out-of-state or foreign tax qualifies for a credit upon the Washington business and occupation tax under RCW 82.04.440(5) shall establish that the tax is an “eligible gross receipts tax” for purposes of Sections 5.44.412 through 5.44.418. Unless the taxpayer proves otherwise, a determination by a court of the State of Washington that such a tax does not qualify for a credit under RCW 82.04.440(5) shall render the amounts of the transactions ineligible for a deduction under such sections.

B. To make a deduction authorized by Sections 5.44.412 through 5.44.418, inclusive, a taxpayer must be able to document that the amount dedicated was used in computing the amount of an eligible gross receipts tax and that the taxpayer paid the tax due thereon. (Ord. 118314 § 39, 1996; Ord. 113611 § 2, 1987.)

**5.44.420 Persons in extracting/ manufacturing both within and without the City.**

A person who is subject to tax under subsections 5.44.400 A, B, D2, or E and maintains an office, plant, warehouse or other business establishment which is partly within and partly outside of the City, shall be taxable on the value of products, gross proceeds of sales, or gross income of the business attributable to business activity within the City, ascertained either: (1) by a fair and equitable formula agreed upon by the Finance Director and the taxpayer after a consideration of the facts; (2) by a segregation of business within and business without the City, shown and supported by accounting records satisfactory to the Director; or, (3) in the absence thereof, by an apportionment to the City of that part of the total value of products, gross proceeds of sales, or gross income of the business derived from business both within and without the City in the proportion that the cost of doing business within the City bears to the cost of doing business both within and without the City.

(Ord. 118314 § 40, 1996; Ord. 117169 § 25, 1994; Ord. 110476 §§ 1(part) and 4(part), 1982; Ord.

102623 § 3(part), 1973; Ord. 73023 § 1(part), 1943; Ord. 72630 § 6, 1943.)

Cases: The distinction between a taxpayer with a single plant bisected by the City's boundaries and a taxpayer with two (2) plants, one (1) of which is not located within the City, does not constitute a sufficient difference to justify separate classification of those taxpayers with regard to apportionment of the City's business and occupation tax. **Lone Star Cement Co. v. Seattle**, 71 Wn.2d 564, 429 P.2d 909 (1967).

City's business and occupation tax could not be passed on to water customers outside the city by way of water rates imposed on those nonresident customers. **King County Water Dist. No. 75 v. City of Seattle**, 89 Wn.2d 890, 577 P.2d 567 (1978).

**5.44.422 Persons in wholesaling/ retailing both within and without the City.**

A. No Place of Business Within the City. A person who is subject to tax under subsections C or D1 of Section 5.44.400 and has no office, store or other place of business within the City, shall allocate to the City the gross proceeds of all sales in which the taxpayer's business activity within the City is either a determining element in the transaction or, under the facts and circumstances, a significant factor in making or holding the market here. Mere delivery of goods, without accompanying efforts to maintain an economic market, shall not constitute a determining element in affecting a transaction.

B. Place of Business Within the City. A person who is subject to tax under subsections C or D1 of Section 5.44.400 and has an office, store, or other outlet within the City and maintains no equivalent facility elsewhere in Washington, may deduct the gross proceeds of sales, which (1) are used by another Washington city in levying and collecting a tax or license fee measured by gross receipts and (2) reflect business activity conducted in the taxing city that is either a determining element in a transaction or a significant factor in making or holding the taxpayer's market there. Delivery of goods to a location outside the City, without accompanying efforts to maintain an economic market, shall not constitute a determining element in affecting a transaction.

C. Place of Business Both Within and Without the City. A person who engages in the business of making sales at wholesale or retail using an office, store or other outlet within the City and maintains another equivalent facility elsewhere in Washington, may allocate the gross proceeds of sales to the office, store or outlet in Washington where the predominant selling activity occurs.

D. When comparable selling activity and a complete transaction occurs there, a warehouse, distribution center, or other place for storage of goods may be considered the equivalent of an office, store, or other outlet.

(Ord. 118314 § 41, 1996: Ord. 113690 § 2, 1987: Ord. 110476 § 2, 1982.)

**5.44.424 Allocation principles—Motor carriers of freight for hire.**

A. These allocation principles apply to a motor carrier of freight for hire when two (2) or more Washington cities impose a license fee or tax for the act or privilege of engaging in business activities; each city has a basis in local activity for imposing its tax; and the gross receipts of the motor carrier measured by all taxing cities, added together, would exceed the taxpayer's gross receipts:

1. Such a taxpayer, who maintains an office or terminal within the City and also elsewhere, may allocate the taxpayer's gross receipts by individual transactions, to the office or terminal at which the transportation services commence;

2. Such a taxpayer, who maintains an office or terminal within The City of Seattle and solicits orders and engages in business activity in another city that is a significant factor in holding the market there, may allocate the gross receipts of such transactions equally between The City of Seattle and the city providing the local market;

3. Such a taxpayer, who maintains no office or terminal within The City of Seattle but solicits orders and engages in business activity here that is a significant factor in holding its market in Seattle, may allocate the gross receipts of such business activity equally between The City of Seattle and the city where the office or terminal is located;

4. Such a taxpayer, who maintains no office or terminal with The City of Seattle and engages in no solicitation or business activity within the City, shall allocate all gross receipts to the municipality where the office or terminal is located irrespective of the place of pickup or delivery;

5. Gross receipts of such a taxpayer that are not attributable to transportation services, such as investment income, truck repair, and rental of equipment, shall be allocated to the office or terminal conducting such activities; and

6. No allocation of the gross receipts of such a taxpayer shall be made on the account of the use of City streets or highways when no pick-up or delivery occurs there.

B. The word "terminal" means a location at which any three (3) of the following four (4) occur: dispatching takes place, from which trucks operate or are serviced, personnel report and receive assignments, and orders are regularly received from the public.

C. Gross receipts of such a taxpayer that are attributable to transportation services shall be reported under Section 5.44.400 F.

(Ord. 118314 § 42, 1996: Ord. 110476 § 3, 1982.)

**5.44.426 Allocation principles—Property services.**

The following principles apply in measuring the amount of tax or fee due under Section 5.44.400 F from persons who are engaged in the business of providing property management, building maintenance, grounds maintenance, security guarding, and other like continuous maintenance services, which consist almost entirely in labor or services performed on the premises served, itself:

A. If the taxpayer maintains no office or place of business within the City, the tax shall be measured by the gross income of the business derived from services performed on property located within the city limits;

B. If the taxpayer maintains an office or place of business within the City, and none elsewhere, the tax shall be measured by the gross income of the business from services, both within the City and elsewhere; provided, the taxpayer may deduct the amount of gross receipts derived from services performed in another city that has levied and collected a gross receipts tax on those receipts;

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C. If the taxpayer maintains an office or place of business within the City and another office or place of business elsewhere in the State of Washington, the tax shall be measured by that portion of the taxpayer's gross income which reflects services rendered from or through the taxpayer's business location(s) within the City (including all business activity performed on premises within the City, regardless of the location from which such services are dispatched or managed) less the deduction authorized in subsection B of this section for services performed from the taxpayer's office or any place of business in the City on property outside the City. Where such an allocation cannot be made by accounting methods satisfactory to the Finance Director, the taxpayer shall apportion to the City that portion of his or her total income which the cost of doing business within the City bears to the total cost of doing business both within and without the City.

(Ord. 118314 § 43, 1996; Ord. 117169 § 26, 1994; Ord. 111427 § 1, 1983.)

#### **5.44.428 Persons rendering services both within and without the City.**

Unless Section 5.44.424 or Section 5.44.426 applies, a person who is subject to tax under Section 5.44.400 F and engages in business both within and without the City, and maintains an office or place of business within the City and not elsewhere, shall be taxable on the gross income from the business without regard to the place where the services are rendered; and such a person who has an office or place of business within the City and also elsewhere shall, for the purpose of computing tax liability under this chapter, allocate to the City that portion of the taxpayer's gross income which is derived from services and/or business activity rendered by, generated from or attributable to an office and/or place of business located within the City. Where such allocation cannot be made by accounting methods satisfactory to the Finance Director, the taxpayer shall apportion to the City that portion of his or her total gross income which the cost of doing business within the City bears to the total cost of doing business both within and without the City.

(Ord. 118314 § 44, 1996; Ord. 117801 § 4, 1995; Ord. 117169 § 27, 1994; Ord. 112029 § 3, 1984; Ord. 111427 § 2, 1983; Ord. 110476 §§ 1(part) and 4(part), 1982; Ord. 102623 § 3(part), 1973:

Ord. 73023 § 1(part), 1943; Ord. 726230 § 6, 1943.)

#### **5.44.430 Ancillary allocation authority of Director.**

To prevent or reduce overlapping municipal taxation, the Finance Director in his or her discretion is authorized to:

A. Agree with one (1) or more Washington cities for a joint audit of a taxpayer, and for the reciprocal application of common principles or policies, consistent with Sections 5.44.420 through 5.44.428 for the allocation or apportionment of the gross proceeds of sales, gross receipts, or gross income with respect to any taxpayer or any line of commerce; and

B. As part of an intercity agreement, or in concert with other Washington cities, include or implement reciprocal policies and procedures, consistent with this chapter, to ensure that the City, and the other cities, receive the tax payments each city is due when a taxpayer, who owes tax to the City, has in good faith overpaid municipal taxes measured by the taxpayer's gross proceeds of sales, gross receipts, or gross income, to either city when such overpayments are due to The City of Seattle or the other cities.

(Ord. 118314 § 45, 1996; Ord. 117169 § 28, 1994; Ord. 110476 § 5, 1982.)

#### **5.44.440 Determination of value of products.**

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The value of products, including byproducts, extracted or manufactured shall be determined by the gross proceeds derived from the sale thereof, whether such sale is at wholesale or at retail, to which shall be added all subsidies and bonuses received from the purchaser or from any other person with respect to the extraction, manufacture, or sale of such products or byproducts by the seller, except:

A. Where such products, including byproducts, are extracted or manufactured for commercial or industrial use; or

B. Where such products, including byproducts, are shipped, transported or transferred out of the City, or to another person, without prior sale or are sold under circumstances such that the gross proceeds from the sales are not indicative of the true value of the subject matter of the sale.

In the above cases, the value shall correspond as nearly as possible to the gross proceeds from sales in the City of similar products of like quality and character, and in similar quantities by the taxpayer or others, plus the amount of subsidies or bonuses ordinarily payable by the purchaser or by any third person with respect to the extraction, manufacture, or sale of such products. The Finance Director shall prescribe uniform and equitable rules for the purpose of ascertaining such values.

(Ord. 118314 § 46, 1996; Ord. 117169 § 24, 1994; Ord. 102623 § 2, 1973; Ord. 93360 § 2, 1964; Ord. 72630 § 5, 1943.)

Cases: A Seattle administrative ruling that bakers could measure the value of their product for business tax purposes by the cost of manufacture was authorized by Ordinance 72630 § 5b.<sup>1</sup> **Hansen Baking Co. v. Seattle**, 48 Wn.2d 737, 296 P.2d 670 (1956).

1.Editor's Note: Ord. 72630 § 5b appears in this Code as Section 5.44.440 B.

**5.44.442 Sales by consignee, bailee, factor or auctioneer.**

A. Every consignee, bailee, factor or auctioneer having either actual or constructive possession of tangible personal property or having possession of the documents of title thereto, with power to sell such tangible personal property in his or her or its own name and actually so selling shall be deemed the seller of such tangible personal property within the meaning of this chapter; and further, the consignor, bailor, principal or other

shall be deemed a seller of such property to the consignee, bailee, factor or auctioneer.

B. The burden shall be upon the taxpayer in every case to establish the fact that such taxpayer is not engaged in the business of selling tangible personal property but is acting merely as broker or agent in promoting sales for a principal; such claim will be allowed only when the taxpayer's account records are kept in such manner as the Finance Director shall by general regulation provide.

(Ord. 118314 § 47, 1996; Ord. 117169 § 29, 1994; Ord. 102623 § 4, 1973; Ord. 72630 § 8, 1943.)

**5.44.444 Persons engaged in telephone business—Resale of network telephone services.**

A person engaging in or carrying on a telephone business, as defined in Section 5.48.020, shall be subject to tax under Section 5.44.400 C with respect to income from charges to a telecommunications company as defined in RCW 80.04.010 for network telephone service that the purchaser buys for the purpose of resale, as contemplated by RCW 35.21.715.

(Ord. 120182 § 3, 2000; Ord. 118314 § 48, 1996; Ord. 114850 § 2, 1989.)

**5.44.450 Exemptions—Designated.**

The provisions of this subchapter shall not apply to:

A. Any person in respect to a business activity with respect to which tax liability is specifically imposed under the provisions of SMC Chapter 5.48 (Business Utilities Tax) or SMC Section 5.52.030 B1 and 3 (bona fide charitable or non-profit organization gambling activity, bingo, raffle and fundraising activities), as amended;

B. Any person who is an insurer upon which a tax based on gross premiums is paid to the state pursuant to RCW 48.14.020; provided that the provisions of this subsection shall not exempt any person engaging in the business of insurance as a broker as defined in RCW 48.17.020 or as a solicitor as defined in RCW 48.17.030; and provided further, that the provisions of this subsection shall not exempt any bonding company from tax with respect to gross income derived from the completion of any contract as to which it is a surety, or as to any liability as successor to the liability of the defaulting contractor;

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C. Any person who sells, delivers, or peddles any fruits, vegetables, berries, eggs, or any farm produce or edibles raised, gathered, produced, or manufactured by such person according to the provisions of RCW 36.71.090 and any sales by farmers of agricultural products at wholesale according to the provisions of RCW 82.04.330;

D. Any person in respect to the business of conducting boxing contests and sparring and/or wrestling matches and exhibitions for the conduct of which a license must be secured from the State Athletic Commission;

E. Any person in respect to the business of conducting race meets for the conduct of which a license must be secured from the State Horse Racing Commission;

F. Any person in respect to his employment in the capacity of an employee or servant as distinguished from that of an independent contractor;

G. Any person in respect to certain fraternal and beneficiary organizations according to the provisions of RCW 82.04.370;

H. The gross income received by the United States or any instrumentality thereof, by the state, or any municipal subdivision thereof, or by any religious society, religious association or religious corporation, through the operation of any hospital, clinic, resort or other institution devoted

exclusively to the care or healing of human beings; provided, that no exemption is granted where the income therefrom inures to the benefit of any physician, surgeon, stockholder or individual by virtue of ownership or control of such hospital, clinic, resort or other institution;

I. The gross proceeds derived from the sale of real estate; provided, that this exemption shall not be construed to allow a deduction of amounts received as commissions from the sale of real estate, nor as fees, handling charges, discounts, interest or similar financial charges resulting from, or relating to, real estate transactions;

J. The business of manufacturing, selling, or distributing motor vehicle fuel, as the term "motor vehicle fuel" is defined in RCW 82.36.010 and exempt under RCW 82.36.440;

K. Liquor as defined in RCW 66.04.010(15) and exempt in RCW 60.08.120;

L. Any nonprofit tax-exempt organization in respect to the operation of "sheltered workshops," as such term is defined in RCW 82.04.385; and

M. Any credit union chartered by the State of Washington or the government of the United States as defined in RCW 31.12 and exempt in RCW 82.04.405.

(Ord. 118698 § 1, 1997; Ord. 118314 § 49, 1996; Ord. 117914 § 2, 1995; Ord. 117801 § 5, 1995; Ord. 117331 § 1, 1994; Ord. 116099 § 1, 1992; Ord. 114515 § 1, 1989; Ord. 105308 § 1, 1976; Ord. 103449 § 1, 1974; Ord. 100946 § 2, 1972; Ord. 94555 § 1, 1966; Ord. 81150 § 2, 1952; Ord. 72630 § 9, 1943.)

#### **5.44.460 Exemptions—Accommodation sales.**

This subchapter shall not apply to sales for resale by persons regularly engaged in the business of making sales of the type of property so sold to other persons similarly engaged in the business of selling such property where: (A) the amount paid by the buyer does not exceed the amount paid by the seller to his vendor in the acquisition of the article, and (B) the sale is made as an accommodation to the buyer to enable him to fill a bona fide existing order of a customer or is made within fourteen (14) days to reimburse in kind a previous accommodation sale by the buyer to the seller; provided, that where the seller holds himself out as being regularly engaged in the business of making sales at wholesale of such property, such sales shall be incidental to his principal business activity.

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(Ord. 118314 § 50, 1996; Ord. 85026 § 1, 1956; Ord. 72630 § 9.1, 1943.)

**5.44.470 Deductions allowed in computing tax or fees.**

In computing the tax or fee due under this subchapter, there may be deducted from the measure of tax the following items:

A. Amounts derived by persons, other than those engaged in banking, loan, security or other financial businesses, from investments or the use of money as such;

B. Amounts derived from bona fide initiation fees, dues, contributions, donations, tuition fees, charges made for operation of privately operated kindergartens, charges made for operation of childcare service providers for provision of childcare services for school-age children either before or after regular school hours, and endowment funds. However, if dues are in exchange for any significant amount of goods or services rendered by the recipient thereof to members without any additional charge to the member, or if the dues are graduated upon the amounts of goods or services rendered, the value of such goods or services shall not be considered as a deduction hereunder. The provisions of this subsection shall not be construed to exempt any person, association or society from tax liability upon selling tangible personal property or upon providing facilities or services for which a special charge is made to members or others;

C. The amount of cash discount actually taken by the purchaser. This deduction is not allowed in arriving at the taxable amount under the extractive and/or manufacturing classifications with respect to articles produced or manufactured, the reported values of which, for the purposes of this tax, have been computed according to the provisions of Section 5.44.440;

D. The amount of credit losses actually sustained by taxpayers whose regular books of account are kept upon an accrual basis;

E. Amounts derived from business which the City is prohibited from taxing under the Constitution or laws of the state or the Constitution or laws of the United States, and any amounts collected by the taxpayer as an excise tax, including but not limited to the leasehold excise tax, retail sales and use tax, admissions tax and gambling tax;

F. Amounts received from the United States or any instrumentality thereof or from The State of

Washington or any municipal corporation or political subdivision thereof as compensation for, or to support, health or social welfare services rendered by a health or social welfare organization or by a municipal corporation or political subdivision, except deductions are not allowed under this section for amounts that are received under an employee benefit plan. The terms "health or social welfare services" and "health or social welfare organization," have the meanings contained in RCW 82.04.431, enacted as Chapter 196, Laws of 1979, 1st Ex. Sess. Section 6, as now existing or hereafter amended;

G. Amounts excluded by allocation or apportionment pursuant to Sections 5.44.420 through 5.44.430 inclusive; provided, no allocation or apportionment by Sections 5.44.422 through 5.44.428 inclusive shall reduce taxes payable with respect to extracting or manufacturing under - Section 5.44.400 A, B, D2 or E;

H. With respect to any nonprofit tax-exempt organization, as defined in SMC Section 5.40.010 C which has registered and been granted an exemption from the collection of admission tax as provided in SMC Sections 5.40.080 and 5.40.085, revenues from admission charges, when admission taxes do not apply under SMC Chapter 5.40;

I. Amounts, other than gross income from retail sales as defined in Section 5.44.026 3a and Section 5.44.026 3eiv, received by an artistic or cultural organization which represent gross income derived from business conducted by that organization. The term "artistic or cultural organization" means an organization that qualifies, under the definition in RCW 82.04.4328, as now existing or hereafter amended, for deduction or exemption from state taxation;

J. Amounts received by nonprofit tax-exempt organizations in respect to (1) presenting individual and community credit education programs including credit and debt counseling; (2) obtaining creditor cooperation allowing a debtor to repay debt in an orderly manner; (3) establishing and administering negotiated repayment programs for debtors; or (4) providing advice or assistance to a debtor with regard to subsection (1), (2), or (3) of this subsection;

K. Amounts received by nonprofit tax-exempt organizations which represent income derived from the provision of child care resource and referral services; and

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L. Amounts received by nonprofit tax-exempt organizations which represent income derived from the provision of adult day care; where care is provided for persons over the age of eighteen (18) years for periods of less than twenty-four (24) hours.

