

Title 5

REVENUE, FINANCE AND TAXATION

This title is intended for those provisions of the Code which relate to City taxation, funds, budgeting and claims against the City.

Chapters:

Subtitle I General Regulations¹

- 5.04 Investment of City Funds**
- 5.06 City Investments**
- 5.08 Transfers Between Department**
- 5.10 Registration of Bonds**
- 5.12 Accounting Procedure**
- 5.14 Procedures and Documentation—
City Moneys**
- 5.16 Warrants**
- 5.20 Bills by City Departments for Labor
or Materials**
- 5.22 Convenience Fee for Electronic
Payments via Electronic Commerce
Technology**
- 5.24 Claims for Injuries or Damages**
- 5.28 Bonds in Civil Actions**
- 5.30 Definitions**
- 5.32 Revenue Code**

1. Cross reference:
Debt Management Policy Advisory Committee Ch. 3.76

For provisions regarding refunds of fees for blueprint or photography work and for certain Park and Recreation Department fees, see Chapter 3.106 of this Code.

Subtitle II Taxes

- 5.40 Admission Tax**
- 5.45 Business License Tax**
- 5.48 Business Tax—Utilities**
- 5.52 Gambling Tax**
- 5.55 Licenses and Taxes**
- 5.56 Leasehold Excise Tax**
- 5.60 Sales and Use Tax**
- 5.64 Tax on Sale of Real Estate**
- 5.68 Use Tax—Natural or Manufactured Gas**
- 5.72 Multifamily Housing Property Tax Exemption**

Subtitle III Funds

- 5.76 Table of Funds
- 5.78 Gift Catalogue
- 5.80 Cumulative Reserve Subfund

Subtitle I General Regulations

Chapter 5.04

INVESTMENT OF CITY FUNDS

Sections:

- 5.04.020 Property tax—Investment policy.
- 5.04.030 Property tax—Transfer from County Comptroller.
- 5.04.040 Property tax—Investment by County Comptroller.

Statutory Reference: For statutory provisions on investment of City funds, see RCW Ch. 35.39.

5.04.020 Property tax—Investment policy.

It shall be the policy of the City to receive collections of property taxes and abatement liens as soon as practical and to invest funds not required or available for immediate expenditure for the benefit of the City as authorized by law. (Ord. 108998 § 1, 1980.)

5.04.030 Property tax—Transfer from County Comptroller.

The King County Comptroller is authorized and requested to distribute to the Director of Executive Administration for and on behalf of the City all property taxes and abatement liens collected as frequently as daily; and the Director of Executive Administration is authorized to deliver a receipt therefor whenever funds are delivered to the City. Delivery may be in money or as a transfer of an investment authorized by RCW 36.29.020 and made by the King County Comptroller for the City. (Ord. 120794 § 78, 2002; Ord. 120181 § 26(part), 2000; Ord. 116368 § 120, 1992; Ord. 108998 § 2, 1980.)

5.04.040 Property tax—Investment by County Comptroller.

The King County Finance Manager is authorized to invest in the investments authorized by RCW 36.29.020 any and all funds which are due to

the City and retained in his or her custody pending distribution to the City with residual King County funds and property tax receipts of other jurisdictions in a pooled investment account with an automatic pro rata distribution of the earnings at month end. This includes property taxes and abatement liens collected for the City and retained pending an accounting. Participation in a pooled account is an alternative to immediate transfer of City funds before the statutory disbursement dates under Section 5.04.030 and to making investments under specific instructions of the Director of Executive Administration. If the King County Finance Manager invests funds for the City while in his or her custody, he or she may deduct and retain the investment service fee contemplated by RCW 46.29.020 when the interest earnings become available to the City.

(Ord. 120794 § 79, 2002; Ord. 120181 § 26(part), 2000; Ord. 116368 § 121, 1992; Ord. 114571 § 1, 1989; Ord. 108998 § 3, 1980.)

Chapter 5.06

CITY INVESTMENTS

Sections:

- 5.06.010 Investment authority.
- 5.06.030 Fund investments—Interfund loans.
- 5.06.040 Investment policies.
- 5.06.050 Reports.