(Ord. 118822 § 1, 1997; Ord. 118314 § 51, 1996; Ord. 118022 § 1, 1996; Ord. 117914 § 3, 1995; Ord. 117801 § 6, 1995; Ord. 117380 § 1, 1994; Ord. 116951 § 3, 1993; Ord. 116099 § 2, 1992; Ord. 113690 § 3, 1987; Ord. 112029 § 4, 1984; Ord. 111448 § 1, 1983; Ord. 110476 § 6, 1982; Ord. 108707 § 1, 1979; Ord. 73335 § 4, 1944; Ord. 72630 § 10, 1943.)

Cases: Delivery by a seller to a carrier for shipment abroad does not render the seller immune from local taxation unless some action on the part of the seller irrecoverably places the goods in their final movement out of the country and there is a certainty at the time the tax accrues that the goods will be exported. *Eardley Fisheries Co. v. Seattle*, 50 Wn. 2d 566, 314 P.2d 393 (1957).

**5.44.480 Tax or fees not to be passed on.**

It is not the intention of this subchapter that the taxes or fees herein levied upon persons engaging in business be construed as taxes or fees upon the purchasers or customer, but that such taxes or fees shall be levied upon, and collectible from, the person engaging in the business activities herein designated and that such taxes or fees shall constitute a part of the cost of doing business of such persons.

(Ord. 118314 § 52, 1996.)

**Chapter 5.48  
BUSINESS TAX—UTILITIES**

**Sections:**

- 5.48.010 Exercise of revenue license power.**
- 5.48.020 Definitions.**
- 5.48.030 Occupation utility license required—Display of license.**
- 5.48.040 License tax year.**
- 5.48.050 Occupations subject to tax—Amount.**
- 5.48.055 Solid waste activities subject to tax—Amount.**
- 5.48.060 City of Seattle subject to tax.**
- 5.48.070 Exceptions and deductions.**
- 5.48.072 Anti-pyramiding credit for haulers of CDL Waste.**
- 5.48.080 Application for license.**
- 5.48.090 Monthly payment of tax—Returns.**
- 5.48.095 Mailing of notices.**
- 5.48.100 Commencement of business during tax year.**

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**April, 2005 code update file**

**5.48.110 Quitting, selling or transferring of  
business.**

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sections for complete text, graphics,  
and tables and to confirm accuracy of  
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5-46.2a

**Seattle Municipal Code**  
**April, 2001 code update file** BUSINESS TAX—UTILITIES  
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**5.48.120** Taxpayer to keep books and records—Failure to make return or provide records—Returns confidential.

**5.48.135** Computation of time.

**5.48.140** Payments—Extensions—Penalties.

**5.48.150** Under or over payment of tax.

**5.48.160** Remedy for nonpayment of tax—Tax and fees constitute debt.

**5.48.170** Appeals and judicial review.

**5.48.180** Director to make rules.

**5.48.200** Unlawful acts.

**5.48.210** Violation—Penalty.

**5.48.220** Fees for copies and research.

**5.48.260** Allocation of revenues—Cellular telephone service.

**5.48.270** Rate change—Cellular telephone service.

Severability: If any provision or section of this chapter shall be held void or unconstitutional, all other parts, provisions and sections of this chapter not expressly so held to be void or unconstitutional shall continue in full force and effect.

(Ord. 62662 § 23, 1932.)

Cases: A city excise tax which makes a distinction between national banks and the chattel loan business is not unreasonable. **Austin v. Seattle**, 176 Wn. 654, 30 P.2d 646 (1934).

#### **5.48.010** Exercise of revenue license power.

The provisions of this chapter shall be deemed an exercise of the power of The City of Seattle to license for revenue. The provisions of this chapter are subject to periodic statutory or administrative rule changes or judicial interpretations of the ordinances or rules. The responsibility rests with the taxpayer to reconfirm tax computation procedures and remain in compliance with the City code.

(Ord. 118315 § 1, 1996; Ord. 62662 § 1, 1932.)

#### **5.48.020** Definitions.

A. In construing the provisions of this chapter unless otherwise declared or clearly apparent from the context, the following definitions shall be applied:

1. “Business” includes all activities engaged in with the object of gain, benefit or advantage to the taxpayer or to another person or class, directly or indirectly.

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2. “City” means The City of Seattle.

3. “Cellular telephone service” is a voice and data telephone/telecommunications system based in whole or substantial part on wireless radio communications, whether or not the communications are subject to regulation by the Washington Utilities and Transportation Commission (WUTC). This includes cellular mobile service. Cellular mobile service includes other wireless radio communications services such as specialized mobile radio (SMR), personal communications services (PCS), and any other evolving wireless radio communications technology which accomplishes the same purpose as cellular mobile service. Cellular telephone service is included within the definition of “telephone business” for purposes of this chapter and Chapter 5.44.

4. “Competitive telephone service” means the providing by any person of telecommunications equipment or apparatus, directory advertising and lease of telephone street directories, or service related to that equipment or apparatus such as repair or maintenance service, if the equipment or apparatus is of a type which may be provided by persons not subject to regulation as telephone companies under Title 80 RCW, and for which a separate charge is made. Transmission of communication through cellular telephones is classified as “telephone business” rather than “competitive telephone service.”

5. “Construction, Demolition and Land-clearing Waste” or “CDL Waste” has the meaning given in SMC Section 21.36.012.

6. “Department” means the Department of Finance of The City of Seattle, or its functional successor.

7. “Director” means the Director of Finance of The City of Seattle, or his or her functional successor.

8. “Garbage” has the meaning given in SMC Section 21.36.014.

9. “Gross income” means the value proceeding or accruing from the sale of tangible property or service, and receipts (including all sums earned or charged, whether received or not), by reason of the investment of capital in the business engaged in, including rentals, royalties, fees, or other emoluments, however designated (excluding receipts or proceeds from the use or sale of real property or any interest therein, and proceeds from the sale of notes, bonds, mortgages, or

other evidences of indebtedness, or stocks and the like) and without any deduction on account of the cost of the property sold, the cost of materials used, labor costs, interest or discount paid, or any expense whatsoever, and without any deduction on account of losses, including the amount of credit losses actually sustained by the taxpayer whose regular books or accounts are kept upon an accrual basis.

10. “Nonprofit tax-exempt organization” means an organization, corporation, or association which is currently recognized by the United States of America as exempt from federal income taxation pursuant to Section 501(c)(1), (3), (4), or (6) of the Internal Revenue Code of 1954, 26 U.S.C. §501, as now existing or hereafter amended.

11. “Pager service” means service provided by means of an electronic device which has the ability to send or receive voice or digital messages transmitted through the local telephone network, via satellite or any other form of voice data transmission.

12. “Person or persons” means any individual, firm, receiver, assignee, trustee in bankruptcy, trust, estate, firm, partnership, joint venture, joint-stock company, corporation, association, society, limited liability corporation, and other association of natural persons, whether acting by themselves or by servants, agents, or employees and includes the United States or any instrumentality thereof, provided a valid tax may be levied upon or collected therefrom under the provisions of this chapter. The term includes all nonprofit tax-exempt organizations.

13. “Recovered material” means a usable or marketable product or commodity that results from recycling or material owned or acquired from another, but excludes use for landfill or incineration.

14. “Recyclable” means material:

a. That is collected for recycling or reuse, such as papers, glass, plastics, used wood, sand, building debris, metals, yardwaste, used oil and tires; and

b. That if not collected for recycling would otherwise be destined for disposal at a landfill or incineration.

15. “Recycled material” means material that is in fact recycled, reused, or reprocessed after collection; and if not recycled, reused or repro-

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cessed, would have been destined for disposal at a landfill or incineration.

16. "Recycling" has the meaning given in SMC Section 21.36.016.

17. "Rubbish" has the meaning given in SMC Section 21.36.016.

18. "Solid waste" has the meaning given in SMC Section 21.36.016.

19. "Successor" means any person who through direct or mesne conveyance, purchases or succeeds to the business, or portion thereof, or the whole or any part of the stock of goods, wares or merchandise or fixtures or any interest therein of a taxpayer quitting, selling out, exchanging or otherwise disposing of his or her business. Any person obligated to fulfill the terms of a contract shall be deemed a successor to any contractor defaulting in the performance of any contract as to which such person is a surety or guarantor.

20. "Taxpayer" means any person liable for the license fee or tax imposed by this chapter.

21. "Tax year" or "taxable year" shall mean either the calendar year or the taxpayer's fiscal year when permission is obtained from the Director of Finance to use a fiscal year in lieu of the calendar year.

22. "Telephone business" means the business of providing access to a local telephone network, local telephone network switching service, toll service, coin telephone services, telephonic, video, data, cellular telephone service, pager service, or similar communication, or transmission for hire, via a local telephone network, toll line or channel, cable, microwave, or similar communication or transmission system. The term includes cooperative or farmer line telephone companies or associations operating exchanges. "Telephone business" does not include the providing of competitive telephone service, or providing of cable television service, or other providing of broadcast services by radio or television stations.

23. "Within the City" or "in the City" includes but is not limited to all federal areas lying within the boundaries of The City of Seattle.

24. "Yardwaste" has the meaning given in SMC Section 21.36.016.

B. Words in the singular number shall include the plural, and plural shall include the singular. Words of one (a) gender shall include all other genders.

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(Ord. 120182 §§ 1, 2, 2000; Ord. 120181 § 97, 2000; Ord. 118397 § 84, 1996; Ord. 118315 § 2, 1996; Ord. 117401 § 1, 1994; Ord. 117169 § 44, 1994; Ord. 116955 § 1, 1993; Ord. 115908 § 2, 1991; Ord. 115756 § 1, 1991; Ord. 113690 § 5, 1987; Ord. 112111 § 1, 1985; Ord. 112022 § 1, 1984:

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Ord. 110274 § 1, 1981; Ord. 102620 § 1, 1973;  
Ord. 62662 § 2, 1932.)

**5.48.030 Occupation utility license  
required—Display of license.**

A. After July 1, 1932, no person shall engage in or carry on any business, occupation, pursuit or privilege for which a license fee or tax is imposed by this chapter without having first obtained, and being the holder of, a valid and subsisting license so to do, to be known as an “occupation license.”

B. Any person engaging in, or carrying on, more than one (1) such business, occupation, pursuit or privilege shall pay the license tax so imposed upon each of the same.

C. Any taxpayer who engages in, or carries on, any business subject to tax under this chapter without having his or her occupation license so to do, shall be guilty of a violation of this chapter for each day during which the business is so engaged in or carried on, and any taxpayer who fails or refuses to pay the license fee or tax or any part thereof on or before the due date shall be deemed to be operating without having his or her license so to do.

D. All licenses issued pursuant to the provisions of this chapter shall be kept posted by the licensee in a conspicuous place in the licensee's principal place of business in the City.

E. No person to whom a license has been issued pursuant to this chapter shall suffer or allow any other person chargeable with a separate license to operate under or display his or her license, nor shall such other person operate under or display such license.

(Ord. 118315 § 3, 1996; Ord. 62662 § 3, 1932.)

**5.48.040 License tax year.**

All occupation licenses and the fee or tax therefor shall be for the tax year for which issued and shall expire at the end of the tax year.

(Ord. 98423 § 1, 1969; Ord. 62662 § 4, 1932.)

**5.48.050 Occupations subject to tax—Amount.**

There are levied upon, and shall be collected from everyone, including The City of Seattle, on account of certain business activities engaged in or carried on, annual license fees or occupation taxes in the amount to be determined by the application of rates given against gross income as follows:

A. Upon everyone engaged in or carrying on a telephone business, a fee or tax equal to six (6) percent of the total gross income from such business in the City; provided, that effective January 1, 1987, the tax liability imposed under this section shall not apply for that portion of gross

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income derived from charges to another telecommunications company, as defined in RCW 80.04.010, for connecting fees, switching charges, or carrier access charges relating to intrastate toll telephone services, or for access to, or charges for, interstate services, which shall be taxed under SMC Chapter 5.44.

B. Upon everyone engaged in or carrying on the business of selling, brokering, or furnishing gas for hire, a fee or tax equal to six (6) percent of the total gross income from such business in the City.

C. Upon everyone, including The City of Seattle, engaged in or carrying on the business of selling or furnishing water for hire, a fee or tax equal to ten and one-tenth (10.1) percent of the total gross income from such retail business in the City; provided that as to The City of Seattle in the conduct of its municipal water utility, such tax shall be applicable to the business of such utility done without, as well as within, the City.

D. Upon everyone, including The City of Seattle, engaged in or carrying on the business of selling or furnishing electric light and power, a fee or tax equal to six (6) percent of the total gross income from such business in the City. The fee or tax imposed upon the municipal light and power system of the City shall be applicable to the business of such system both within and without the City; provided, that as to the gross income derived by such system from the production, sale or transfer of electric energy for resale or consumption outside the state the fee or tax shall be in an amount equal to five (5) percent of the gross income.

E. Upon everyone conducting or engaged in the business of supplying steam heat or power to the public for hire, a fee or tax equal to six (6) percent of the total gross income from such business in the City.

F. Upon The City of Seattle in respect to the conduct, maintenance, and operation of its municipal drainage and wastewater system as a public utility a fee or tax equal to ten (10) percent of the total gross income from the drainage and wastewater charges provided for under City ordinances.

G. As to solid waste, see Section 5.48.055.

H. Upon everyone engaged in the business of operating or conducting a cable television system (CATV), a fee or tax equal to ten (10) percent of the total gross income from gross subscriber reve-

nues. For purposes of this chapter, "gross subscriber revenues" means and includes those revenues derived from the supplying of subscription service, that is, installation fees, disconnect and reconnect fees, fees for regular cable benefits including the transmission of broadcast signals and access and origination channels and per-program or per-channel charges; provided the tax liability imposed under this section shall not include leased channel revenue, advertising revenues, or any other income derived from the system, which shall be taxed under SMC Chapter 5.44.

(Ord. 119860 § 1, 2000; Ord. 118315 § 4, 1996; Ord. 117183 § 1(part), 1994; Ord. 116955 § 2, 1993; Ord. 116460 § 1, 1992; Ord. 116429 § 1, 1992; Ord. 116186 § 1, 1992; Ord. 115954 §§ 1 — 4, 1991; Ord. 115908 § 1, 1991; Ord. 115756 § 2, 1991; Ord. 115549 § 1, 1991; Ord. 115422 § 1, 1990; Ord. 115386 § 1, 1990; Ord. 115055 § 1, 1990; Ord. 114779 § 1, 1989; Ord. 114371 § 1, 1989; Ord. 114212 § 1, 1988; Ord. 114155 § 9, 1988; Ord. 113714 § 1, 1987; Ord. 113690 § 6, 1987; Ord. 113375 § 1, 1987; Ord. 113172 § 1, 1986; Ord. 112943 § 1, 1986; Ord. 112552 § 1, 1985; Ord. 112021 § 1, 1984; Ord. 111432 § 1, 1983; Ord. 110843 § 1, 1982; Ord. 110590 § 1, 1982; Ord. 110274 § 2, 1981; Ord. 108886 § 1, 1980; Ord. 108639 § 1, 1979; Ord. 106526 § 1, 1977; Ord. 106088 § 1, 1976; Ord. 106041 § 1, 1976; Ord. 104434 § 1, 1975; Ord. 104357 § 1, 1975; Ord. 104033 § 1, 1974; Ord. 98423 § 2, 1969; Ord. 97288 § 1, 1968; Ord. 94116 § 1, 1965; Ord. 90511 § 1, 1961; Ord. 87623 § 1, 1958; Ord. 85885 § 1, 1957; Ord. 84414 § 1, 1955; Ord. 62662 § 5, 1932.)

Cases: A City ordinance which subjects a private public utility company to a license or excise tax based on gross income, while leaving untaxed a competing business operated by the City, is not unconstitutional as a denial of equal protection or as a taking of property without due process of law. **Puget Sound Power and Light Co. v. Seattle**, 219 U.S. 620, 54 S.Ct. 542, 78 L.Ed. 1028 (1934), aff'g 172 Wn. 668, 21 P.2d 727 (1933).

Ordinance 62662, an excise tax measured by the gross income derived from business within the City, is not so vague and indefinite as to violate the due process clause of the Fourteenth Amendment, as applied to a foreign telephone company doing business within and without the City. **Pacific Teleph. & Teleg. Co. v. Seattle**, 291 U.S. 300 (1934) aff'g 172 Wn. 649, 21 P.2d 721 (1933).

Ordinance 62662, which requires burglar alarm system businesses to pay a higher tax rate than other types of burglar prevention services, held not to violate the equal protection clause of Article 1, Section 12 of the State Constitution. **Sonitrol Northwest v. Seattle**, 84 Wn.2d 588, 528 P.2d 474 (1974).

**5.48.055 Solid waste activities subject to tax—Amount.**

There is levied upon, and shall be collected from everyone including The City of Seattle, on account of the following business activities engaged in or carried on with respect to solid waste, an annual license fee or occupation tax in the amount to be determined by the application of the rates given below:

A. Upon everyone engaged in or carrying on the business of operating a garbage transfer station or upon the business of transferring solid waste generated in or outside of Seattle from one (1) mode of transportation to another a fee or tax equal to Six Dollars and Twenty-five Cents (\$6.25) per ton of the waste handled for transportation or transported for garbage disposal, landfill, or incineration purposes. To prevent pyramiding of the tax under this subsection when two (2) or more transfers occur in Seattle, the fee or tax is imposed only upon the last transferor and shall not apply to earlier transfers. Waste is transferred from one (1) mode of transportation to another whenever it is moved from a motor vehicle (including, for example, landgrading or earthmoving equipment), barge, train or other carrier to another motor vehicle (including landgrading or earthmoving equipment), barge, train or other carrier, irrespective of whether or not temporary storage occurs in the process, provided that waste shall not be considered transferred if it has been placed in a sealed shipping container prior to being moved from one mode of transportation to another in the City. Solid waste transported for recycling or reuse as recovered material, yardwaste destined for composting, items to be scrapped for salvage, and sand and gravel for construction of a public improvement shall not be included in the tonnage by which the fee or tax is measured.

B. Upon everyone, including The City of Seattle, engaged in or carrying on the business of the collection of garbage, rubbish, trash, CDL Waste, and other solid waste, a fee or tax measured by the total of these two components:

1. Ten (10) percent of the total gross income from the collection of solid waste in Seattle, less income derived from the activities identified in subsection C of this section; and
2. Twelve Dollars and Five Cents (\$12.05) per ton of the materials collected in

Seattle, excluding the tonnage identified in subsection C.

C. The gross receipts factor identified in subsection B1 of this section above shall exclude income derived from:

1. Collection and/or sale of recycled materials and/or recovered materials, including charges for the lease or rental of containers used in the collection of recycled/recovered materials;
2. Collection and/or sale after processing of yardwaste products, including charges for the

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lease or rental of containers used in the collection of yardwaste products;

3. Sale of containers used for collection of residential solid waste;

4. Collection and disposal of bulky items and white goods;

5. Grants and contracts from governmental agencies;

6. The City of Seattle for collecting or disposing of residential garbage and other solid waste;

7. The portion of the City's solid waste collection receipts expended for collection of recyclable materials and yardwaste; and

8. Transportation or deposit of sand and gravel for construction or a public improvement.

D. The tonnage factor identified in subsection B2 of this section above shall exclude income derived from recycled materials and/or recovered materials; yardwaste destined for composting; items to be recycled, reused, or scrapped for salvage, and/or sand and gravel for construction of a public improvement.

E. The tax imposed under subsection A of this section applies to transferring in the City of all solid waste generated in or outside the City and the tax imposed under subsection B of this section applies only to collecting solid waste in the City. The taxes imposed under subsections A and B of this section are cumulative as to solid waste collected and transferred in the City, even though the same tonnage of solid waste may be involved at each successive stage in the disposal process, and the economic burden of the two (2) taxes may aggregate.

F. Income derived from activities described in subsection C of this section above shall be taxed under SMC Chapter 5.44.

(Ord. 119737 § 7, 1999; Ord. 118315 § 5, 1996; Ord. 117183 § 1(part), 1994; Ord. 116955 § 2, 1993; Ord. 116460 § 1, 1992; Ord. 116429 § 1, 1992; Ord. 116186 § 1, 1992; Ord. 115954 §§ 1 — 4, 1991; Ord. 115908 § 1, 1991; Ord. 115756 § 2, 1991; Ord. 115549 § 1, 1991; Ord. 115422 § 1, 1990; Ord. 115386 § 1, 1990; Ord. 115055 § 1, 1990; Ord. 114779 § 1, 1989; Ord. 114371 § 1, 1989; Ord. 114212 § 1, 1988; Ord. 114155 § 9, 1988; Ord. 113714 § 1, 1987; Ord. 113690 § 6, 1987; Ord. 113375 § 1, 1987; Ord. 113172 § 1, 1986; Ord. 112943 § 1, 1986; Ord. 112552 § 1, 1985; Ord. 112021 § 1, 1984; Ord. 111432 § 1, 1983; Ord. 110843 § 1, 1982; Ord. 110590 § 1,

1982; Ord. 110274 § 2, 1981; Ord. 108886 § 1, 1980; Ord. 108639 § 1, 1979; Ord. 106526 § 1, 1977; Ord. 106088 § 1, 1976; Ord. 106041 § 1, 1976; Ord. 104434 § 1, 1975; Ord. 104357 § 1, 1975; Ord. 104033 § 1, 1974; Ord. 98423 § 2, 1969; Ord. 97288 § 1, 1968; Ord. 94116 § 1, 1965; Ord. 90511 § 1, 1961; Ord. 87623 § 1, 1958; Ord. 85885 § 1, 1957; Ord. 84414 § 1, 1955; Ord. 62662 § 5, 1932.)

**5.48.060 City of Seattle subject to tax.**

Subsections C, D, and F of Section 5.48.050, Section 5.48.055, and Section 5.48.140 shall, so far as permitted by law, be applicable to The City of Seattle, except that the City shall not, as a taxpayer, be required to conform to the other provisions of this chapter.

(Ord. 118315 § 6, 1996; Ord. 117183 § 2, 1994; Ord. 116460 § 2, 1992; Ord. 104802 § 1, 1975; Ord. 99524 § 1, 1970; Ord. 84414 § 2, 1955; Ord. 62662 § 6, 1932.)

**5.48.070 Exceptions and deductions.**

A. There shall be excepted and deducted from the total gross income upon which the license fee or tax is computed, amounts derived from business which the City is prohibited from taxing under the Constitution or laws of the United States, the Constitution or laws of the state, or the Charter<sup>1</sup> of the City; and any amounts collected by the taxpayer as an excise tax (trust funds) and remitted to the taxing authority, including but not limited to the leasehold excise tax, retail sales and use tax, refuse collection tax, admission tax, and gambling tax.

B. Any person subject to a license fee or tax under the provisions of any ordinance of the City, other than this chapter or Ordinance 98776,<sup>2</sup> on account of engaging in any activity for which he or she is liable for tax under this chapter, may deduct the amount of such fee or tax from the amount of fee or tax imposed by this chapter on account of such activity, but such person shall nevertheless, in the manner provided for in this chapter, apply for and procure an occupation license.

C. A taxpayer engaged in a telephone business shall exclude from the total taxable gross income charges to a telecommunications company, as defined in RCW 80.04.010, for network telephone service, as defined in RCW 82.04.065, that the telecommunication company purchases for the

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purpose of resale. This excluded revenue shall be recorded and taxed under SMC Chapter 5.44.

D. A deduction from gross income shall be allowed, only to cellular telephone service companies who keep their regular books of account on an accrual basis, for credit losses actually sustained by a taxpayer as a result of cellular telephone service business which shall be phased in as follows: twenty (20) percent of the credit losses occurring in 1995; forty (40) percent of the credit losses occurring in 1996; sixty (60) percent of the credit losses occurring in 1997; and eighty (80) percent of the credit losses occurring in 1998; and a complete deduction for the credit losses occurring in 1999 and thereafter.

(Ord. 118315 § 7, 1996: Ord. 116951 § 4, 1993: Ord. 116462 § 1, 1992: Ord. 114850 § 1, 1989: Ord. 112943 § 2, 1986: Ord. 100327 § 1, 1971: Ord. 62662 § 9, 1932.)

1.Editor's Note: The Charter is included at the beginning of this Code.

2.Editor's Note: Ord. 98776 has been repealed by Ord. 108138.

Cases: Since the exactions levied under Seattle Ordinance 62662 and the corresponding state law are not "taxes imposed or levied upon the sale or distribution of property or services," the amounts paid pursuant to the terms of such ordinance and state law are not deductible under Section 9 of Ordinance 62662. *Seattle Gas Co. v. Seattle*, 192 Wn. 456, 73 P.2d 1312 (1937).

#### **5.48.072Anti-pyramiding credit for haulers of CDL Waste.**

There shall be allowed to anyone who is engaged in the business of the collection of CDL Waste and subject to tax under Section 5.48.055 C a credit against the tax in the amount of One Dollar and Forty-three Cents (\$1.43) per ton for each ton of CDL Waste collected in the City, delivered to a person engaged in or carrying on the business of transferring CDL Waste from one (1) mode of transportation to another under Section 5.48.055 A (called the "transfer station"), and used by the transfer station in measuring the tax due under Section 5.48.055 A upon the transfer station's activities of transferring CDL Waste from one (1) mode of transportation to another. When the transfer station engages in recycling activities, the tonnage used by the taxpayer in measuring the credit shall be reduced by the proportion of the transfer station's tonnage recycled.

This section is intended to prevent pyramiding of the economic impact of the tax imposed under

Section 5.48.055 A on CDL Waste, and is limited in its application to fulfilling that purpose. (Ord. 118315 § 8, 1996: Ord. 116955 § 3, 1993.)

#### **5.48.080Application for license.**

On or before the first day of each tax year, every taxpayer shall apply to the Finance Director for an occupation license, upon forms provided by the Director. Every such application shall be accompanied by a license fee of Twenty-five Dollars (\$25).

(Ord. 118315 § 9, 1996: Ord. 117169 § 45, 1994: Ord. 107158 § 9, 1978: Ord. 102620 § 2, 1973: Ord. 98423 § 3, 1969: Ord. 62662 § 10, 1932.)

1.Editor's Note: Section 7A of Ord. 62662 was repealed by Ord. 101033.

#### **5.48.090Monthly payment of tax—Returns.**

A. The taxpayer shall pay the fee or tax monthly during the tax year. Each monthly remittance shall be paid on or before the last day of each month and shall be based on the total gross income of the preceding month. The payment shall be made as provided in subsection B of this section and shall be accompanied by a return, which consists of a form provided by the Finance Director and completed by the taxpayer. The return shall be signed by the taxpayer personally or by a responsible officer or agent of the taxpayer. The individual signing the return shall swear or affirm that the information in the return is full and true.

B. Remittance shall be by bank draft, certified check, cashier's check or money order, payable to The City of Seattle or in cash, in the amount of the tax or fee thereof required by the provisions of this chapter. If payment is made by draft or check, the tax or fee shall not be deemed paid unless the check or draft is honored in the usual course of business; nor shall the acceptance of any sum by the Finance Director be an acquittance or discharge of the tax or fee due unless the amount of the payment is in the full and actual amount due.

C. If the taxpayer is a partnership, the return must be made by one of the partners; if a corporation, by one of the officers thereof; if a foreign corporation, copartnership or nonresident individual, by the resident agent or local manager of the corporation, copartnership or individual.

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(Ord. 118315 § 10, 1996; Ord. 117169 § 46, 1994; Ord. 116368 § 162, 1992; Ord. 102620 § 3, 1973; Ord. 98423 § 4, 1969; Ord. 62662 § 11, 1932.)

**5.48.095 Mailing of notices.**

Any notice required by this chapter to be mailed to any taxpayer shall be sent by ordinary mail, addressed to the address of the taxpayer as shown by the records of the Finance Director, or if no such address is shown, to such address as the Director is able to ascertain by reasonable effort. Failure of the taxpayer to receive any such mailed notice shall not release the taxpayer from any tax, fee, interest, or any penalties thereon, nor shall such failure operate to extend any time limit set by the provisions of this chapter. (Ord. 118315 § 11, 1996.)

**5.48.100 Commencement of business during tax year.**

Whenever a taxpayer commences during any tax year to engage in any business, occupation, pursuit or privilege, for which an occupation license is required under the provisions of this chapter, and as to which the amount of the license fee or tax is based on gross income, his or her returns and the license fee or tax shall be based upon and cover the portion of the tax year during which he or she is engaged in business, subject to the conditions as set forth in Section 5.48.090. (Ord. 118315 § 12, 1996; Ord. 113690 § 7, 1987; Ord. 98423 § 5, 1969; Ord. 62662 § 12, 1932.)

**5.48.110 Quitting, selling or transferring of business.**

Whenever any taxpayer quits business, or sells out, exchanges, or otherwise disposes of his or her business or stock of goods, any tax or fee payable hereunder shall become immediately due and payable, and such taxpayer shall, within twenty (20) days thereafter, make a return and pay the tax or fee due; and any person who becomes a successor shall become liable for the full amount of the tax or fee and withhold from the purchase price a sum sufficient to pay any amount due from the taxpayer until such time as the taxpayer shall produce a receipt from the Department showing payment of any amounts due for taxes or fees or a certificate that none is due, and if such tax or fees is not paid by the taxpayer within twenty (20) days from the date of such sale, exchange, or disposal, the successor shall become liable for the payment

of the full amount of taxes and fees, and the payment thereof by such successor shall, to the extent thereof, be deemed a payment upon the purchase price, and if such payment is greater in amount than the purchase price the amount of the difference shall become a debt due such successor from the taxpayer. No successor shall be liable for any tax or fee due from the person from whom he or she has acquired a business or stock of goods if he or she gave written notice to the Director of such acquisition and no assessment is issued by the Department within six (6) months of such notice against the former operator of the business and a copy thereof mailed to such successor. (Ord. 118315 § 13, 1996; Ord. 62662 § 14, 1932.)

**5.48.120 Taxpayer to keep books and records—Failure to make return or provide records—Returns confidential.**

A. It shall be the duty of every person liable for the payment of any tax or fee imposed by this chapter to keep and preserve for the period of five (5) years such books and records as will accurately reflect the amount of his or her gross income, gross proceeds of sale or value of products, as the case may be, and from which can be determined the amount of any tax or fee for which he or she may be liable under the provisions of this chapter; and all such books and records, including state and federal tax returns, and also invoices, vendor lists, inventories and stocks of goods, wares and merchandise shall be open for examination at all reasonable times by the Finance Director or his or her duly authorized agent.

B. In the case of any such person who does not keep the necessary books and records within the City for examination it shall be sufficient if such person produces within the City such books and records as may be required by the Director or bears the cost of examination by the Director's agent at the place where such books and records are kept; provided that the person electing to bear such cost shall pay in advance to the Director the estimated amount thereof including round-trip fare, lodging, meals and incidental expenses, subject to adjustment upon completion of the examination.

C. If any taxpayer fails, neglects or refuses to make his or her return as and when required in this chapter, or refuses to provide or make available records as requested by the Department, the

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Finance Director is authorized to determine the amount of the tax payable by obtaining facts and information upon which to base his or her estimate of the tax. Such assessments shall be deemed prima facie correct and shall be the amount of tax owing the City by the taxpayer. The taxpayer shall be notified by mail by the Director of the amount of tax so determined, together with any penalty, interest, and fees due under this chapter; the total of such amounts shall thereupon become immediately due and payable.

D. The applications, statements or returns made to the Director pursuant to this chapter shall not be made public, nor shall they be subject to the inspection of any person except the Mayor, the City Attorney, the Finance Director or his or her authorized agent, members of the City Council or their authorized agents, and the Director of the Strategic Planning Office or his or her authorized agent. Returns are also subject to disclosure when the Public Disclosure Act, RCW 42.17.160, et. seq., requires disclosure.

(Ord. 118912 § 33, 1998; Ord. 118315 § 14, 1996; Ord. 117408 § 23, 1994; Ord. 117169 § 47, 1994; Ord. 116368 § 163, 1992; Ord. 106168 § 1, 1977; Ord. 102620 § 4, 1973; Ord. 62662 § 15, 1932.)

#### **5.48.135 Computation of time.**

Except as otherwise specifically provided by any other provisions of this chapter, in computing any period of days prescribed by this chapter the day of the act or event from which the designated period of time runs shall not be included. The last day of the period shall be included unless it is a Saturday, Sunday, or City legal holiday, in which case the last day of such period shall be the next succeeding day which is neither a Saturday, Sunday, or City legal holiday.

(Ord. 118315 § 16, 1996.)

#### **5.48.140 Payments—Extensions—Penalties.**

A. The Finance Director for good cause shown may extend the time for making and filing any return required under this chapter and may grant such reasonable additional time within which to make and file such return as he or she may deem proper.

B. Failure to Make Payment or Return by the Due Date. If any tax return, or payment of any fee or tax, is not received by the Finance Director on or before the last day of the month in which such fee or tax becomes due, there shall be assessed a

penalty of five (5) percent of the amount due with a minimum penalty of Ten Dollars (\$10); and if the fee or tax is not received within thirty (30) days from the due date, there shall be assessed a total penalty of ten (10) percent of the amount due

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with a minimum penalty of Twenty Dollars (\$20); and if the fee or tax is not received within sixty (60) days from the due date, there shall be assessed a total penalty of twenty (20) percent of the amount due, with a minimum penalty of Forty Dollars (\$40).

C. Interest and Penalty on Late Payment. If the Finance Director finds that the tax, fee, or penalty paid is less than the amount due, the Director shall mail the taxpayer a notice showing the balance due and shall add thereto interest on such balance at the rate of ten (10) percent per year from the date of underpayment until paid, and the taxpayer shall, within twenty (20) days from the notice date, pay the amount shown thereon as the balance due plus such interest. If payment of any tax, fee, penalty, or interest assessed by the Finance Director is not received by the Department within the twenty (20) days, or any extension thereof, the Director shall add a penalty of ten (10) percent of the amount of the addition tax or assessment found due. No penalty so added shall be less than Twenty Dollars (\$20).

D. Citation/Criminal Complaint. If a citation or criminal complaint is issued by the Director for the collection of taxes, assessments, interest, or penalties, there shall be added thereto a penalty of ten (10) percent of the amount due, but not less than Twenty Dollars (\$20).

E. Penalty for Disregarding Specific Written Instructions. If the Director finds that all or any part of a deficiency resulted from the disregard of specific written instructions as to reporting of tax liabilities, the Director shall add a penalty of twenty (20) percent of the additional tax found due because of the failure to follow the instructions. A taxpayer will be deemed to disregard specific written instruction when the Director has informed the taxpayer in writing of the taxpayer's tax obligations and the taxpayer fails to act in accordance with those instructions unless the Department has not issued final instructions because the matter is under appeal pursuant to this Chapter. The Director shall not assess the penalty under this section upon any taxpayer who, in the Director's opinion, has made a good faith effort to comply with the specific written instructions provided by the Department to that taxpayer. Specific written instructions may be given as a part of a tax assessment, audit, determination, letter of instruction or closing agreement, provided that such specific written instructions shall apply only to the taxpayer addressed or

referenced on such documents. Any specific written instructions by the Department shall be clearly identified as such and shall inform the taxpayer that failure to follow the instructions may subject the taxpayer to the penalties imposed by this subsection. No penalty so added shall be less than Twenty Dollars (\$20).

(Ord. 118315 § 17, 1996; Ord. 117169 § 49, 1994; Ord. 116368 § 164, 1992; Ord. 111431 § 1, 1983; Ord. 104802 § 2, 1975; Ord. 62662 § 16.A, 1932.)

**5.48.150 Under or over payment of tax.**

A. Assessments or demands for any additional tax, fee, penalty or interest shall be made by the Director within four (4) years after the close of the calendar year in which the same accrued with the following exceptions:

1. Against a taxpayer who is not currently licensed or has not filed a tax return as required by this chapter; assessments or demands for any additional tax, fee, penalty or interest due, as provided for in Section 5.48.140, as a result of failure to obtain and maintain a license as provided for under Section 5.48.080 and file a tax return as required by this chapter may be made by the Director within ten (10) years after the close of the calendar year in which the same accrued;
2. Against a taxpayer who has committed fraud;
3. Against a taxpayer who misrepresented a material fact; or
4. Where a taxpayer has executed a written waiver of such limitations.

B. If, after receipt of a written application for a refund within the time period specified within this subsection, an audit of a taxpayer's records, or an examination of a taxpayer's returns or records, the Finance Director determines that the taxpayer has paid any amount of tax, penalty, or interest in excess of that due for the statutory period for assessments as prescribed in Section 5.48.150 A, that amount shall, at the taxpayer's option, be either credited to the taxpayer's account or refunded to the taxpayer. Except as provided in Section 5.48.150 C, no refund or credit may be allowed for taxes, penalties, or interest accrued more than four (4) years prior to the beginning of the calendar year in which the written refund application is made or an audit of a taxpayer's records, or an examination of a taxpayer's returns or records is completed. In addition, the Director shall not grant a refund or credit for any tax or fee that accrued before January 1, 1996.

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C. A taxpayer that has executed a written waiver of limitations as provided for in Section 5.48.150 A4 may apply for a refund or credit of any tax or fee that accrues during the assessment years included in the waiver. The application must be filed before the expiration of the waiver period.

D. The Finance Director may enter into an agreement in writing with any person relating to the liability of such person in respect of any tax, fee, or assessment imposed by this chapter for any taxable period or periods.