5.06.010 Investment authority.

A. As contemplated by RCW 35.39.032, the Director of Executive Administration, under the supervision of the Mayor and consistent with policy direction given by the Director of Finance, is authorized on behalf of the City to invest all moneys in the City Treasury which in his or her judgment are in excess of current City needs in:

1. United States bonds;
2. United States certificates of indebtedness;
3. Bonds or warrants of this state:

4. General obligation or utility revenue bonds or warrants of the City or of any other city or town in the state;

5. Bonds or warrants of a local improvement or condemnation award district of the City which is within the protection of the local improvement guaranty fund;

6. Repurchase agreements, reverse repurchase agreements, or bankers' acceptances; and

7. Other investments authorized by law. The Director of Executive Administration is authorized to hold such investments for the credit of the funds for which purchased.

B. The Director of Executive Administration is further authorized to convert any investments within the City Treasury into cash.

(Ord. 120794 § 80, 2002; Ord. 120467 § 1, 2001; Ord. 120181 § 26(part), 2000; Ord. 116368 § 123, 1992; Ord. 113830 § 1, 1988; Ord. 110749 § 1(part), 1982.)

5.06.030 Fund investments—Interfund loans.

The Director of Executive Administration, after consulting with the Chair of the Finance Committee of the City Council and with the Director of Finance, may in his or her discretion:

A. Determine which funds shall be invested on an individual fund basis, and which funds shall participate within one (1) or more common investment portfolio(s);

B. Apportion earnings and losses to those funds participating in a common investment portfolio. Those funds listed on Exhibit "A" to this Ordinance 117641,¹ as that exhibit may be amended from time to time by the Director of Executive Administration after consulting with the Chair of the Finance Committee of the City Council and with the Director of Finance, and trust or bond funds shall receive a return in proportion to the amount of money earned by each; and the remainder shall be allocated to the general fund, except that investment earnings attributable to the Capital Projects Account of the Cumulative Reserve Subfund shall be deposited in the Unrestricted Subaccount and South Lake Union Property Proceeds Subaccount within that Capital Projects Account, all as authorized by RCW 35.39.034 and Chapter 5.80 SMC;

C. Approve interfund loans for a duration up to ninety (90) days, and establish a rate of interest

thereon when appropriate, provided, any extension or renewal of such a loan shall require approval by ordinance;

D. Establish criteria for identifying when a substantial de facto loan from one (1) fund to another occurs (e.g., an extended delay in making reimbursement without valid cause; a continuous overdrawn status) and, when appropriate, establish an interest charge to be paid to the lending fund;

E. Make loans to individual funds participating in a common investment portfolio by means of carrying funds in a negative cash position for a period of up to ninety (90) days, or for longer period upon approval by ordinance, to the extent and for as long as (i) such loans can be prudently supported by the common investment portfolio and (ii) the borrowing fund is reasonably expected to be able to repay the loan. The Director of Executive Administration may also charge interest at the common investment portfolio's rate of return to the borrowing fund; and

F. With the approval of the Director of Finance, sell installment notes to City funds pursuant to Section 20.04.145 in connection with financing local improvement districts.

(Ord. 120794 § 81, 2002; Ord. 120411 § 5, 2001; Ord. 120181 § 26(part), 2000; Ord. 119761 § 3, 1999; Ord. 118138 § 2, 1996; Ord. 117641 § 1, 1995; Ord. 116368 § 124, 1992; Ord. 110749 § 1(part), 1982.)

1. Exhibit A is on file with Ordinance 117641 in the office of the City Clerk.

5.06.040 Investment policies.

A. The City's common investment portfolio(s) shall be managed to further this financial objective: to preserve principal while maintaining liquidity to meet the City's needs for cash and maximizing income.

B. Investment decisions should further the City's social policies established by ordinance or policy resolutions of the City Council. A City social policy shall take precedence over furthering the City's financial objective when expressly authorized by the City Council resolution or ordinance, except where otherwise provided by law or trust principles.

C. The Director of Executive Administration shall be guided by investment policies adopted from time to time by ordinance or resolution of the

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City Council and by investment direction that may be given by the Director of Finance consistent with City Council policies.
(Ord. 120794 § 82, 2002; Ord. 120467 § 3, 2001; Ord. 120181 § 26 (part), 2000; Ord. 116368 § 125, 1992; Ord. 110749 § 1(part), 1982.)