E. The denial of a refund may only be appealed when and as set forth in Section 5.48.170.

F. Refund of overpayments as authorized in this section shall be paid from the Refund Account of the General Fund. No interest shall be allowed on any refund granted under this chapter. (Ord. 119257 § 2, 1998; Ord. 118315 § 18, 1996; Ord. 117169 § 50, 1994; Ord. 116368 § 165, 1992; Ord. 114847 § 1, 1989; Ord. 111428 § 1, 1983; Ord. 102620 § 6, 1973; Ord. 62662 § 17, 1932.)

#### **5.48.160 Remedy for nonpayment of tax—Tax and fees constitute debt.**

Any tax or fee due and unpaid and delinquent under this chapter, and all penalties thereon, may be collected by civil action, which remedy shall be in addition to any and all other existing remedies.

Any tax or fee due and unpaid under this chapter, and all interest and penalties thereon, shall constitute a debt to The City of Seattle and may be collected by court proceedings in the same manner as any other debt in like amount which remedy shall be in addition to all other existing remedies.

(Ord. 118315 § 19, 1996; Ord. 117169 § 51, 1994; Ord. 102620 § 7, 1973; Ord. 98423 § 6, 1969; Ord. 62662 § 18, 1932.)

#### **5.48.170 Appeals and judicial review.**

A. Any taxpayer aggrieved by the amount of the tax, fee, interest, or penalty assessed by the Finance Director under the provisions of this chapter, may file a written appeal (“petition”) with the Office of the Hearing Examiner within twenty (20) days from the date that the assessment notice was mailed to the taxpayer, or within the period covered by any extension of said due date granted in writing by the Finance Director. The Finance Director may grant an extension of the appeal period only if the taxpayer, within the twenty (20)

day period to appeal, makes written application showing good cause why an extension is necessary. A copy of the petition must be provided by the taxpayer to the Finance Director and the City Attorney on or before the date the petition is filed with the Hearing Examiner. If no such petition is filed with the Hearing Examiner and provided to the Finance Director and City Attorney within the twenty (20) day period, the assessment covered by the notice shall become final and no refund request may be made for the audit period covered in this assessment.

B. The petition shall set forth the reasons why the assessment should be reversed or modified and the amount of the tax, fee, interest, or penalties which the taxpayer believes to be due. The Hearing Examiner shall fix the time and place of the hearing and notify the taxpayer thereof by mail. The hearing shall be conducted in accordance with the procedures for hearing contested cases in the Seattle Administrative Code (SMC Chapter 3.02; Ordinance 102228).

C. The Finance Director's assessment appealed from shall be regarded as prima facie correct. The Hearing Examiner may, by subpoena, require the attendance of any person at the hearing, and may also require him or her to produce pertinent books and records. Any person served with such a subpoena shall appear at the time and place therein stated and produce the books and records required, if any, and shall testify truthfully under oath administered by the Hearing Examiner as to any matter required of him or her pertinent to the appeal; and it shall be unlawful for him or her to fail or refuse to do so.

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D. The Hearing Examiner may reverse or modify an action of the Director and ascertain the correct amount of the tax, fee, interest, or penalty due if the Director's assessment violates the terms of this chapter or is contrary to law. The decision of the Hearing Examiner shall be final. The taxpayer and/or the Department of Finance may seek review of the decision of the Hearing Examiner to the Superior Court of Washington in and for King County within fourteen (14) days from the date of the decision.

(Ord. 118315 § 20, 1996; Ord. 117169 § 52, 1994; Ord. 114595 § 1, 1989; Ord. 102620 § 8, 1973; Ord. 62662 § 19, 1932.)

**5.48.180 Director to make rules.**

The Finance Director shall have the power, and it shall be his or her duty, from time to time, to adopt, publish and enforce rules and regulations not inconsistent with this chapter or with law for the purpose of carrying out the provisions thereof, and it is unlawful to violate or fail to comply with, any such rule or regulation.

(Ord. 117169 § 53, 1994; Ord. 102620 § 9, 1973; Ord. 62662 § 20, 1932.)

**5.48.200 Unlawful acts.**

It shall be unlawful for any person liable for the tax or fee under this chapter to fail or refuse to make application or secure a license or to pay the fee or tax thereof when due, or for any person to make any false or fraudulent application or return or any false statement or representation in, or in connection with, any such application or return, or to aid or abet another in any attempt to evade payment of the fee or tax, or any part thereof, or for any person to fail to appear and/or testify in response to subpoena issued pursuant to this chapter, or to testify falsely upon any investigation of the correctness of a return, or upon the hearing of any appeal, or in any manner to hinder or delay the City or any of its officers in carrying out the provisions of this chapter. Remedial action by the City may include fines as provided for in Section 5.48.210.

(Ord. 118315 § 22, 1996; Ord. 62662 § 22, 1932.)

**5.48.210 Violation—Penalty.**

A. A person who violates or fails to comply with any provision of this chapter or any rule, regulation or order of the Director is guilty of a misdemeanor subject to the provisions of Chapters 12A.02 and 12A.04 of the Seattle Municipal

Code, except that absolute liability shall be imposed for such a violation or failure to comply and none of the mental states described in Section 12A.04.030 of the Seattle Municipal Code need be proved. A corporation which violates or fails to comply with any provisions of this chapter or any rule, regulation or order of the Director shall be punished by a fine of not more than One Thousand Dollars (\$1,000). Each day of violation or failure to comply is a separate offense.

B. Prosecution for a criminal offense shall not be commenced more than four (4) years after the violation or failure to comply.

(Ord. 118315 § 23, 1996; Ord. 117169 § 54, 1994; Ord. 102620 § 11, 1973; Ord. 62662 § 24, 1932.)

**5.48.220 Fees for copies and research.**

The Finance Director may charge a fee:

A. For making copies of books and records as authorized by Ordinance 100501,<sup>1</sup> as now existing or hereafter amended or supplemented;

B. For compiling statistics and conducting special research as authorized in a fee schedule approved by the City Council by resolution from time-to-time to reimburse the City's cost therefor; and

C. For the bulk sale of City forms and printed brochures and other publications in an amount equal to the cost of preparing, reproducing and distributing them as determined by the Director by

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rule adopted pursuant to the Administrative Code, Sections 3.02.030 through 3.02.070. (Ord. 118315 § 24, 1996.)

1. Editor's Note: Ord. 100501 has been repealed by Ord. 108657.

#### **5.48.260 Allocation of revenues—Cellular telephone service.**

A. Service Address. In determining the total gross income from telephone business in the City for purposes of Section 5.48.050 A, there shall be included all gross income from cellular telephone service provided to customers whose principal service address is in the City, regardless of the location of the facilities used to provide the service. The customer's "principal service address" is, with respect to each telephone: (a) the customer's plant, store, office, or other facility where the telephone is normally assigned for use in conjunction with the customer's business activity; or (b) the customer's place of residence if the telephone is for personal use.

B. There is a rebuttable presumption that the principal service address shown on the cellular telephone service company's records is accurate. If the cellular telephone service company knows or should have known that a customer's principal service address for a telephone is within the City then the gross revenue from cellular telephone service provided to that customer with respect to that telephone is to be included in the company's gross income.

C. Non-Washington Roaming Phones. In determining the total gross income from telephone business in the City for purposes of Section 5.48.050 A, there shall be included all gross income from cellular telephone services rendered to customers using non-Washington telephones (which means cellular telephones with principal service addresses outside the state) through the use of switching facilities located in the City. In the event technological advances result in a cellular telephone service company's accounting system accurately assigning revenue from such a customer's call to the location of the originating cell site rather than to the location of the main cellular switching office that switched the call, and the company has elected to report, to all taxing jurisdictions throughout Washington State, its revenues from non-Washington telephones according to the location of the originating cell site, then that company's gross revenues for purposes of Section 5.48.050 A shall, instead of the pre-

ceding sentence, include all gross income from services rendered to customers using non-Washington telephones derived from calls originating in cell sites within the City.

D. Dispute Resolution. If there is a dispute between or among the City and another city or cities as to the principal service address for a customer's cellular telephone service, or any other matter concerning allocation of revenues, and the dispute is not resolved by negotiation among the parties, then the dispute shall be resolved by the City and the other city or cities through the Association of Washington Cities. Once taxes on the disputed revenues have been paid to one (1) of the contesting cities, the cellular telephone service company shall have no further liability with respect to additional taxes, penalties, or interest on the disputed revenues so long as it promptly changes its billing records for future revenues to comport with the settlement facilitated by the Association of Washington Cities. (Ord. 117401 § 2 (part), 1994.)

#### **5.48.270 Rate change—Cellular telephone service.**

No change in the rate of tax upon persons engaging in providing cellular telephone service shall apply to business activities occurring before the effective date of the change and, except for a change in the tax rate authorized by RCW 35.21.870, no change in the rate of the tax may take effect sooner than sixty (60) days following the enactment of the ordinance establishing the change. (Ord. 117401 § 2 (part) 1994.)

### **Chapter 5.52 GAMBLING TAX**

#### **Sections:**

- 5.52.010 Definitions.**
- 5.52.020 Filing of intent to conduct activity.**
- 5.52.030 Tax levied.**
- 5.52.040 Payments—Extensions—Penalties.**
- 5.52.050 Payments due under this chapter.**
- 5.52.060 Under or over payment of tax.**
- 5.52.070 Keeping books and records—Inspection—Failure to make return or provide records.**
- 5.52.080 Unlawful actions.**
- 5.52.090 Appeals and judicial review.**

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**5.52.100 Mailing of notices.**

**5.52.110 Computation of time.**

**5.52.120 Collection of delinquent tax—Tax constitute debt.**

**5.52.130 Violation—Penalty.**

**5.52.140 Fees for copies and research.**

**5.52.150 Application to City's activities.**

**5.52.160 Rule-making authority.**

Statutory Reference: For statutory provisions authorizing cities to tax certain gambling activities, see RCW 9.46.110.

Severability: If any clause, sentence, paragraph or part of this chapter, or the application thereof to any person or circumstances, shall for any reason be adjudged by a court of competent jurisdiction to be invalid, such judgment shall not affect, impair or invalidate the remainder of this chapter.

(Ord. 107278 § 5, 1978; Ord. 102459 § 6, 1973.)

**5.52.010 Definitions.**

Words and terms used in this chapter shall have the same meaning as each has under RCW Chapter 9.46, as now existing or hereafter amended, unless otherwise specifically provided in this chapter, or when the context in which they are used in this chapter clearly indicates that they be given some other meaning.

A. "Bona fide charitable organization" means an organization that meets all of the requirements of RCW 9.46.0209, as now existing or hereafter amended, and is organized and operated primarily to provide charitable services as defined by WAC 230-02-160.

**Seattle Municipal Code**  
**April, 2001 code update file** GAMBLING TAX 5.52.010  
**Text provided for historic reference only.**

**See ordinances creating and amending  
sections for complete text, graphics,  
and tables and to confirm accuracy of  
this source file.**

**For current SMC, contact  
the Office of the City Clerk**

B. "Bona fide nonprofit organization" means an organization that meets all of the requirements of RCW 9.46.0209.

C. "Department" means the Department of Finance of The City of Seattle, or its functional successor.

D. "Director" means the Director of Finance of The City of Seattle, or his or her functional successor.

E. "Gross gambling receipts" means the monetary value that would be due to any operator of a gambling activity for any chance taken, other participation fees, any rental or lease fees for amusement games received by a commercial amusement game operation, as evidenced by required records. The value shall be stated in U.S. currency, before any deductions for prizes or any other expenses. In the absence of records, gross gambling receipts shall be the maximum that would be due to an operator from that particular activity if operated at maximum capacity.

F. "Net gambling receipts" means all gross gambling receipts from any gambling activity, less the monetary value or, in the case of merchandise, the actual cost, of any prizes that were awarded.

G. "Person" means any individual, receiver, assignee, trustee in bankruptcy, trust, estate, firm, partnership(s), joint venture, joint-stock company, corporation, association, society, limited liability corporation, or any group of individuals acting as a unit, whether mutual, cooperative, fraternal, nonprofit or otherwise, and includes the United States or any instrumentality thereof, provided a valid tax or fee may be levied upon or collected therefrom under the provisions of this chapter. The term includes all bona fide charitable organizations and bona fide nonprofit organizations.

H. "Within the City" or "in the City" includes but is not limited to all federal areas lying within the boundaries of The City of Seattle. (Ord. 120181 § 98, 2000; Ord. 118313 § 1, 1996.)

#### **5.52.020 Filing of intent to conduct activity.**

Any person, corporation, association, organization or bona fide charitable or nonprofit organization intending to conduct or operation in the City any such gambling activity or fundraising event as authorized by or under RCW Chapter 9.46, as now existing and hereafter amended, and subject to the tax imposed by Section 5.52.030 shall, prior to the commencement of any such activity, file with the Director a sworn declaration of intent to conduct or operate such activity. A copy of the state license issued in accordance with RCW Chapter 9.46, if such is required, shall accompany such declaration. (Ord. 118313 § 2, 1996.)



**5.52.030 Tax levied.<sup>1</sup>**

A. In accordance with RCW Chapter 9.46, as amended, a tax or fee is levied upon all persons, corporations, associations, or organizations conducting or operating within the City any of the following gambling activities authorized by RCW 9.46.010, as amended, and RCW 9.46.033, as follows:

1. For the conduct of amusement games, a tax equal to two (2) percent of the net gambling receipts; and

2. For punch boards and pull-tabs, as defined in RCW 9.46.0273, except for those punch boards and pull-tabs taxed under subsection B2 of this section below, a tax equal to five (5) percent of the gross gambling receipts.

B. In accordance with RCW Chapter 9.46, as amended, a tax or fee is levied on all bona fide charitable or nonprofit organizations, as defined in RCW 9.46.0209, conducting or operating in the City any of the following gambling activities, as follows:

1. Upon and for the conduct of bingo games, as defined in RCW 9.46.0205, and raffles, as defined in RCW 9.46.0277, a tax equal to ten (10) percent of the net gambling receipts; and

2. For punch boards and pull-tabs, as defined in RCW 9.46.0273, a tax equal to ten (10) percent of the net gambling receipts; and

3. Upon and for the conduct of a fund-raising event, as defined in RCW 9.46.0233, a tax equal to ten (10) percent of the net gambling receipts.

C. Except, no tax shall be imposed:

1. On bingo or amusement games when such activity, or any combination thereof, is conducted by a bona fide charitable or nonprofit organization as defined in RCW 9.46.0209, when such organization has no paid operating or management personnel and when net gambling receipts from bingo or amusement games or any combination thereof, do not exceed Five Thousand Dollars (\$5,000) per year;

2. On the first Ten Thousand Dollars (\$10,000) of net gambling receipts from raffles conducted by any bona fide charitable or nonprofit organization as defined in this chapter;

3. On the conduct of amusement games at the Seattle Center pursuant to a concession agreement with the City.

(Ord. 118665 § 1, 1997; Ord. 118313 § 3, 1996; Ord. 115916 § 2, 1991; Ord. 107278 § 1, 1978;

Ord. 104087 § 2, 1974; Ord. 103598 § 1, 1974; Ord. 103016 § 1, 1974; Ord. 102835 § 9(part), 1973; Ord. 102459 § 1, 1973.)

Cases: A tax upon gambling revenues to include those received a short time prior to enactment of the tax is not unconstitutional. **Drum & Bugle Corps. v. Seattle**, 14 Wn. App. 845, 545 P.2d 1235 (1976).

1. Editor's Note: No tax incurred prior to the effective date of Section 1 of Ordinance 118665 and no penalty related to that tax shall be affected by the amendment to Section 5.52.030 of the Seattle Municipal Code, and collection of such taxes and penalties may continue in all respects as if that section had not been amended. The effective date of Ordinance 118665 is August 25, 1997.

**5.52.040 Payments—Extensions—Penalties.**

A. Any person, corporation, association, organization, or bona fide charitable or nonprofit organization conducting or operating in the City any such gambling activity or fundraising event and subject to the tax imposed by Section 5.52.030 shall on or before the last day of the month next succeeding the end of the monthly or quarterly period in which the tax accrued, file with the Director a sworn return on a form to be provided and prescribed by the Director, and containing such information as the Director shall prescribe for the purpose of ascertaining the tax due for the preceding monthly or quarterly period.

B. As used in this chapter, the term "quarterly period" shall mean the periods January-February-March, April-May-June, July-August-September, October-November-December beginning with the first day of the first month and including the last day of the third month within each such period. The term "monthly" shall mean the period beginning with the first day of each calendar month and ends on the last day of that month.

C. The tax imposed by Section 5.52.030 A2 for punchboards and pulltabs shall be due and payable in monthly installments; all other taxes shall be due and payable for each quarterly period. Remittance of the tax shall accompany each return and be made on or before the last day of the month next succeeding the period in which the tax accrued.

D. The Director, for good cause shown, may extend the time for filing any return as required under this chapter and may grant such reasonable additional time within which to file such returns as he or she may deem proper.

E. Failure to Make Payment or Return by the Due Date. If any tax return, or payment of any tax,

5.52.030 REVENUE, FINANCE AND TAXATION

is not received by the Director on or before the last day of the month following the end of the monthly or quarterly period in which the tax accrued (the due date), pursuant to subsection A or C of this section above, there shall be assessed a penalty of ten (10) percent of the amount due with a minimum penalty of Ten Dollars (\$10); and if the return and/or tax is not received within thirty (30) days from the due date, there shall be assessed a total penalty of fifteen (15) percent of the amount due with a minimum penalty of Twenty Dollars (\$20); and if the return and/or tax is not received within sixty (60) days from the due date, there shall be assessed a total penalty of twenty (20) percent of the amount due, with a minimum penalty of Forty Dollars (\$40).

F. Interest and Penalty on Late Payment. If the Finance Director finds that the tax, fee, or penalty paid is less than the amount due, he or she shall mail the taxpayer a statement showing the balance due and shall add thereto interest on such balance at the rate of ten (10) percent per year from the date of underpayment until paid and the taxpayer shall within twenty (20) days from the date of mailing pay the amount shown thereon. If payment of any tax, fee, interest, or penalty assessed by the Director is not received by the Director by the due date specified in the notice, or any extension thereof, the Director shall add a penalty of ten (10) percent of the amount of the additional tax or assessment. No penalty so added shall be less than Twenty Dollars (\$20).

G. Citation/Criminal Complaint. If a citation or criminal complaint is issued by the Director for the collection of any assessment, taxes, interest, and penalties, there shall be added thereto a penalty of ten (10) percent of the amount due, but not less than Twenty Dollars (\$20).

H. Penalty for Disregarding Specific Written Instructions. If the Director finds that all or any part of a deficiency resulted from the disregard of specific written instructions as to reporting of tax liabilities, the Director shall add a penalty of twenty (20) percent of the additional tax found due because of the failure to follow the instructions. A taxpayer will be deemed to disregard specific written instructions when the Director has informed the taxpayer in writing of the taxpayer's tax obligations and the taxpayer fails to act in accordance with those instructions un-

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less the Department has not issued final instructions because the matter is under appeal pursuant to this Chapter. The Director shall not assess the penalty under this section upon any taxpayer who, in the Director's opinion, has made a good faith effort to comply with the specific written instructions provided by the Department to that taxpayer. Specific written instructions may be given as a part of a tax assessment, audit, determination, letter of instruction or closing agreement, provided that such specific written instructions shall apply only to the taxpayer addressed or referenced on such documents. Any specific written instructions by the Department shall be clearly identified as such and shall inform the taxpayer that failure to follow the instructions may subject the taxpayer to the penalties imposed by this subsection. No penalty so added shall be less than Twenty Dollars (\$20).

(Ord. 118313 § 4, 1996; Ord. 117169 § 55, 1994; Ord. 115916 § 3, 1991; Ord. 107278 § 2, 1978; Ord. 103598 § 2, 1974; Ord. 102835 § 9(part), 1973; Ord. 102459 § 2, 1973.)

#### **5.52.050 Payments due under this chapter.**

The tax or fee payable under this chapter shall be paid to the Finance Director by bank draft, certified check, cashier's check, personal check or money order, or in cash. If payment is made by draft or check, the tax or fee shall not be deemed paid unless the check or draft is honored in the usual course of business; nor shall the acceptance of any sum by the Finance Director be an acquittance or discharge of the tax or fee due unless the amount of the payment is in the full and actual amount due. Whenever payment of any tax or fee imposed by this chapter is made by check which is returned for lack of sufficient funds or for any other reason, the return shall be filed upon payment of the original amount due plus an additional amount of Twenty Dollars (\$20) by certified check, money order, or in cash; penalties as provided by Section 5.52.040 may apply.

The Finance Director is authorized, but not required to mail to taxpayers forms for returns, but failure of the taxpayer to receive any such forms shall not excuse the taxpayer from filing returns and making payment of the tax or fee, when and as due under this chapter.

(Ord. 118313 § 5, 1996.)

#### **5.52.060 Under or over payment of tax.**

A. Assessments or demands for any additional tax, fee, penalty or interest shall be made by the

Director within four (4) years after the close of the calendar year in which the same accrued with the following exceptions:

1. Against a taxpayer who is not registered as required by this chapter; assessments or demands for any additional tax, fee, penalty or interest due, as provided for in Sections 5.52.030 and 5.52.040, as a result of failure to make a declaration with the City as required under Section 5.52.020 and file a tax return as required by this chapter may be made by the Director within ten (10) years after the close of the calendar year in which the same accrued;

2. Against a taxpayer who has committed fraud;

3. Against a taxpayer who misrepresented a material fact; or

4. Where a taxpayer has executed a written waiver of such limitations.

B. If, after receipt of a written application for a refund within the time period specified within this subsection, an audit of a taxpayer's records, or an examination of a taxpayer's returns or records, the Finance Director determines that the taxpayer has paid any amount of tax, penalty, or interest in excess of that due for the statutory period for assessments as prescribed in Section 5.52.060 A, that amount shall, at the taxpayer's option be either credited to the taxpayer's account or refunded to the taxpayer. Except as provided in Section 5.52.060 C, no refund or credit may be allowed for taxes, penalties, or interest accrued more than four (4) years prior to the beginning of the calendar year in which the written refund application is made or examination of records is completed. In addition, the Director shall not grant a refund or credit for any tax or fee that accrued before January 1, 1997.

C. A taxpayer that has executed a written waiver of limitations as provided for in Section 5.52.060 A4 may apply for a refund or credit of any tax or fee that accrues during the assessment years included in the waiver. The application must be filed before the expiration of the waiver period.

D. The Director may enter into an agreement in writing with any person relating to the liability of such person in respect of any tax, fee, or assessment imposed by this chapter for any taxable period or periods.

E. The denial of a refund may only be appealed when and as set forth in SMC Section 5.52.090.

F. Refund of overpayments as authorized in this section shall be paid from the Refund Ac-

5.52.060 REVENUE, FINANCE AND TAXATION

count of the General Fund. No interest shall be allowed on any refund granted under this chapter. (Ord. 119257 § 3, 1998; Ord. 118313 § 6, 1996; Ord. 117169 § 56, 1994; Ord. 116368 § 166, 1992; Ord. 102835 § 9(part), 1973; Ord. 102459 § 3, 1973.)

**5.52.070 Keeping books and records—Inspection—Failure to make return or provide records.**

A. It shall be the duty of every person, corporation, association, organization or bona fide charitable or bona fide nonprofit organization liable for the payment of any tax imposed by this chapter to keep and preserve for the period of five (5) years such books and records as will accurately reflect the amount of gross gambling receipts and the cost of prizes disbursed for any gambling activity or fund-raising event enumerated in Section 5.52.030 and from which can be determined the amount of tax for which such person, corporation, association, organization or bona fide charitable or bona fide nonprofit organization may be liable under the provisions of this chapter. All such books and records, and also invoices, inventories and stocks of goods, wares and merchandise shall be open for inspection at all reasonable times by the Finance Director or his or her duly authorized agent.

B. If any taxpayer fails, neglects or refuses to make his or her return as and when required in this chapter, or refuses to provide or make available records as requested by the Department, the Director is authorized to determine the amount of the tax payable by obtaining facts and information upon which to base an estimate of the tax. Such assessment shall be deemed prima facie correct and shall be the amount of tax owing the City by the taxpayer. The taxpayer shall be notified by mail by the Director of the amount of tax so determined, together with any penalty, interest, and fees due under this chapter; the total of such amounts shall thereupon become immediately due and payable.

(Ord. 118313 § 7, 1996; Ord. 117169 § 57, 1994; Ord. 107278 § 3, 1978; Ord. 103598 § 3, 1974; Ord. 103016 § 2, 1974; Ord. 102835 § 9(part), 1973; Ord. 102459 § 4, 1973.)

**5.52.080 Unlawful actions.**

It is unlawful for anyone to falsify or fail to furnish any declaration or return required by this chapter, or to fail or refuse to pay the tax levied by

this chapter, or to aid or abet another in any attempt to evade payment of the tax, or any part thereof, or for any person to fail to appear and/or testify in response to subpoena issued pursuant hereto, or to testify falsely upon any investigation of the correctness of a return, or upon the hearing of any appeal, or in any manner to hinder or delay the City or any of its officers in carrying out the provisions of this chapter. Remedial action by the City may include fines and imprisonment as provided for in Section 5.52.130.

(Ord. 118313 § 8, 1996; Ord. 102835 § 9(part), 1973; Ord. 102459 § 5, 1973.)

**5.52.090 Appeals and judicial review.**

A. Any person aggrieved by the amount of the tax, fee, penalty, or interest assessed by the Director under the provisions of this chapter, may file a written appeal (“petition”) with the Office of the Hearing Examiner within twenty (20) days from the date that the assessment notice was mailed to the taxpayer, or within the period covered by any extension of said due date granted in writing by the Finance Director. The Director may grant an extension of the appeal period only if the taxpayer, within the twenty (20) day period to appeal, makes written application showing good cause why an extension is necessary. A copy of the petition must be provided by the taxpayer to the Finance Director and the City Attorney on or before the date the petition is filed with the Hearing Examiner. If no such petition is filed with the Hearing Examiner and provided to the Finance Director and City Attorney within the twenty (20) day period, the assessment covered by the notice shall become final and no refund request may be made for the audit period covered in this assessment.

B. The petition shall set forth the reasons why the assessment should be reversed or modified and the amount of the tax, fee, interest, or penalties which the taxpayer believes to be due. The Hearing Examiner shall fix the time and place of the hearing and notify the taxpayer thereof by mail. The hearing shall be conducted in accordance with the procedures for hearing contested cases in the Seattle Administrative Code (Chapter 3.02 of the Seattle Municipal Code).

(Seattle 3-99)

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C. The Director's assessment appealed from shall be regarded as prima facie correct. The Hearing Examiner may, by subpoena, require the attendance of any person at the hearing, and may also require him or her to produce pertinent books and records. Any person served with such

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a subpoena shall appear at the time and place therein stated and produce the books and records required, if any, and shall testify truthfully under oath administered by the Hearing Examiner as to any matter required of him or her pertinent to the appeal; and it shall be unlawful for him or her to fail or refuse to do so.

D. The Hearing Examiner may reverse or modify an action of the Director and ascertain the correct amount of the tax, fee, interest or penalty due if the Director's assessment violates the terms of this chapter or is contrary to law. The decision of the Hearing Examiner shall be final. The taxpayer and/or the Department of Finance may seek review of the decision of the Hearing Examiner to the Superior Court of Washington in and for King County within fourteen (14) days from the date of the decision.  
(Ord. 118313 § 9, 1996.)

**5.52.100 Mailing of notices.**

Any notice required by this chapter to be mailed to any taxpayer shall be sent by ordinary mail, addressed to the address of the taxpayer as shown by the records of the Director, or if no such address is shown, to such address as the Director is able to ascertain by reasonable effort. Failure of the taxpayer to receive any such mailed notice shall not release the taxpayer from any tax, fee, interest, or penalties thereon, nor shall such failure operate to extend any time limit set by the provisions of this chapter.  
(Ord. 118313 § 10, 1996.)

**5.52.110 Computation of time.**

Except as otherwise specifically provided by any other provisions of this chapter, in computing any period of days prescribed by this chapter the day of the act or event from which the designated period of time runs shall not be included. The last day of the period shall be included unless it is a Saturday, Sunday, or City legal holiday, in which case the last day of such period shall be the next succeeding day which is neither a Saturday, Sunday, or City legal holiday.  
(Ord. 118313 § 11, 1996.)

**5.52.120 Collection of delinquent tax—Tax constitute debt.**

Any fee or tax due and unpaid and delinquent under this chapter, and all penalties thereon shall be a lien against all assets, real or personal, owned by the taxpayer. Such lien may be collected by civil action, including, but not limited to, the perfecting and filing of such lien with a court of competent jurisdiction. The exercise of such civil action shall be in addition to any and all other existing remedies.

5.52.140 REVENUE, FINANCE AND TAXATION

Any tax or fee due and unpaid under this chapter, and all interest and penalties thereon, shall constitute a debt to The City of Seattle and may be collected by court proceedings in the same manner as any other debt in like amount which remedy shall be in addition to all other existing remedies.

(Ord. 118313 § 12, 1996.)

**5.52.130 Violation—Penalty.**

A. A person who violates or fails to comply with any provision of this chapter or any rule, regulation or order of the Director is guilty of a misdemeanor subject to the provisions of Chapters 12A.02 and 12A.04 of the Seattle Municipal Code, except that absolute liability shall be imposed for such a violation or failure to comply and none of the mental states described in Section 12A.04.030 of the Seattle Municipal Code need be proved. A corporation which violates or fails to comply with any provision of this chapter or any rule, regulation or order of the Director shall be punished by a fine of not more than One Thousand Dollars (\$1,000.00). Each day of violation or failure to comply is a separate offense.

B. Prosecution for a criminal offense shall not be commenced more than four (4) years after the violation or failure to comply.

(Ord. 118313 § 13, 1996.)

**5.52.140 Fees for copies and research.**

The Director may charge a fee:

A. For making copies of books and records as authorized by Ordinance 100501,<sup>1</sup> as now existing or hereafter amended or supplemented;

B. For compiling statistics and conducting special research as authorized in a fee schedule approved by the City Council by resolution from time-to-time to reimburse the City's cost therefor; and

C. For the bulk sale of City forms and printed brochures and other publications in an amount equal to the cost of preparing, reproducing and distributing them as determined by the Director by rule adopted pursuant to the Administrative Code, Sections 3.02.030 through 3.02.070.

(Ord. 118313 § 14, 1996.)

1. Editor's Note: Ord. 100501 has been repealed by Ord. 108657.

**5.52.150 Application to City's activities.**

Whenever the City through any department, division, or employee association engages in any activity which if engaged in by any person would

under this chapter require the payment of tax by such person, the City department, division, or employee association engaging in such activity shall file a declaration and make returns and from the funds of such department, division, or employee association pay the taxes imposed by this chapter.

(Ord. 118313 § 15, 1996.)

**5.52.160 Rule-making authority.**

The Finance Director shall have the power and it shall be his or her duty, from time to time, to adopt, publish and enforce rules and regulations not inconsistent with this chapter, including the adoption by reference of provisions of state law or the Washington Administrative Code relating to gambling; and it shall be unlawful to violate or fail to comply with, any such rule or regulation.

(Ord. 118313 § 16, 1996; Ord. 117169 § 58, 1994; Ord. 115916 § 4, 1991.)

**Chapter 5.56  
LEASEHOLD EXCISE TAX**

**Sections:**

**Subchapter I General Provisions**

**5.56.010 Tax levied—Remittance.**

**5.56.020 Rate of tax—Credits allowed.**

**5.56.030 Administration and collection—Contract.**

**5.56.040 Exemptions.**

**5.56.050 Inspection of records.**

**5.56.060 Failure to pay tax—Violation and penalty.**

Severability: If any provision of Subchapter I, or its application to any person or circumstance is held invalid, the remainder of Subchapter I or the application of the provision to other persons or circumstances is not affected.

(Ord. 105450 § 6, 1976.)

**Subchapter II City as Lessor****5.56.100**Tax levied.**5.56.110**Collection of tax.**5.56.120**Remittance of tax.**5.56.130**Establishment of subaccounts.

Statutory Reference: For statutory provisions on leasehold excise taxes, see RCW Ch. 82.29A.

**Subchapter I General Provisions****5.56.010**Tax levied—Remittance.

There is levied and shall be collected a leasehold excise tax on and after January 1, 1976, upon the act or privilege of occupying or using publicly owned real or personal property within The City of Seattle through a “leasehold interest” as defined by Section 2, Chapter 61, Laws of 1975-76, Second Extraordinary Session (hereafter “the State Act”), which tax shall be paid, collected, and remitted to the Department of Revenue of the State of Washington at the time and in the manner prescribed by Section 5 of the State Act.

(Ord. 105450 § 1, 1976.)

**5.56.020**Rate of tax—Credits allowed.

The rate of the tax imposed by Section 5.56.010 shall be four percent (4%) of the taxable rent (as defined by Section 2 of the State Act); provided, that the following credits shall be allowed in determining the tax payable:

A. With respect to a leasehold interest arising out of any lease or agreement, the terms of which were binding on the lessee prior to July 1, 1970, where such lease or agreement has not been renegotiated (as defined by Section 2 of the State Act) since that date, and excluding from such credit: (1) any leasehold interest arising out of any lease of property covered by the provisions of RCW 28B.20.394 and (2) any lease or agreement including options to renew which extends beyond January 1, 1985, as follows:

With respect to taxes due in calendar year 1976, a credit equal to eighty percent (80%) of the tax produced by the above rate,

With respect to taxes due in calendar year 1977, a credit equal to sixty percent (60%) of the tax produced by the above rate,

With respect to taxes due in calendar year 1978, a credit equal to forty percent (40%) of the tax produced by the above rate,

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With respect to taxes due in calendar year 1979, a credit equal to twenty percent (20%) of the tax produced by the above rate;

B. With respect to a product lease (as defined by Section 2 of the State Act), a credit of thirty-three percent (33%) of the tax produced by the above rate.

(Ord. 105450 § 2, 1976.)

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**5.56.030 Administration and collection—Contract.**

The administration and collection of the tax imposed by this chapter shall be in accordance with the provisions of the State Act, and for such purpose the Mayor is authorized for and on behalf of the City to execute a contract with the Washington State Department of Revenue. (Ord. 105450 § 3, 1976.)

**5.56.040 Exemptions.**

Leasehold interests exempted by Section 13 of the State Act as it now exists or may hereafter be amended shall be exempt from the tax imposed pursuant to Section 5.56.010. (Ord. 105450 § 4, 1976.)

**5.56.050 Inspection of records.**

In furtherance of the administration and collection of the tax imposed by this chapter, and as contemplated by RCW 82.32.330, proper officers of the state for official purposes may inspect such records of the City as may be necessary upon consent by the State Department of Revenue to inspection of similar state records by proper officers of the City. (Ord. 105450 § 5, 1976.)

**5.56.060 Failure to pay tax—Violation and penalty.**

A. It is unlawful for any person within the City, upon whom is levied the leasehold excise tax imposed by this chapter, to fail to pay such tax at the time and in the manner prescribed by Section 5 of the State Act.

B. Conduct made unlawful by this chapter shall constitute a violation subject to the provisions of Chapters 12A.02 and 12A.04 of this Code (Seattle Criminal Code) and any person convicted thereof may be punished by a civil fine or forfeiture not to exceed Five Hundred Dollars (\$500.00). (Ord. 105450 § 7, 1976.)

**Subchapter II City as Lessor**

**5.56.100 Tax levied.**

Chapter 61, Laws of 1975-76, Second Extraordinary Session (hereafter "the State Act"), imposes a leasehold excise tax upon the act or privilege of occupying or using publicly owned real or personal property through "a leasehold interest," as defined by Section 2 of the State Act. The rate of said tax has been established by the State Act at twelve percent (12%) of taxable rent. The administration and collection of the tax shall be

5.56.130 REVENUE, FINANCE AND TAXATION

exclusively performed by the Department of Revenue of the State of Washington.  
(Ord. 105679 § 1, 1976.)

**5.56.110 Collection of tax.**

Section 5 of the State Act requires the lessor to collect the tax from the lessee and remit the same to the Department of Revenue. City departments acting as lessors under terms of the State Act shall, effective January 1, 1976, collect the tax as a surcharge upon contract rent in the amount of twelve percent (12%) of taxable rent, as defined in Section 2 of the State Act, or according to such different manner as the Department of Revenue may prescribe in accordance with Section 2 of the State Act. Collections of the tax shall be deposited in the appropriate operating funds of those City departments acting as lessors. The amounts shall be paid by the City Finance Director to the Department of Revenue upon execution of appropriate vouchers by the affected departments and in accordance with such rules as the Department of Revenue may promulgate.  
(Ord. 116368 § 167, 1992: Ord. 105679 § 2, 1976.)

**5.56.120 Remittance of tax.**

City departments required to collect the tax shall remit the tax collected to the state upon such forms and in accordance with such rules as the Department of Revenue shall prescribe.  
(Ord. 105679 § 3, 1976.)

**5.56.130 Establishment of subaccounts.**

The City Finance Director shall establish such subaccounts in the operating funds of departments required to collect the tax as shall be necessary to permit the separate and appropriate accounting of such tax, and shall inform such departments concerning the identity and coding of such subaccounts.  
(Ord. 116368 § 168, 1992: Ord. 105679 § 4, 1976.)

(Seattle 3-93)

**Chapter 5.60  
SALES AND USE TAX**

**Sections:**

**5.60.010 Imposition of sales and use tax.**

**5.60.020 Rate of tax imposed.**

**5.60.030 Administration and collection of tax.**

**5.60.040 Consent to inspection of records.**

**5.60.050 Authorizing execution of contract for administration.**

**5.60.060 Special initiative.**

**5.60.070 Penalties.**

Section 8. Severability. If any provision of this ordinance or its application to any person or circumstance is held invalid, the remainder of this ordinance or the application of the provisions to other persons or circumstances is not affected.  
(Ord. 110877 § 8, 1982.)

**5.60.010 Imposition of sales and use tax.**

There is hereby imposed a sales and use tax, as the case may be, as authorized by RCW 82.14.030(1) and by 82.14.030(2), upon every taxable event, as defined in RCW 82.14.020, occurring within The City of Seattle. The tax shall be imposed upon and collected from those persons from whom the state sales tax or use tax is collected pursuant to RCW Chapters 82.08 and 82.12.  
(Ord. 113520 § 1, 1987: Ord. 110877 § 1, 1982.)