5.06.050 Reports.

The Director of Executive Administration shall file a monthly report with the City Council on the performance of City investments for the preceding month and fiscal year-to-date. Each monthly report shall include a discussion of:

- A. The current investment market;
- B. Any material change in the City’s investment portfolio and practices;
- C. The City’s investment return as compared to the City’s benchmark return, which shall be the rate of return used by the City Council when estimating investment earnings for the purpose of adopting the current year’s budget;
- D. The average maturity of the City’s investment portfolio; and

E. On a quarterly basis, this report will also include, as an attachment, a list of the contents of the City’s investment portfolio.
(Ord. 120794 § 83, 2002; Ord. 120467 § 4, 2001; Ord. 120181 § 26, 2000; Ord. 116368 § 126, 1992; Ord. 110749 § 1(part), 1982.)

Chapter 5.08

TRANSFERS BETWEEN DEPARTMENT BUDGETS

Sections:

- 5.08.010 Budget Director's authority.**
- 5.08.020 Transfer between program categories.**
- 5.08.030 “Line item” budgets.**
- 5.08.040 Requests procedure.**

Statutory Reference: For statutory provisions on budgets in cities over three hundred thousand (300,000), see RCW Chapter 35.32A.

5.08.010 Budget Director’s authority.

The Budget Director’s authority under RCW 35.32A.050 to approve transfers between allowances within the budget of a City department shall be exercised in accordance with regulations as set out in this chapter.

(Ord. 100895 § 1(part), 1972.)

5.08.020 Transfer between program categories.

No transfer between program categories within a department’s budget shall be approved where such requested transfer is in an amount exceeding ten (10) percent of the total original budgeted allowance for the program category to which such transfer is requested.
(Ord. 100895 § 1(1), 1972.)

5.08.030 “Line item” budgets.

Where a department has a “line item” budget, no transfer between line item allowances within such budget shall be approved where such requested transfer is in an amount exceeding ten (10) percent of the total original budgeted allowance for the line item to which such transfer is requested.
(Ord. 100895 § 1(2), 1972.)

5.08.040 Requests procedure.

Requests for transfer between allowances within the budget of any City department shall be made in writing to the Budget Director on forms provided by him or her, and if the Budget Director shall approve the same, he or she shall forward a copy of such request with his or her approval in writing thereon to the Chair of the Budget Committee of the City Council and shall notify in like manner the City Finance Director.
(Ord. 116368 § 127, 1992; Ord. 100895 § 1(3), 1972.)

Chapter 5.10

REGISTRATION OF BONDS

Sections:

- 5.10.010 Purpose.**
- 5.10.020 Definitions.**
- 5.10.030 Registration—Method—Effect.**
- 5.10.040 Denominations of registered bonds and obligations.**
- 5.10.050 System of registration—Contents.**
- 5.10.060 Fiscal agents—Designation.**
- 5.10.070 Finance Director as registrar.**
- 5.10.080 Contracts with fiscal agency.**

5.10.090 Statement of transfer restrictions.

5.10.010 Purpose.

This chapter implements RCW Chapter 39.46 (Chapter 167, Laws of Washington 1983) by providing for the registration of ownership of bonds and other interest bearing obligations of The City of Seattle. This chapter should be interpreted and applied in a manner to carry out state law and preserve the exemptions from federal income taxation of interest on City bonds and other obligations. (Ord. 111724 § 1(part), 1984.)

5.10.020 Definitions.

As used in this chapter:

A. "Bond" and "obligation" shall have the meaning defined in RCW 39.46.020 (Section 2, Chapter 167, Laws of Washington 1983), as now or hereafter amended.

B. "Registrar" shall be the person or persons designated by The City of Seattle to register the ownership of bonds and other obligations as provided in this chapter.

C. "City" means The City of Seattle. (Ord. 111724 § 1(part), 1984.)

5.10.030 Registration—Method—Effect.

A. All bonds and other obligations, which are issued or entered into by the City, bear or require the City to pay interest, have a maturity more than one (1) year, and on which interest is intended by the City to be exempt from federal income taxation, shall be registered as to both principal and interest as provided in this chapter.

B. Such registration may be carried out by:

1. A book entry system of recording the ownership of a bond or other obligation whether a physical instrument is issued or an obligation is merely entered on the books of the City or one (1) of the fiscal agencies of The State of Washington; or

2. Recording the ownership of a bond or other obligation together with a requirement that any transfer of ownership may be effected only by the surrender of the old bond or other obligation and either the reissuance of the old bond or other obligation or the issuance of a new bond or other obligation to the new owner.