**5.60.020 Rate of tax imposed.**

The rate of the tax imposed by Section 5.60.010 shall be the five-tenths ( $\frac{5}{10}$ ) of one percent (1%) of the selling price or value of the article used, as the case may be, as authorized by RCW 82.14.030(1), effective April 1, 1970; and three-tenths ( $\frac{3}{10}$ ) of one percent (1%) effective July 1, 1983, increasing to five-tenths ( $\frac{5}{10}$ ) of one percent (1%) effective January 1, 1988, as authorized by RCW 82.14.030(2); provided however, that during such period as there is in effect a sales tax and use tax imposed by King County under RCW 82.14.030(2) at a rate which is less than the rate imposed by this section, the County shall receive from the tax imposed by Section 5.60.010 that amount of revenues equal to fifteen percent (15%) of the rate of the tax imposed by King County under RCW 82.14.030(2).  
(Ord. 113727 § 1, 1987: Ord. 113520 § 2, 1987: Ord. 110877 § 2, 1982.)

**5.60.030 Administration and collection of tax.**

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The administration and collection of the tax imposed by this chapter shall be in accordance with the provisions of RCW 82.14.050. (Ord. 110877 § 3, 1982.)

**5.60.040 Consent to inspection of records.**

The City of Seattle hereby consents to the inspection of such records as are necessary to qualify the City for inspection of records of the Department of Revenue, pursuant to RCW 82.32.330. (Ord. 110877 § 4, 1982.)

**5.60.050 Authorizing execution of contract for administration.**

The Mayor is hereby authorized to enter into a contract with the Department of Revenue for the administration of this tax. (Ord. 110877 § 5, 1982.)

**5.60.060 Special initiative.**

The ordinance codified in this chapter shall be subject to a special initiative as contemplated by Section 19, Chapter 49, Laws of 1982, First Extraordinary Session, and Article IV, Section 1 of the City Charter. (Ord. 110877 § 6, 1982.)

**5.60.070 Penalties.**

Any seller who fails or refuses to collect the tax as required with the intent to violate the provisions of this chapter or to gain some advantage or benefit, either direct or indirect, and any buyer who refuses to pay any tax due under this chapter shall be guilty of a misdemeanor, and upon conviction thereof shall be fined no more than Five Hundred Dollars (\$500.00) or imprisoned for not more than six (6) months, or by both such fine and imprisonment. (Ord. 110877 § 7, 1982.)

**Chapter 5.64**

**TAX ON SALE OF REAL ESTATE**

**Sections:**

**5.64.010 Imposition of real estate excise tax.**

**5.64.020 Consistency with state tax.**

**5.64.030 Deposit and use of tax proceeds.**

**5.64.040 Lien provisions.**

**5.64.050 Seller's obligation.**

**5.64.060 Notation of payment.**

**5.64.070 Date payable.**

**5.64.080 Refunds of excessive and improper payments.**

**5.64.090 Apportionment.**

**5.64.100 Additional real estate excise tax.**

Severability: The provisions of this ordinance are declared to be separate and severable. The invalidity of any clause, sentence, paragraph, subdivision, section or portion of this ordinance, or the invalidity of the application thereof to any person or circumstance shall not affect the validity of the remainder of this ordinance, or the validity of its application to other persons or circumstances. (Ord. 110674 § 2, 1982.)

**5.64.010 Imposition of real estate excise tax.**

There is hereby imposed an excise tax upon each sale of real property in the corporate limits of this City at the rate of one-quarter (1/4) of one percent (1%) of the selling price as authorized by Chapter 49, Laws of 1982, 1st Extraordinary Session. (Ord. 110674 § 1(part), 1982.)

**5.64.020 Consistency with state tax.**

A. The tax shall be collected in the same manner as the State Real Estate Excise tax imposed by RCW Chapter 82.45.

B. All applicable rules, regulations, laws and court decisions regarding real estate excise taxes as imposed by the state under RCW Chapter 82.45 and implemented by Washington Administrative Code Chapter 458-60 shall apply. (Ord. 110674 § 1(part), 1982.)

**5.64.030 Deposit and use of tax proceeds.**

The King County Comptroller may retain one percent (1%) of the proceeds of the taxes collected for the county current expense fund to defray the costs of collection. All remaining proceeds from City taxes collected shall be paid to the City Finance Director at least monthly and, upon receipt, deposited in the Cumulative Reserve Fund for municipal capital improvements, including those listed in RCW 35.43.040.

5.64.080 REVENUE, FINANCE AND TAXATION

(Ord. 116368 § 169, 1992; Ord. 110674 § 1(part), 1982.)

**5.64.040Lien provisions.**

The tax and any interest or penalties thereon are a specific lien upon each piece of real property sold from the time of sale until the tax is paid, which lien may be enforced in the manner prescribed for the foreclosure of mortgages. (Ord. 110674 § 1(part), 1982.)

**5.64.050Seller's obligation.**

The tax is an obligation of the seller and may be enforced through an action against the seller or in the manner prescribed for the foreclosure of mortgages. Resort to one (1) course of enforcement is not an election not to pursue another. (Ord. 110674 § 1(part), 1982.)

**5.64.060Notation of payment.**

The tax shall be paid to and collected by the King County Comptroller, who shall act as agent for the City in collecting the tax and perform the duties contemplated by Section 16, Chapter 49, Laws of 1982, First Extraordinary Session. (Ord. 110674 § 1(part), 1982.)

**5.64.070Date payable.**

The tax is due and payable immediately at the time of sale and, if not paid within thirty (30) days thereafter, shall bear interest at the rate of one percent (1%) per month from the time of sale until the date of payment. (Ord. 110674 § 1(part), 1982.)

**5.64.080Refunds of excessive and improper payments.**

If the State Department of Revenue authorizes a refund of an excessive amount or an improper payment of the state real estate excise transaction upon a particular sale, the King County Comptroller, upon application of the taxpayer, may make a refund of the City tax paid, and withhold a like amount from the next monthly distribution to the City. (Ord. 110674 § 1(part), 1982.)

**5.64.090Apportionment.**

When a sale involves a single property bisected by the City's limits, or two (2) or more real properties, some of which are located within the City and some of which are located outside, the King County Comptroller may determine the tax

amount due to the City according to information supplied upon accompanying affidavits, and, if unable to determine the appropriate value therefrom, the King County Comptroller may rely upon recommendations of the State Department of Revenue, or the King County Assessor in making a determination of the amount of tax due. (Ord. 110674 § 1(part), 1982.)

**5.64.100Additional real estate excise tax.**

In accordance with RCW 82.46.035, and in addition to the excise tax on sale of real property imposed by Sections 5.64.010 and 5.64.020, there is hereby imposed an excise tax on each sale of real property located within the corporate limits of The City of Seattle at the rate of one-quarter of one percent (0.25%) of the selling price to be collected by the County as prescribed in RCW 82.46.060. Proceeds from this additional tax shall be deposited in the Real Estate Excise Tax Account Two of the Cumulative Reserve Fund and expended as authorized by law, solely for financing capital projects specified in a capital facilities plan element of a comprehensive plan. (Ord. 116497 § 4, 1992; Ord. 115932 § 1, 1991.)

**Chapter 5.68  
USE TAX—NATURAL OR  
MANUFACTURED GAS**

**Sections:**

- 5.68.010Imposition of use tax.**
- 5.68.020Exceptions and deductions.**
- 5.68.030Administration and collection of tax.**
- 5.68.040Consent to inspection of records.**
- 5.68.050Authorizing execution of contract for administration.**

(Seattle 3-93)

**5.68.010 Imposition of use tax.**

There is hereby imposed upon every person a use tax for the privilege of using natural gas or manufactured gas in the City as a consumer at the rate of six percent (6%) of the value of the gas used, as authorized by RCW 82.14.230.

(Ord. 115960 § 1, 1991; Ord. 115160 § 1(part), 1990.)

**5.68.020 Exceptions and deductions.**

A. The "Value of the gas used," does not include any amounts that are paid for the hire or use of a natural gas business in transporting the gas subject to tax under this subsection if those amounts are subject to tax under subsection C of Section 5.48.050.

B. The tax imposed under this section shall not apply to the use of natural or manufactured gas if the person who sold the gas to the consumer has paid a tax under subsection C of Section 5.48.050 with respect to the gas for which exemption is sought under this section.

C. There shall be allowed a deduction against the value of the gas used when: (1) the person who sold the gas to the consumer has paid a gross receipts tax similar to that imposed under this section to another state; or (2) the person consuming the gas has paid a gross receipts tax similar to that imposed under this section to another state. The deduction shall be with respect to and in the amount of the value of the gas for which the gross receipts tax was paid.

D. The use tax shall be paid by the consumer. (Ord. 115160 § 1(part), 1990.)

**5.68.030 Administration and collection of tax.**

The administration and collection of the tax imposed by this chapter shall be in accordance with the provisions of RCW 82.14.050.

(Ord. 115160 § 1(part), 1990.)

**5.68.040 Consent to inspection of records.**

The City of Seattle hereby consents to the inspection of such records as are necessary to qualify the City for inspection of records of the

Department of Revenue, pursuant to RCW 82.32.330.

(Ord. 115160 § 1(part), 1990.)

**5.68.050 Authorizing execution of contract for administration.**

The Mayor is hereby authorized for and on behalf of the City to enter into a contract with the Washington State Department of Revenue for the administration of this tax.

(Ord. 115160 § 1(part), 1990.)

**Chapter 5.72****MULTIFAMILY HOUSING PROPERTY TAX EXEMPTION****Sections:**

**5.72.010 Purpose.**

**5.72.020 Definitions.**

**5.72.030 Residential targeted areas—Criteria—Designation.**

**5.72.040 Project eligibility.**

**5.72.050 Application procedure—Fee.**

**5.72.060 Application review—Issuance of conditional certificate—Denial—Appeal.**

**5.72.065 Amendment of contract.**

**5.72.070 Extension of conditional certificate.**

**5.72.080 Final certificate—Application—Issuance—Denial and appeal.**

**5.72.090 Exemption—Duration—Limits.**

**5.72.100 Annual certification.**

**5.72.110 Cancellation of tax exemption—Appeal**

**5.72.120 Expiration of program.**

**5.72.010 Purpose.**

A. The purposes of this chapter are:

1. To encourage more multifamily housing opportunities within the City;

2. To stimulate the construction of new multifamily housing and the rehabilitation of existing vacant and underutilized buildings for multifamily housing;

3. To increase the supply of multifamily housing opportunities within the City for low and moderate income households;

4. To accomplish the planning goals required under the Growth Management Act, RCW Chapter 36.70A, as implemented by the City's Comprehensive Plan;

5.72.020 REVENUE, FINANCE AND TAXATION

5. To promote community development, affordable housing, and neighborhood revitalization;

6. To preserve and protect buildings, objects, sites, and neighborhoods with historic, cultural, architectural, engineering or geographic significance located within the City; and

7. To encourage additional housing in areas that are consistent with planning for LINK Light Rail by Sound Transit.

B. Any one (1) or a combination of these purposes may be furthered by the designation of a residential targeted area under this chapter. (Ord. 119237 § 1 (part), 1998.)

**5.72.020 Definitions.**

As used in this chapter:

A. "Affordable" means: (1) for rental housing, that the units shall be rented to person(s) with household annual income, at the time of each tenant's initial occupancy, no greater than the percentage of median income designated in this chapter for the tenant's household size; and (2) for owner-occupied housing, that each owner of the property who occupies the unit after issuance of the final certificate of tax exemption under this chapter shall have a household annual income, at the time of each such owner's initial occupancy of the unit, no greater than the percentage of median income designated in this chapter for the owner's household size adjusted for the presumed family size of the unit as set forth above. A unit shall not cease to be affordable solely because the household annual income of the owner of owner-occupied housing, or tenant of rental housing, exceeds the annual income limit set forth in this subsection A after the date of initial occupancy.

B. "Assessor" means the King County Assessor.

C. "Director" means the Director of the City's Office of Housing, or any other City office, department or agency that shall succeed to its functions with respect to this chapter, or his or her authorized designee.

D. "Household annual income" means the aggregate annual income of all persons over eighteen (18) years of age residing within the same household for a period of at least one (1) month.

E. "Median income" means annual median income for the metropolitan statistical area that includes Seattle, as most recently estimated by the United States Department of Housing and Urban Development, as adjusted for household size.

F. "Multifamily housing" means a building or townhouse having four (4) or more dwelling units designed for permanent residential occupancy resulting from new construction or rehabilitation or conversion of vacant, underutilized, or substandard buildings.

G. "Owner" means the property owner of record.

H. "Permanent residential occupancy" means multifamily housing that provides either rental or owner occupancy for a period of at least one (1) month. This excludes hotels and motels that predominately offer rental accommodation on a daily or weekly basis.

I. "Rehabilitation improvements" means (1) modifications to an existing structure the residential portion of which has been vacant for at least twelve (12) months prior to application for exemption under this chapter, that are made to achieve a condition of substantial compliance with the applicable building and construction codes contained in SMC Title 22; or (2) modifications to an existing occupied residential structure or mixed use structure that contains occupied residential units, that add at least four (4) multi-family housing units.

J. "Residential targeted area" means an area within an urban village that has been so designated by the City Council pursuant to this chapter.

K. "Substantial compliance" means compliance with the applicable building and construction codes contained in SMC Title 22 that is typically required for rehabilitation as opposed to new construction.

L. "Urban village" as used in this chapter means a neighborhood that: (1) is within an area designated as either an urban center village, a hub urban village or a residential urban village in the Land Use Element of the City's Comprehensive Plan; and (2) meets the definition of an "urban center" as defined in RCW Section 84.14.010. (Ord. 119237 § 1 (part), 1998.)

**5.72.030 Residential targeted areas—  
Criteria—Designation.**

A. Following notice and public hearing as prescribed in RCW 84.14.040, the Council may designate one (1) or more residential targeted areas, upon a finding by the Council in its sole discretion that the residential targeted area meets the following criteria:

1. The residential targeted area is within an urban village;

2. The residential targeted area lacks sufficient available, desirable and convenient residential housing to meet the needs of the public who would be likely to live in the urban village if desirable, attractive and livable residences were available; and

3. Providing additional housing opportunity in the residential targeted area will assist in achieving one (1) or more of the following purposes:

a. Encourage increased residential opportunities within the City; or

b. Stimulate the construction of new affordable multifamily housing; and

c. Encourage the rehabilitation of existing vacant and underutilized buildings for multifamily housing.

B. In designating a residential targeted area, the Council may also consider other factors, including:

1. Whether additional housing in the residential targeted area will attract and maintain an increase in the number of permanent residents;

2. Whether providing additional housing opportunities for low and moderate income households would meet the needs of citizens likely to live in the area if affordable residences were available;

3. Whether an increased permanent residential population in the residential targeted area will help to achieve the planning goals mandated by the Growth Management Act under RCW 36.70A, as implemented through the City's Comprehensive Plan;

4. Whether encouraging additional housing in the residential targeted area is consistent with plans for LINK Light Rail by Sound Transit; or

5. Whether additional housing may contribute to revitalization of a distressed neighborhood or area within the City.

C. At any time the Council may, by ordinance, in its sole discretion, amend or rescind the

designation of a residential targeted area pursuant to the same procedural requirements as set forth in this chapter for original designation.

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D. The following areas, as shown in the attached Attachments 1 through 11, are designated as residential targeted areas under this chapter:

1. Martin Luther King Jr. Way South at South Holly Street;
2. Pioneer Square;
3. International District;
4. 23rd Avenue South at South Jackson;
5. Westlake (Denny Triangle);
6. South Park;
7. Columbia City;
8. Rainier Avenue South at I-90;
9. Pike/Pine;
10. Capitol Hill;
11. Rainier Beach.

E. If a part of any legal lot is within a residential targeted area as shown in Attachments 1 through 11, then the entire lot shall be deemed to lie within such residential targeted area.

(Ord. 120135 § 1, 2000: Ord. 119237 § 1 (part), 1998.)

**5.72.040 Project eligibility.**

To be eligible for exemption from property taxation under this chapter, the property must satisfy all of the following requirements:

A. The property must be located in a residential targeted area.

B. The project must be multifamily housing consisting of at least four (4) dwelling units within a residential structure or as part of a mixed use development in which at least fifty (50) percent of the space within such residential structure or mixed use development is intended for permanent residential occupancy.

C. For new construction, a minimum of four (4) new dwelling units must be created; for rehabilitation or conversion of existing occupied structures, a minimum of four (4) additional dwelling units must be added.

D. For rehabilitation or conversion of an existing vacant building, the residential portion of the building shall have been vacant for at least twelve (12) months before application for a conditional exemption, and the rehabilitation improvements shall achieve a condition of substantial compliance with the applicable building and construction codes contained in SMC Title 22.

E. For rehabilitation or conversion of existing occupied structures, there shall be no “displacement” of existing residential tenants, as such term

is defined in Section 22.210.030 E of the Seattle Municipal Code.

F. For any new construction project where an existing rental housing structure that contained four (4) or more occupied dwelling units was demolished on the site of the new project within twelve (12) months prior to application for exemption under this chapter, or is to be demolished on that site for purposes of the new project, the owner shall agree, on terms and conditions satisfactory to the Director, to replace any units within such structure that were rented to tenants who receive a tenant relocation assistance payment under SMC Ch. 22.210, subject to the following requirements:

1. For the first ten (10) calendar years of operation of the replacement units, the replacement units shall be affordable at or below fifty (50) percent of median income.

2. Replacement may be accomplished either as part of the new construction for which application for exemption is made under this chapter, or through the new construction of additional multiple-unit housing at another location, or through the substantial rehabilitation of vacant multiple-unit housing, or through the preservation of housing that is rented at the time of application to tenants with household annual income at or below fifty (50) percent of median income, and that the Director determines would otherwise be converted to a use other than rental to tenants with such income.

3. The replacement housing shall be completed, and a temporary or permanent certificate of occupancy shall be issued, within three (3) years from the date of approval of the application; provided, that the Director may extend the time for completion if the Director finds that:

a. The failure to complete the replacement housing is due to circumstances beyond the owner's control;

b. The owner has been acting and may reasonably be expected to continue to act in good faith and with due diligence; and

c. The replacement housing will be completed within a reasonable time.

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5-50.4



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5-50.10

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5-50.12



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(Seattle 3-01)

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5-50.14

4. Projects where the existing rental housing structure was demolished before the effective date of this Chapter 5.72, are not subject to the requirements of this subsection.

5. Any demolition occurring on or after the date of the application and prior to the issuance of a final certificate of acceptance shall be deemed to have been done for purposes of the project.

6. For purposes of this subsection F, any units that have not been vacant for at least twelve (12) consecutive months prior to the date of application shall be considered occupied dwelling units.

G. In the following residential targeted areas, at least twenty-five (25) percent of the units in the project shall be affordable at or below eighty (80) percent of median income for the first ten (10) calendar years of operation of the units:

1. Martin Luther King Jr. Way South at South Holly Street;
2. Pioneer Square;
3. 23rd Avenue South at South Jackson;
4. Westlake (Denny Triangle);
5. South Park;
6. Columbia City;
7. Rainier Avenue South at I-90; and
8. Rainier Beach.

H. In the following residential targeted areas, at least forty (40) percent of the units in the project shall be affordable at or below sixty (60) percent of median income for the first ten (10) calendar years of operation of the units:

1. Pike/Pine;
2. International District; and
3. Capitol Hill.

I. If the percentage of the number of affordable units in the project required under subsections G and H of this section is a fraction, then the number of affordable units shall be rounded up to the next whole number.