C. No transfer of any such bonds or other obligations shall be effective until the name of the new

owner and the new owner's mailing address, together with such other information required by the United States of America and such other additional information deemed appropriate by the Registrar, shall be recorded on the books of the Registrar of the City. (Ord. 111724 § 1(part), 1984.)

5.10.040 Denominations of registered bonds and obligations.

Registered bonds or other obligations may be issued in any denomination. Registered bonds or other obligations may be issued in a denomination to represent several bonds or other obligations of smaller denominations. (Ord. 111724 § 1(part), 1984.)

5.10.050 System of registration—Contents.

A. The City Finance Director shall establish a system of registration for City bonds and other obligations, with a maturity more than one (1) year, on which the interest is intended to be exempt from federal income taxation. The system of registration shall provide for any writing relating to a bond or other obligation that is not issued as a physical instrument; for identifying numbers or other designations; for a sufficient supply of certificates for subsequent transfers; for record and payment dates; for varying denominations; for communications to the owners of bonds or other obligations; for accounting, cancelled certificate destruction, registration and release of securing interests; and, for such other incidental matters pertaining to the registration of bonds or other obligations as appropriate to conform with the United States Internal Revenue Code.

B. Different methods or techniques may be used for separate bond issues and for diverse types of obligations. The method or technique used with respect to a particular bond or other obligation shall conform with the authorizing ordinance. (Ord. 116368 § 128, 1992; Ord. 111724 § 1(part), 1984.)

5.10.060 Fiscal agents—Designation.

The City may by ordinance designate a fiscal agent to act as an authenticating trustee, transfer agent, registrar or paying agent for the City with respect to bonds or other obligations to be issued. In the absence of a designation by ordinance, the City Finance Director may in accordance with RCW

39.46.030 designate one or more fiscal agents to act as an authenticating trustee, transfer agent, registrar or paying agent for the City with respect to registered bonds or other obligations which are usually subject to trading, assignment or transfer. Any fiscal agent designated by the City may be a fiscal agent of The State of Washington appointed in accordance with RCW Chapter 43.80.
(Ord. 118678 § 1, 1997; Ord. 111724 § 1(part), 1984.)

5.10.070 Finance Director as registrar.

The City Finance Director may act as a registrar for leases, warrants, installment contracts and other obligations which provide for payment of interest that is intended to be exempt from federal income taxation and which are not usually subject to trading, assignment or transfer.
(Ord. 116368 § 130, 1992; Ord. 111724 § 1(part), 1984.)

5.10.080 Contracts with fiscal agency.

In accordance with RCW 39.46.030, the City Finance Director is authorized to enter into contracts with one or more fiscal agents of The State of Washington or any other designated fiscal agents of the City in connection with the establishment and maintenance by such fiscal agents of a central depository system for the transfer or pledge of registered bonds or other obligations and for services as authenticating trustee, transfer agent, registrar or paying agent for such bonds and other obligations. Any such contract shall define the rights and duties of the designated fiscal agent and the means of compensation thereof and may adopt by reference relevant terms and conditions of a contract between that fiscal agent and the State Finance Committee of The State of Washington.
(Ord. 118678 § 2, 1997; Ord. 116368 § 131, 1992; Ord. 111724 § 1(part), 1984.)

5.10.090 Statement of transfer restrictions.

Any physical instrument issued or executed by the City subject to registration under the ordinance codified in this section shall state in a prominent manner on its face that it is registered.
(Ord. 111724 § 1(part), 1984.)

**Chapter 5.12
ACCOUNTING PROCEDURE¹**

Sections:

- 5.12.010 Authority of Director of Executive Administration.**
- 5.12.020 Monthly report.**
- 5.12.030 Approval of report before publication.**
- 5.12.040 Petty cash accounts—Establishment—Operation and expenditures.**
- 5.12.050 Petty cash accounts—Administrative rules and regulations.**
- 5.12.060 Billings under one dollar.**

1. Cross-reference: For provisions regarding the powers of the City Comptroller, see Charter Art. VIII.

5.12.010 Authority of Director of Executive Administration.

When not otherwise prescribed pursuant to state law, the bookkeeping and accounting in all departments of the municipal government shall be done in the manner and form prescribed by, and subject to the approval of, the Director of Executive Administration.
(Ord. 120794 § 84, 2002; Ord. 116368 § 132, 1992; Ord. 39034 § 1, 1918.)

5.12.020 Monthly report.

Every department of the municipal government keeping financial accounts shall, on or before the tenth day of each and every month, transmit to the Director of Executive Administration, a statement and report, in form to be prescribed by the Director of Executive Administration, showing the financial transactions of the department during the previous month.
(Ord. 120794 § 85, 2002; Ord. 116368 § 133, 1992; Ord. 39034 § 2, 1918.)

5.12.030 Approval of report before publication.

No statement or report of financial transactions in any department or office shall constitute the official report of the City unless such statement or report shall first be submitted to, and approved by, the Director of Finance.

(Ord. 120794 § 86, 2002; Ord. 116368 § 135, 1992; Ord. 39034 § 3, 1918.)

Statutory Reference: For statutory provisions regarding disclosure of public records, see RCW Ch. 42.17.

**5.12.040 Petty cash accounts—
Establishment—Operation and
expenditures.**

The Director of Executive Administration is authorized to establish petty cash accounts within the operating funds of City departments for the payment of miscellaneous items not payable by voucher and warrant. The establishment of petty cash accounts shall be requested in writing by the head of the department in the form and detail prescribed by the Director of Executive Administration. All expenditures from such accounts shall be made from appropriations and for purposes authorized by the department annual budget. The maximum amount of such accounts shall be set by the Director of Executive Administration in consultation with the City Auditor according to the needs of the petitioning department.

(Ord. 120794 § 87, 2002; Ord. 116368 § 135, 1992; Ord. 110413 § 1, 1982.)

**5.12.050 Petty cash accounts—
Administrative rules and
regulations.**

The Director of Executive Administration shall promulgate rules and regulations, consistent with this chapter and the City Administrative Code,¹ establishing standards and procedures for the proper administration of petty cash accounts.

(Ord. 120794 § 88, 2002; Ord. 117242 § 9, 1994; Ord. 110413 § 2, 1982.)

1. Editor's Note: The Administrative Code is codified in Chapter 3.02 of this Code.

5.12.060 Billings under one dollar.

It is City policy to bill employees, citizens and businesses only when the billable amount exceeds One Dollar (\$1). Whenever the billable amount is less than One Dollar (\$1), the amount shall be added to the next billing. If no further billings are contemplated, the receivable and any related revenue shall be deemed waived.

(Ord. 113872 § 3, 1988.)

Chapter 5.14

**PROCEDURES AND DOCUMENTATION—
CITY MONEYS**

Sections:

5.14.010

Purpose—Scope.

5.14.020

**Authority in Director of
Executive Administration.**

5.14.030

Duties of City personnel.

5.14.040

**Certification of receivers,
cashiers and tellers.**

5.14.050

Departmental functions.

5.14.060

**Liability for loss as between
department and Director of
Executive Administration.**

5.14.010 Purpose—Scope.

This chapter implements the City Charter, Article VIII, Sections 9 and 11.¹ When state statute directs a different procedure, state law controls. The term "City moneys" applies to cash and to checks and other negotiable instruments payable in money to the City.

(Ord. 116368 § 136, 1992; Ord. 114347 § 1(part), 1989.)

1. Editor's Note: The Charter is set out at the front of this Code.

**5.14.020 Authority in Director of
Executive Administration.**

The Director of Executive Administration is authorized to promulgate rules in accordance with the Seattle Administrative Code, Chapter 3.02, for establishing procedures for the receipt, handling and deposit by City officers and employees of City moneys into the City Treasury; for the method of documentation on all such transactions; for regular reporting to the Director of Executive Administration; for certifying and decertifying by the Director of Executive Administration of all City officers and employees who are authorized to receive or handle City moneys in the regular course of their employment or departmental activities; for inspection of departmental cash records, including overages or shortages; for inspection of departmental practices and procedures in handling City moneys; and for contracting with agents to collect City moneys and their collection procedures. The Director of Executive Administration may enforce these rules through on-site inspection; by decertifying any officer or employee who fails to comply with the Director of

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Executive Administration's Rules; and, in the event of noncompliance by a department or office, requiring that payments to personnel be authorized by the Director of Executive Administration, or deposited at his or her office.

(Ord. 120794 § 89, 2002; Ord. 116368 § 137, 1992; Ord. 114347 § 1(part), 1989.)