J. The configuration of housing units (e.g., studios, one-bedrooms, two-bedrooms, etc.) used to meet the requirement for affordable units under subsection G or H of this section shall be substantially proportional to the configuration of the total housing units in the project; provided, that all units of two (2) or more bedrooms may be combined into a single category for the purpose of compliance with this provision.

K. Affordable housing units required under subsection G or H of this section shall be sub-

stantially the same interior construction quality as market rate units in the project.

L. For owner-occupied projects, the contract with the City required under Section 5.72.060 A of this chapter shall identify those units which shall be affordable as required under subsections G and H of this section. For those owner-occupied units identified as affordable, the City shall have and retain, for the life of the exemption granted under this chapter, a written right of first refusal under terms and conditions approved by the Director, exercisable in the event owner receives a bona fide offer to buy the property from an owner whose household income exceeds the affordability limits in Section 5.72.020 A, giving the City or its assignee the right to purchase the property on substantially the same terms as such bona fide offer. Such right of first refusal shall be included within the contract with the City required under Section 5.72.060 A of this chapter. For rental projects, the City or its assignee shall have and retain, for the life of the exemption granted under this chapter and for one additional year thereafter, a written right of first offer under terms and conditions approved by the Director consistent with this section. Such right of first offer shall be included within the contract with the City required under subsection 5.72.060 A of this chapter.

The right of first offer shall require that the property owner, prior to placing the property on the market for sale, shall inform the City in writing of his or her intent to sell the property. Following receipt of the property owner's notice of intent, the City or the City's assignee shall have twenty (20) days to present the property owner with a written offer setting forth the price, terms and conditions under which the City or its assignee is prepared to purchase the property.

Upon receipt of the offer, the City or its assignee owner shall have thirty (30) calendar days in which to enter into a real estate purchase and sales agreement with the owner containing the price, terms and conditions described in the offer or other price, terms and conditions agreed to by the parties.

In the event that the property owner submits a notice of intent to sell to the City and no sale to the City or its assignee occurs for reasons not the fault of the owner, the owner shall not, with the exception provided below, have further obligations under this provision for a period of one (1) year from the date the notice is received by the City.

5.72.040 REVENUE, FINANCE AND TAXATION

Provided, however, that in the event the City or its assignee makes an offer to purchase the property but no sale occurs, the property owner may not offer the property for sale to a third party at a price and under terms and conditions more favorable to the buyer than the terms offered by the City for a period of one (1) year from the date the offer is received by the property owner.

M. For new construction of multifamily housing, the applicant shall complete the design review process under SMC Chapter 23.41, whether or not the project would be subject to design review under Chapter 23.41 if the owner had not applied for property tax exemption under this chapter. For projects not subject to mandatory design review under SMC Section 23.41.004, the applicant shall complete administrative design review under SMC Section 23.41.016.

N. The applicant shall obtain a certificate of approval, permit, or other approval under SMC Chapter 25.12, Landmarks Preservation Ordinance, SMC Chapter 23.66, Special Review Districts, or those provisions of SMC Chapter 25.16, Chapter 25.20, Chapter 25.22, Chapter 25.24, or Chapter 25.28, relating to Landmark or Historical Districts, if such certificate of approval, permit or other approval is required under those chapters. Such certificate of approval, permit or other approval shall satisfy the requirement under subsection M of this section that the applicant complete design review under SMC Chapter 23.41.

O. The project must comply with all applicable zoning requirements, land use regulations, and building and housing code requirements contained in SMC Title 22 and Title 23 at the time of new construction, rehabilitation or conversion.

P. For the duration of the exemption granted under this chapter, the property shall have no violations of applicable zoning requirements, land use regulations, and building and housing code requirements contained in SMC Title 22 and Title 23 for which the Department of Design, Construction and Land Use shall have issued a notice of violation that is not resolved by a certificate of compliance, certificate of release, or withdrawal within the time period for compliance provided in such notice of violation and any extension of the time period for compliance granted by the Director of the Department of Design, Construction and Land Use.

Q. New construction multifamily housing and rehabilitation improvements must be scheduled to

be completed within three (3) years from the date of approval of the application. (Ord. 120135 § 2, 2000; Ord. 119371 § 1, 1999; Ord. 119237 § 1 (part), 1998.)

**5.72.050 Application procedure—Fee.**

A. The owner of property applying for exemption under this chapter shall submit an application to the Director, on a form established by the Director. The owner shall verify the application by oath or affirmation. The application shall contain such information as the Director may deem necessary or useful, and shall include:

1. A brief written description of the project and preliminary schematic site and floor plans of the multifamily units and the structure(s) in which they are proposed to be located;

2. A statement from the owner acknowledging the potential tax liability when the property ceases to be eligible for exemption under this chapter;

3. Information describing how the applicant shall comply with the affordability requirements in Section 5.72.040 G and H of this chapter; and

4. In the case of rehabilitation of an existing vacant structure under Section 5.72.020 I1 verification from the Department of Design Construction and Land Use of noncompliance with applicable building and housing codes as required under Section 5.72.020 I1, and an affidavit from the owner verifying that the existing dwelling units have been vacant for a period of twelve (12) months prior to filing the application.

B. At the time of initial application under this section, the applicant shall pay to the City an initial application fee of five hundred dollars (\$500). If the City denies the application, the City will retain that portion of the fee attributable to its own actual administrative costs and refund the balance, if any, to the applicant.

C. The Director shall notify the applicant within twenty-eight (28) days of the application being filed if the Director determines that an application is not complete and shall identify what additional information is required before the application will be complete. Within twenty-eight (28) days of receiving additional information, the Director shall notify the applicant in writing if the Director determines that the application is still not complete, and what additional information is necessary. An application shall be deemed to be complete if the Director does not notify the

applicant in writing by the deadlines in this section that the application is incomplete; however, a determination of completeness does not preclude the Director from requiring additional information during the review process if more information is needed to evaluate the application according to the criteria in this chapter.

D. Except as otherwise provided in subsection E of this section, the application shall be submitted any time before the earlier of (1) an application for a Master Use Permit or other land use permit under SMC Title 23, and (2) an application for a building or other construction permit under SMC Title 22.

E. If, on the effective date of this Chapter 5.72<sup>1</sup>, the applicant has applied for a permit identified in subsection D of this section, then application for exemption under this section may be submitted any time prior to issuance of a building permit; provided that, for new construction, the applicant shall have completed, or be in the process of completing, design review or administrative design review as required under Section 5.72.040 K, or shall have obtained a certificate of approval, permit, or other approval as provided under Section 5.72.040 L.

(Ord. 119237 § 1 (part), 1998.)

1. Editor's Note: Ordinance 119237, which enacted Chapter 5.72, is effective January 1, 1999.

**5.72.060 Application review—Issuance of conditional certificate—Denial—Appeal.**

A. The Director shall approve or deny an application under this chapter. If the application is approved, the applicant shall enter into a contract with the City, subject to approval by resolution of the City Council, regarding the terms and conditions of the project and eligibility for exemption under this chapter. The City Council's resolution to approve the applicant's contract with the City shall take place within ninety (90) days of the Director's receipt of the completed application. Upon Council approval of the contract, the Director shall execute the contract as approved by the City Council, and the Director shall issue a conditional certificate of acceptance of tax exemption. The conditional certificate shall expire three (3) years from the date of approval unless an extension is granted as provided in this chapter.

B. If the application is denied, the Director shall state in writing the reasons for the denial and send notice of denial to the applicant's last known address within ten (10) days of the denial.

C. An applicant may appeal the Director's denial of the application to the City Council within thirty (30) days of receipt of the denial. The appeal before the City Council will be based upon the record before the Director, and the Director's decision will be upheld unless the applicant can show that there is no substantial evidence on the record to support the Director's decision. The City Council's decision on appeal is final. (Ord. 119237 § 1 (part), 1998.)

**5.72.065 Amendment of contract.**

A. Any applicant seeking amendment(s) to the contract approved by the City Council may do so by submitting a request in writing to the Director at any time within three (3) years of the date of the Council's approval of the contract.

B. The Director of Housing shall have authority to approve amendments to the contract between the applicant and the City which are substantially in the form of the contract approved by the City Council. Amendments which are not reasonably within the scope of the approved contract, as determined by the Director, shall be submitted to the City Council for approval by resolution.

C. Any applicant seeking amendments to the approved form of contract which in the sole discretion of the Director require approval by the City Council shall pay to the City an amendment application fee of Five Hundred Dollars (\$500). If the City denies the amendment, the City will retain that portion of the fee attributable to its own actual administrative costs and refund the balance, if any, to the applicant.

D. The date for expiration of the Conditional Certificate shall not be extended by contract amendment unless (1) all the conditions for extension set forth in Section 5.72.070 are met, or (2) conditions set forth in Section 5.72.070 A and B are met and the City Council specifically approves the extension.

5.72.065 REVENUE, FINANCE AND TAXATION

(Ord. 120135 § 3, 2000.)

**5.72.070 Extension of conditional certificate.**

The conditional certificate may be extended by the Director for a period not to exceed twenty-four (24) consecutive months. The applicant shall submit a written request stating the grounds for

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the extension together with a fee of one hundred fifty dollars (\$150) for the City's administrative cost to process the request. The Director may grant an extension if the Director determines that:

A. The anticipated failure to complete construction or rehabilitation within the required time period is due to circumstances beyond the control of the owner; and

B. The owner has been acting and could reasonably be expected to continue to act in good faith and with due diligence; and

C. All the conditions of the original contract between the applicant and the City will be satisfied upon completion of the project.

(Ord. 119237 § 1 (part), 1998.)

**5.72.080 Final certificate—  
Application—Issuance—  
Denial and appeal.**

A. Upon completion of the rehabilitation improvements or new construction as provided in the contract between the applicant and the City, and upon issuance of a temporary certificate of occupancy, or a permanent certificate of occupancy if no temporary certificate is issued, the applicant may request a final certificate of tax exemption. The applicant shall file with the Director such information as the Director may deem necessary or useful to evaluate eligibility for the final certificate, and shall include:

1. A statement of expenditures made with respect to each multifamily housing unit and the total expenditures made with respect to the entire property;

2. A description of the completed work and a statement of qualification for the exemption;

3. A statement that the work was completed within the required three (3) year period or any approved extension; and

4. Information on the applicant's compliance with the affordability requirements in Section 5.72.040 G and H.

B. At the time of application for final certificate under this section, the applicant shall pay to the City a fee of one hundred fifty dollars (\$150) to cover the Assessor's administrative costs. If the Director approves the application, the City will forward the fee for the Assessor's administrative costs to the Assessor. If the Director denies the application, the City will refund the fee for the Assessor's administrative costs to the applicant.

C. Within thirty (30) days of receipt of all materials required for a final certificate, the

Director shall determine whether the completed work is consistent with the contract between the City and owner and is qualified for exemption under this chapter, and which specific improvements satisfy the requirements of this chapter.

D. If the Director determines that the project has been completed in accordance with the contract between the applicant and the City and the requirements of this chapter, the City shall file a final certificate of tax exemption with the Assessor within ten (10) days of the expiration of the thirty (30) day period provided under subsection C of this section.

E. The Director is authorized to cause to be recorded, or to require the applicant or owner to record, in the real property records of the King County Department of Records and Elections, the contract with the City required under Section 5.72.060 A of this chapter, or such other document(s) as will identify such terms and conditions of eligibility for exemption under this chapter as the Director deems appropriate for recording, including requirements under this chapter relating to affordability of units.

F. The Director shall notify the applicant in writing that the City will not file a final certificate if the Director determines that the project was not completed within the required three (3) year period or any approved extension, or was not completed in accordance with the contract between the applicant and the City and the requirements of this chapter.

G. The applicant may file an appeal of the Director's decision that a final certificate will not be issued to the King County Superior Court within thirty (30) days of receiving notice of that decision.

(Ord. 119237 § 1 (part), 1998.)

**5.72.090 Exemption—Duration—Limits.**

A. The value of new housing construction and rehabilitation improvements qualifying under this chapter will be exempt from ad valorem property taxation for ten (10) successive years as provided in RCW 84.14.020(1).

B. The exemption does not apply to the value of land or to the value of improvements not qualifying under this chapter, nor does the exemption apply to increases in assessed valuation of land and nonqualifying improvements, or to increases made by lawful order of the King County Board of Equalization, the Washington State Department of Revenue, State Board of Tax Appeals, or King

5.72.090 REVENUE, FINANCE AND TAXATION

County, to a class of property throughout the county or a specific area of the county to achieve uniformity of assessment or appraisal as required by law. In the case of rehabilitation of existing buildings, the exemption does not include the value of improvements constructed prior to submission of the completed application required under this chapter.

(Ord. 119237 § 1 (part), 1998.)

**5.72.100 Annual certification.**

A. Within thirty (30) days after the first anniversary of the date the City filed the final certificate of tax exemption and each year thereafter, for a period of ten (10) years, the property owner shall file a certification with the Director, verified upon oath or affirmation, which shall contain such information as the Director may deem necessary or useful, and shall include the following information:

1. A statement of occupancy and vacancy of the multifamily units during the previous year;
2. A certification that the property has not changed use since the date of filing of the final certificate of tax exemption, and continues to be in compliance with the contract with the City and the requirements of this chapter;
3. A description of any improvements or changes to the property made after the filing of the final certificate or last declaration, as applicable; and
4. Information demonstrating the owner's compliance with the affordability requirements of Section 5.72.040 G and H.

B. Failure to submit the annual declaration may result in cancellation of the tax exemption.  
(Ord. 119237 § 1 (part), 1998.)

**5.72.110 Cancellation of tax exemption—Appeal.**

A. If at any time the Director determines that the property no longer complies with the terms of the contract or with the requirements of this chapter, or for any reason no longer qualifies for the tax exemption, the tax exemption shall be canceled and additional taxes, interest and penalty imposed pursuant to state law.

B. If the owner intends to convert the multifamily housing to another use, the owner must notify the Director and the King County Assessor within sixty (60) days of the change in use. Upon such change in use, the tax exemption shall be

canceled and additional taxes, interest and penalty imposed pursuant to state law.

C. Upon determining that a tax exemption shall be canceled, the Director, on behalf of the City Council, shall notify the property owner by certified mail, return receipt requested. The property owner may appeal the determination by filing a notice of appeal with the City Clerk within thirty (30) days, specifying the factual and legal basis for the appeal. The Hearing Examiner will conduct a hearing pursuant to SMC Section 3.02.090 at which all affected parties may be heard and all competent evidence received. The Hearing Examiner will affirm, modify, or repeal the decision to cancel the exemption based on the evidence received. The Hearing Examiner shall give substantial weight to the Director's decision and the burden of overcoming that weight shall be upon the appellant. An aggrieved party may appeal the Hearing Examiner's decision to the King County Superior Court as provided in RCW 34.05.510 through 34.05.598.

(Ord. 119237 § 1 (part), 1998.)

**5.72.120 Expiration of program.**

The program established by this chapter shall expire four (4) years after the effective date of the ordinance codified in this chapter<sup>1</sup>, unless extended by the City Council by ordinance. Upon expiration, no further applications for a conditional certificate of tax exemption shall be accepted. Incomplete applications shall be returned to the applicant. Pending complete applications for a conditional certificate, extension of conditional certificate and final certificate shall be processed as provided in this chapter.

(Ord. 119237 § 1 (part), 1998.)

<sup>1</sup>Editor's Note: Ordinance 119237, which enacted Chapter 5.72, is effective January 1, 1999.



**Seattle Municipal Code**

MULTIFAMILY HOUSING PROPERTY TAX EXEMPTION 5.72.090

**April, 2001 code update file**  
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**Seattle Municipal Code  
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Seattle Municipal Code  
 April, 2001 code update file  
 Text provided for historic reference only.

Subtitle III Funds  
 Chapter 5.76  
 TABLE OF FUNDS

The following table provides the Code user with a list of funds established by The City of Seattle and the numbers of the ordinances creating and amending those funds. When the text of an ordinance has been codified, the applicable section or chapter number appears in parentheses following in the name of the fund.

Fund	Ord. No.
Abatement Revolving Fund .....	90578
Antirecessionary Grant Fund .....	105962
Arterial City Street Fund .....	90497, 107296
Bond Fund, 1987 Bond Account .....	113442
Business Improvement Area Fund .....	111244
Capitol Hill Business Improvement Area Account .....	113029
Downtown Seattle Retail Core Business Improvement Area Account .....	113015
Pioneer Square Account .....	111244
West Seattle Junction Parking and Business Improvement Area Account .....	113326
Cherry Hill Fund, Program No. Wash. N-5 .....	99155
Community Development Operating Fund .....	99644
Comprehensive Planning Assistance Fund .....	101637, 103726, 103786, 104523
Consolidated Local Improvement District No. 1	
Bond Redemption Fund .....	108419
Construction and Land Use Fund .....	109124
Housing and Abatement Account (See § 22.202.050) .....	114815
Contingent Fund (See Charter Art. VIII § 10) .....	Charter
Contingent Fund A .....	18132, 45599, 96790, 99585
Contingent Fund B .....	8260, 88537, 96234
Contingent Fund D .....	93614
Development Rights Fund .....	117342
Drainage and Wastewater Fund (See § 21.28.280, Ch. 21.33) .....	84390, 91208, 114155
Economic Development Grant Fund .....	106869
Employees Retirement Fund (See § 4.36.020) .....	78444
Engineering Services Fund .....	118385
Entrepreneurial Assistance Program Fund .....	101533
Executive Services Fund .....	109129, 118636
FACE Programs Escrow Fund .....	100628
Firemen's Pension Fund .....	98956
General Donations and Gifts Trust Fund .....	88046
Abused Women's Shelter Fund .....	114547
Animal Population Control Clinic Account .....	101212
Anti-Violence Project Fund.....	117035
Aquarium Donations Account .....	107599
Arboretum Teahouse Reconstruction Account .....	102180
Burke-Gilman Trail Hiking and Biking Fund Account .....	103434
Cardiopulmonary Resuscitation Training Account (See § 3.16.140) .....	100336
Children and Youth Commission Account .....	113260
Chinese Garden Memorial Account .....	115521

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Civic Arts Account .....	96845
Arts Newsletter Subaccount .....	103429
Ballard Avenue Project, Miro FitzGerald Mosaic Subaccount .....	107585
Franceska Ballinger Memorial Subaccount .....	94181
Doris Chase Sculpture Subaccount .....	97366
Committee of 33 Subaccount .....	97366
Jan Evans Sculpture Subaccount .....	107437
Gift Catalogue Account (See Chapter 5.78) .....	112137
Greening Sculpture: Gasworks Park Subaccount .....	105638
Michael Heizer Sculpture Subaccount .....	105840
Noguchi Sculpture Subaccount .....	96348
Office of Urban Conservation Subaccount .....	104615
Westlake Square Fountain Subaccount .....	94283
Christopher Columbus Commemorative Sculpture Account .....	105013
Discovery Park Memorial Account .....	114947
Division on Aging Senior Opportunities Gifts and Donations Account .....	105566
Downtown Health and Human Service Account .....	112602
Elderly Activities Account .....	103416
Family Violence Project Account .....	114881
Help the Animals Account .....	108357
Korean and Vietnam Casualties Memorial Account .....	103140, 103597
Kubota Gardens Account .....	114052
K-9 Unit Gifts Account .....	106656
Molly Matthews Memorial Account .....	111639
Mayor's Small Business Task Force Account.....	117017
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Nutcracker Northwest Account .....	100562
OWR Public Information and Educational Materials Account.....	116598
Police Department Horse Patrol .....	110461, 110866
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PONCHO Display Case Account .....	103077
P-Patch Gardenship Account .....	118546
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Seattle Center Gifts Account .....	106102
Tony Smith Sculpture Account .....	103334
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John N. Sylvester Playfield Internship Program Memorial Account.....	117273
Transportation Systems Management (TSM) Account .....	112514
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Mrs. Betty Wile Levy Medical Aid Unit Memorial Account .....	108395
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Neighborhood Matching Subfund .....	113750, 115345, 117977
Refund Account .....	106058, 106295, 106966, 108434, 109133
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Unemployment Insurance Subfund (See § 4.40.020) .....	104083, 107063, 117977
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Emergency Management Subfund .....	118617
Vice Enforcement/Money Laundering Forfeiture Account .....	116666
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Housing and Community Development Revenue Sharing Fund .....	104195
LID Subaccount .....	107071
Repayment Fund Subaccount .....	109267
Southeast Seattle Economic Development Revolving Account .....	113991
Stevens Neighborhood Strategy Area Revolving Development Account .....	108066
Urban Renewal Close Out Subaccount .....	106797
Housing Rehabilitation Holding Fund .....	103703
Human Resources Operating Fund .....	103014
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Library Fund (See Charter Art. XII § 1) .....	Charter
Light Fund .....	96529
Local Improvement Guaranty Fund (See Chapter 20.08) .....	62364, 70894, 102560
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Housing Development Bond Redemption Fund .....	110124
General Obligation Bond, 1986 Advance Refunding Account .....	113244
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Downtown Housing Preservation Account .....	112342, 113834
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Lloyd Hamrol Sculpture Subaccount .....	108113
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NDP Expenditures Fund, Program No. Wash. A-2 .....	98876
Neighborhood Participation Account .....	115345
Northwest Leschi Rehabilitation Escrow Fund, Program No. Wash. A-2 .....	98876
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Aquarium Donations Account .....	107600
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Park and Recreation Fund (See Charter Art. XI § 3) .....	Charter
Municipal Golf Facilities Improvement Subaccount .....	115678
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Seattle Municipal Water System 1981 Construction Fund .....	110208
Seattle Sewerage Revenue Bond Reserve Fund .....	87670
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Transportation Fund .....	116441
Street Utility Subfund .....	116451
Transportation Operating Fund .....	117713
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Urban Renewal Operating Fund .....	91953
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Voucher Fund .....	107948
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**Chapter 5.78  
GIFT CATALOGUE**

**Sections:**

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**5.78.020** Expenditures—Seattle Center programs.