5.14.030 Duties of City personnel.

Any City officer or employee, who receives moneys belonging to the City in the scope and course of his or her duties, shall:

A. Immediately deliver the same to the Director of Executive Administration or, when so authorized, deposit the moneys with a City depository designated by the Director of Executive Administration to the credit of the City. The delivery or deposit must be made within twenty-four (24) hours after receipt unless otherwise authorized by the Director of Executive Administration;

B. Comply with rules promulgated by the Director of Executive Administration for handling and processing of City moneys and for documentation and dissemination of records, and with departmental internal procedures established in conformity with the Director of Executive Administration's rules; and

C. Notify the Seattle Police Department, the Director of Executive Administration, and the City Auditor of any loss or theft of City money immediately upon discovery. Written notice shall be given to them no later than twenty-four (24) hours after discovery.

(Ord. 120794 § 90, 2002; Ord. 116368 § 138, 1992; Ord. 114347 § 1(part), 1989.)

5.14.040 Certification of receivers, cashiers and tellers.

Only persons who are certified by the Director of Executive Administration may receive and handle City moneys on a regular basis in the scope and course of their employment, except that a certification by the Director of Finance is valid until July 1, 2003, unless sooner withdrawn by the Director of Executive Administration. As a condition to certification or maintenance of a certification, the Director of Executive Administration may require that the officer or employee complete a course of instruction or training and/or pass an examination on the secure processing of moneys, the Director of Executive Administration's rules, procedures and applicable

departmental rules, and thereafter take refresher instruction or training at periodic intervals or when the need arises.

(Ord. 120794 § 91, 2002; Ord. 116368 § 139, 1992; Ord. 114347 § 1(part), 1989.)

5.14.050 Departmental functions.

The head of any City department or office who anticipates receiving City moneys on a regular basis in the course of its activities shall:

A. Contract with the Director of Executive Administration for cash collection services or, after the Director of Executive Administration's Rules take effect, assign the receiving and handling of City moneys only to those persons who are certified by the Director of Executive Administration for performing those functions;

B. Establish and maintain a system of procedures, documentation and reporting on receipts handling and deposit of City moneys satisfactory to the Director of Executive Administration;

C. Notify the Seattle Police Department, the Director of Executive Administration, and the City Auditor of any loss or theft of City money immediately upon discovery. Written notice shall be given no later than twenty-four (24) hours after discovery;

D. Allow the Director of Executive Administration or an authorized deputy to make on-site inspections and observe the processing of City moneys, and to make inspections of departmental collection records.

(Ord. 120794 § 92, 2002; Ord. 116368 § 140, 1992; Ord. 114347 § 1(part), 1989.)

5.14.060 Liability for loss as between department and Director of Executive Administration.

A. As between a department and its officers and the Director of Executive Administration, the department has primary responsibility for care and liability for loss of City moneys in its custody until deposited in the City Treasury or entrusted to a cashier certified by the Director of Executive Administration; and the Director of Executive Administration thereafter. When deposit is made in an after-hours drop box of the City's public depository, or an armored car service making collection for the City, losses are assigned to the Director of Executive Administration if the Director of Executive Administration's instructions for making deposits

have been followed, and to the department otherwise.

B. Compliance with the Director of Executive Administration's rules and procedures approved by the Director of Executive Administration establishes a presumption that a City department or office exercised due care in its custody and care of City moneys.

(Ord. 120794 § 93, 2002; Ord. 118397 § 81, 1996; Ord. 117242 § 10, 1994; Ord. 116368 § 141, 1992; Ord. 114347 § 1(part), 1989.)

Chapter 5.16 WARRANTS

Sections:

- | | |
|-----------------|---|
| 5.16.010 | Cancellation of warrants. |
| 5.16.030 | Director of Executive Administration authorized to establish credit. |
| 5.16.040 | Lines of credit—Payment. |
| 5.16.050 | Warrant overdrafts. |

Statutory Reference: For statutory provisions on warrants, see RCW Ch. 39.56; for provisions on payment of warrants by the City Treasurer, see Charter Art. VIII § 9.

5.16.010 Cancellation of warrants.

Any warrant which is not delivered to the payee within one (1) year from the date of issuance shall be cancelled and the amounts for which said warrants are drawn shall be credited to the several funds against which they are drawn. The Director of Executive Administration shall keep a record of cancelled warrants.

(Ord. 120794 § 94, 2002; Ord. 116368 § 142, 1992; Ord. 96239 § 1, 1967; Ord. 3622 § 1, 1894.)