**5.78.030** Expenditures—Seattle Arts Commission.

**5.78.040** Expenditures—Seattle Transportation programs.

**5.78.060** Expenditures—Office of Housing.

**5.78.070** Expenditures—Seattle-King County Department of Public Health.

**5.78.080** Expenditures—Seattle Public Utilities.

**5.78.090** Expenditures—Police Department.

**5.78.100** Expenditures—Fire Department.

**5.78.110** Expenditures—Georgetown Steam Plant Landmark Center.

**5.78.120** Expenditures—Department of Parks and Recreation.

**5.78.130** Expenditures—Personnel Director.

**5.78.140** “In-kind” gift acceptance conditions.

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**5.78.160** Expenditures—Department of Design, Construction and Land Use.

**5.78.170** Expenditures—City Clerk's Office.

**5.78.180** Expenditures—Department of Neighborhoods.

**5.78.190** Expenditures—Human Services Department.

**5.78.010** Account established—Donations.

A. There is hereby established a Gift Catalogue account in the General Donations and Gift Trust Fund with subaccounts therein for the purposes set forth in the City's Gift Catalogue, and donations shall be credited to the appropriate subaccounts. The City Director of Finance is authorized and directed to accept donations for the purposes set forth in the Gift Catalogue and to give his or her receipt, and the City Director of Finance shall keep appropriate accounts and subaccounts therefor.

B. “City's Gift Catalogue,” as used in this chapter, means the document attached to Ordinance 112137 and such supplemental catalogues

as may be issued by the City, with the approval of the Mayor and the City Council by resolution, from time to time.

(Ord. 120181 § 26(part), 2000; Ord. 116368 § 170, 1992; Ord. 114260 § 1, 1988; Ord. 112137 § 1(part), 1985.)

**5.78.020** Expenditures—Seattle Center programs.

The Director of the Seattle Center is authorized to direct expenditures for the donations made to the Seattle Center programs in the City's Gift Catalogue as designated by the donor; and the City Director of Finance is authorized to draw to pay warrants against the designated program account or subaccount on vouchers approved by The Seattle Center Director as to payee and purpose. If the applicable fund is solvent at the time payment is ordered, the Director of Finance may elect to make payment by check.

(Ord. 120181 § 26(part), 2000; Ord. 120114 § 17, 2000; Ord. 116368 § 171, 1992; Ord. 112137 § 1(part), 1985.)

**5.78.030** Expenditures—Seattle Arts Commission.

The Seattle Arts Commission is authorized to direct expenditures for the donations made to the Seattle Arts Commission programs in the City's Gift Catalogue as designated by the donor; and the City Director of Finance is authorized to draw and to pay warrants against said program accounts or subaccounts on vouchers approved by said Commission as to payee and purpose. If the applicable fund is solvent at the time payment is ordered, the Director of Finance may elect to make payment by check.

(Ord. 120181 § 26(part), 2000; Ord. 120114 § 18, 2000; Ord. 116368 § 172, 1992; Ord. 112137 § 1(part), 1985.)

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**5.78.040 Expenditures—Seattle Transportation programs.**

The Director of Transportation is authorized to direct expenditures for the donations made to Seattle Transportation programs in the City's Gift Catalogue as designated by the donor; and the City Director of Finance is authorized to draw and to pay warrants against said program accounts or subaccounts on vouchers approved by the Director of Transportation as to payee and purpose. If the applicable fund is solvent at the time payment is ordered, the Director of Finance may elect to make payment by check.

(Ord. 120181 § 26(part), 2000; Ord. 120114 § 19, 2000; Ord. 118409 § 7, 1996; Ord. 116368 § 173, 1992; Ord. 112137 § 1(part), 1985.)

**5.78.060 Expenditures—Office of Housing.**

The Director of Housing is authorized to direct expenditures for the donations made to that Office's programs in the City's Gift Catalogue or for other housing activities as designated by the donor; and the City Director of Finance is authorized to draw and to pay warrants against said program accounts or subaccounts on vouchers approved by the Director of Housing as to payee and purpose. If the applicable fund is solvent at the time payment is ordered, the Director of Finance may elect to make payment by check.

(Ord. 120181 § 26(part), 2000; Ord. 120114 § 20, 2000; Ord. 119273 § 27, 1998; Ord. 116368 § 175, 1992; Ord. 115958 § 17, 1991; Ord. 112137 § 1(part), 1985.)

**5.78.070 Expenditures—Seattle-King County Department of Public Health.**

The Director of Public Health is authorized to direct expenditures for the donations made to the Seattle-King County Department of Public Health programs in the City's Gift Catalogue as designated by the donor; and the City Director of Finance is authorized to draw and to pay warrants against said program accounts or subaccounts on vouchers approved by the Director of Public Health as to payee and purpose. If the applicable fund is solvent at the time payment is ordered, the Director of Finance may elect to make payment by check.

(Ord. 120181 § 26(part), 2000; Ord. 120114 § 21, 2000; Ord. 116368 § 176, 1992; Ord. 112137 § 1(part), 1985.)

**5.78.080 Expenditures—Seattle Public Utilities.**

The Director of Seattle Public Utilities is authorized to direct expenditures for the donations made to the Seattle Public Utilities programs in the City's Gift Catalogue as designated by the donor; and the City Director of Finance is authorized to draw and to pay warrants against said program accounts or subaccounts on vouchers approved by the Director of Seattle Public Utilities as to payee and purpose. If the applicable fund is solvent at the time payment is ordered, the Director of Finance may elect to make payment by check.

(Ord. 120181 § 26(part), 2000; Ord. 120114 § 22, 2000; Ord. 118396 § 8, 1996; Ord. 116368 § 177, 1992; Ord. 112137 § 1(part), 1985.)

**5.78.090 Expenditures—Police Department.**

The Chief of Police is authorized to direct expenditures for the donations made to the Police Department programs in the City's Gift Catalogue as designated by the donor; and the City Director of Finance is authorized to draw and to pay warrants against said program accounts or subaccounts on vouchers approved by the Chief as to payee and purpose. If the applicable fund is solvent at the time payment is ordered, the Director of Finance may elect to make payment by check.

(Ord. 120181 § 26(part), 2000; Ord. 120114 § 23, 2000; Ord. 116368 § 178, 1992; Ord. 112137 § 1(part), 1985.)

**5.78.100 Expenditures—Fire Department.**

The Chief of the Fire Department is authorized to direct expenditures for the donations made to the Fire Department programs in the City's Gift Catalogue as designated by the donor; and the City Director of Finance is authorized to draw and to pay warrants against said program accounts or subaccounts on vouchers approved by the Chief as to payee and purpose. If the applicable fund is solvent at the time payment is ordered, the Director of Finance may elect to make payment by check.

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(Ord. 120181 § 26(part), 2000; Ord. 120114 § 24, 2000; Ord. 116368 § 179, 1992; Ord. 112137 § 1(part), 1985.)

**5.78.110 Expenditures—Georgetown Steam Plant Landmark Center.**

Disbursements from the Gift Catalogue account for the Georgetown Steam Plant Landmark Center program and other programs not provided for by this chapter shall be made by separate ordinance. (Ord. 112137 § 1(part), 1985.)

**5.78.120 Expenditures—Department of Parks and Recreation.**

The Superintendent of Parks and Recreation is authorized to direct expenditures for the donations made to the Department of Parks and Recreation programs in the City's Gift Catalogue as designated by the donor; and the City Director of Finance is authorized to draw and to pay warrants against said program accounts or subaccounts on vouchers approved by the Superintendent as to payee and purpose. If the applicable fund is solvent at the time payment is ordered, the Director or Finance may elect to make payment by check.

(Ord. 120181 § 26(part), 2000; Ord. 120114 § 25, 2000; Ord. 116368 § 180, 1992; Ord. 112137 § 1(part), 1985.)

**5.78.130 Expenditures—Personnel Director.**

The Personnel Director is authorized to direct expenditures for the donations made to programs of the Personnel Department or to programs of the former Personnel Division of the Executive Services Department in the City's Gift Catalogue as designated by the donor; and the City Director of Finance is authorized to draw and to pay warrants against said program accounts or subaccounts on vouchers approved by the Personnel Director as to payee and purpose. If the applicable fund is solvent at the time payment is ordered, the Director of Finance may elect to make payment by check.

(Ord. 120181 § 99, 2000; Ord. 120114 § 26, 2000; Ord. 118397 § 86, 1996; Ord. 116368 § 181, 1992; Ord. 112137 § 1(part), 1985.)

**5.78.140 "In-kind" gift acceptance conditions.**

Department heads are authorized to accept "in-kind" gifts and use the same for their respective programs as set forth in the City's Gift Catalogue as designated by the donor.

(Ord. 112137 § 1(part), 1985.)

**5.78.150 Expenditures—Director of Finance.**

The City Director of Finance is authorized to direct expenditures for the donations to programs of the former Finance Department and to programs of the former Department of Licenses and Consumer Affairs in the City's Gift Catalogue as designated by the donor; and to draw and to pay warrants against said program accounts or subaccounts on vouchers. If the applicable fund is solvent at the time payment is ordered, the Director of Finance may elect to make payment by check.

(Ord. 120181 § 26(part), 2000; Ord. 120114 § 27, 2000; Ord. 118397 § 87, 1996; Ord. 117169 § 59, 1994; Ord. 116368 § 182, 1992; Ord. 114260 § 2(part), 1988.)

**5.78.160 Expenditures—Department of Design, Construction and Land Use.**

The Director of Design, Construction and Land Use is authorized to direct expenditures for the donations to the Design, Construction and Land Use Department programs in the City's Gift Catalogue as designated by the donor; and the City Director of Finance is authorized to draw and to pay warrants against said program accounts or subaccounts on vouchers approved by the Director of Design, Construction and Land Use as to payee and purpose. If the applicable fund is solvent at the time payment is ordered, the Director of Finance may elect to make payment by check.

(Ord. 120181 § 26(part), 2000; Ord. 120114 § 28, 2000; Ord. 116368 § 183, 1992; Ord. 114260 § 2(part), 1988.)

**5.78.170 Expenditures—City Clerk's Office.**

The City Council is authorized to direct expenditures for the donations to the City Clerk's Office programs in the City's Gift Catalogue as designated by the donor; and the City Director of Finance is authorized to draw and to pay warrants against such program accounts or subaccounts on vouchers approved by the City Clerk as to payee and purpose. If the applicable fund is solvent at

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the time payment is ordered, the Director of Finance may elect to make payment by check. (Ord. 120181 § 26(part), 2000; Ord. 120114 § 29, 2000; Ord. 116368 § 185, 1992; Ord. 114966 § 1, 1990.)

**5.78.180 Expenditures—Department of Neighborhoods.**

The Director of the Department of Neighborhoods is authorized to direct expenditures from the donations made to that Department's programs that are in the City's Gift Catalogue, as amended from time to time, or for which an account or subaccount for deposit of donations is established by ordinance. Such expenditures shall be consistent with the designation by the donor. The City Director of Finance is authorized to draw and to pay warrants against said accounts or subaccounts for such programs, or make appropriate transfers from such accounts or subaccounts, based on vouchers approved by the Director of Neighborhoods as to payee and purpose. If the applicable fund is solvent at the time payment is ordered, the Director of Finance may elect to make payment by check. (Ord. 120181 § 26 (part), 2000; Ord. 120114 § 30, 2000; Ord. 118546 § 5, 1997.)

**5.78.190 Expenditures—Human Services Department.**

The Director of the Human Services Department is authorized to direct expenditures for the donations made to that Department's programs in the City's Gift Catalogue or for other human services activities as designated by the donor; and the City Director of Finance is authorized to draw and to pay warrants against said program accounts or subaccounts on vouchers approved by the Human Services Director as to payee and purpose. If the applicable fund is solvent at the time payment is ordered, the Director of Finance may elect to make payment by check. (Ord. 120181 § 26(part), 2000; Ord. 120114 § 31, 2000; Ord. 119273 § 28, 1998.)

**Chapter 5.80**

**CUMULATIVE RESERVE SUBFUND**

**Sections:**

**5.80.010 Purpose of subfund.**

**5.80.020 Structure of subfund.**

**5.80.030 Capital projects subaccounts.**

**5.80.010 Purpose of subfund.**

There is hereby established under authority of RCW 35.21.070, as a subfund of the General Fund, a cumulative reserve fund for several different municipal purposes as well as certain specific municipal purposes as follows:

A. The making of any public improvement, including but not limited to the construction, alteration, renovation or repair of City buildings; the establishment, widening and extending of streets and highways; and the construction and repair of sewers;

B. Investigations and studies in connection with any public improvement;

C. The acquisition of real property;

D. The purchase of supplies, material or equipment as specified in the ordinance making an appropriation therefor;

E. Civil defense;

F. The provision of low-income housing;

G. The provision of reserves for revenue stabilization for future operations;

H. Short-term loans for capital projects to meet cash-flow requirements, provided that a source of repayment is identified and that a schedule and term of repayment are specified;

I. The financing of capital projects specified in the capital facilities element of the City's Comprehensive Plan and housing relocation assistance, as authorized by Chapter 82.64 RCW;

J. The matching of federal or state funds for any of the foregoing or any other municipal purpose the nature of which shall be specified in the appropriating ordinance.

The subfund shall be known as the Cumulative Reserve Subfund.

(Ord. 117977 § 1(part), 1995; Ord. 116497 § 1, 1992; Ord. 81301 § 1(part), 1952.)

**5.80.020 Structure of subfund.**

The Cumulative Reserve Subfund shall be comprised of two (2) accounts: the Capital Projects Account, with its several subaccounts, and the Revenue Stabilization Account.

(Seattle 9-01)

A. The Capital Projects Account shall be comprised of several subaccounts, including but not limited to the Real Estate Excise Tax I Subaccount; the Real Estate Excise Tax II Subaccount; the South Lake Union Property Proceeds Subaccount; and the Unrestricted Subaccount. Expenditures from the Capital Projects Account shall require an ordinance adopted by a majority of the members of the City Council.

B. The Revenue Stabilization Account shall be used for revenue stabilization for future City operations. Expenditures from the Revenue Stabilization Account shall require an ordinance passed by two-thirds vote unless state law requires a higher super majority vote of the City Council. The Revenue Stabilization Account shall be funded by (1) transfers by ordinance; and (2) automatic transfer of tax revenues to the extent described in this section. Upon completion of fiscal year accounting, tax revenues collected during the closed fiscal year which are in excess of the latest revised estimate of tax revenues for that closed fiscal year (as published in the current fiscal year adopted budget) shall automatically be deposited to the Revenue Stabilization Account. Such deposit shall occur at that time the City completes its accounting for the fiscal year. At no time shall the balance of the Revenue Stabilization Account exceed two and one-half (2.5) percent of the amount of tax revenues received by the City during the fiscal year prior to the closed fiscal year. For purposes of this subsection, the phrase "tax revenues" means all tax revenues deposited into the General Subfund, including but not limited to, tax revenue from the regular property tax levy, business and occupation tax, utility business taxes, admissions tax, leasehold excise tax, gambling taxes, and sales and use taxes.

(Ord. 120411 § 3, 2001; Ord. 119761 §§ 1, 5, 1999; Ord. 117977 § 1(part), 1995; Ord. 117256 § 1, 1994; Ord. 116497 § 2, 1992; Ord. 81301 § 1(part), 1952.)

#### **5.80.030 Capital projects subaccounts.**

A. The Real Estate Excise Tax I Subaccount shall be comprised of the first one-quarter of one (1) percent excise tax on real estate sales collected on or after May 1, 1992. It shall be expended only for the purposes and capital projects contemplated by RCW 82.46.010.

B. The Real Estate Excise Tax II Subaccount shall be comprised of the second one-quarter of one (1) percent excise tax on real estate sales collected on or after May 1, 1992. It shall be used solely for the purposes and capital projects contemplated by RCW 82.46.035.

C. The Unrestricted Subaccount shall, unless provided otherwise by ordinance, be comprised of revenues from sales of surplus City property net of sale proceeds deposited into the South Lake Union Property Proceeds Subaccount, transfers of General Fund balances, investment earnings attributable to the Capital Projects Account of the Cumulative Reserve Subfund net of investment earnings attributable to the South Lake Union Property Proceeds Subaccount, and other unrestricted contributions to the Cumulative Reserve Subfund.

D. The South Lake Union Property Proceeds Subaccount shall, unless provided otherwise by ordinance, be comprised of revenues from sales of certain surplus City property located adjacent to South Lake Union, investment earnings attributable to the Subaccount, and other revenues identified through ordinance.

(Ord. 120411 § 4, 2001; Ord. 119761 §§ 2, 6, 1999; Ord. 116497 § 1, 1992; Ord. 81301 § 1(part), 1952.)