5.16.030 Director of Executive Administration authorized to establish credit.

As authorized by Section 43.09.2853 RCW, with the advice of the Debt Management Policy Advisory Committee, the Director of Executive Administration is authorized to establish a line of credit for the City with any qualified public depository for cashing City warrants and other financial purposes, to determine the amount of credit extended, to execute written agreements therefor with either a fixed rate of interest adjusted periodically or a fluctuating

rate of interest, such rates not greater than eighteen (18) percent annually or the maximum rate allowed by law, whichever is less, and to pay interest and other finance or service charges. The total of all lines of credit with all qualified public depositories shall not exceed Ten Million Dollars (\$10,000,000). (Ord. 120794 § 95, 2002; Ord. 120012 § 1, 2000; Ord. 116368 § 143, 1992; Ord. 110305 § 1, 1981.)

5.16.040 Lines of credit—Payment.

The line or lines of credit established by the Director of Executive Administration pursuant to Section 5.16.030 shall be a general obligation of the City. The City hereby pledges its full faith, credit and resources to levy and collect taxes and other revenues sufficient for payment of the principal of, and interest on, the lines of credit extended, and to make prompt payment of the obligation, including interest thereon, as the same are due.

(Ord. 120794 § 96, 2002; Ord. 116368 § 144, 1992; Ord. 110585 § 1, 1982.)

5.16.050 Warrant overdrafts.

Subject to the following terms and conditions, the Director of Executive Administration is authorized to contract with the bank at which the City maintains its principal account for the bank to postpone presentment of City warrants until the City can provide for their full payment:

A. The amount of the warrants for which presentment is so delayed shall be aggregated as a warrant overdraft account;

B. The aggregate of the warrant overdrafts shall not exceed Twenty Million Dollars (\$20,000,000);

C. The fee charged by the bank shall not exceed that bank's current prime rate multiplied by 1.5, for the dates for which the credit is outstanding;

D. The Debt Management Policy Advisory Committee shall review the contract with the principal bank and, from time to time, advise the Director of Executive Administration thereon and on the aggregate of warrant overdrafts that may be outstanding;

E. Fees paid for deferment of presentment shall cease and the bank may present outstanding warrants should any other general fund warrant be presented to the Director of Executive Administration for payment and marked as presented but not paid for lack of funds.

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(Ord. 120794 § 97, 2002; Ord. 120012 § 2, 2000; Ord. 116368 § 145, 1992; Ord. 115953 § 1, 1991; Ord. 115437 § 1, 1990; Ord. 115010 § 1, 1990.)

Chapter 5.20
BILLS BY CITY DEPARTMENTS FOR
LABOR OR MATERIALS

Sections:

- 5.20.010 Issuance of bill for labor or material.**
- 5.20.020 Correction of bill by credit voucher.**
- 5.20.030 Recordkeeping—Notification of payment.**
- 5.20.040 Deduction of credit voucher.**
- 5.20.050 Payments under one dollar.**

Statutory Reference: for provisions regarding the State Accounting Act, see RCW 43.09.210; for provisions regarding payment of claims against municipal corporations for contractual purposes, see RCW 42.24.080.

5.20.010 Issuance of bill for labor or material.

When any department of the City shall furnish any labor or material to any person, the department shall render a bill for the labor or material as follows:

- A. Bills of each department to be issued in triplicate and to bear consecutive numbers;
- B. The original of the bill to be forwarded to the person receiving the labor or material;
- C. The duplicate of the bill to be forwarded, forthwith to the Director of Executive Administration;
- D. The triplicate of the bill to be retained by the department issuing the same.

(Ord. 120794 § 98, 2002; Ord. 116368 § 146, 1992; Ord. 16066 § 1, 1907.)

5.20.020 Correction of bill by credit voucher.

The head of the department issuing any of the bills described in Section 5.20.010 is authorized to correct the bills at any time prior to their payment by the issuance of credit vouchers directed to the Director of Executive Administration.

(Ord. 120794 § 99, 2002; Ord. 116368 § 147, 1992; Ord. 16066 § 2, 1907.)

5.20.030 Recordkeeping—Notification of payment.

The Director of Executive Administration is directed to preserve the duplicate bills and render proper accounting therefor and to notify each of the various departments as to the payment of the bills upon request of the department.

(Ord. 120794 § 100, 2002; Ord. 116368 § 148, 1992; Ord. 16066 § 3, 1907.)

5.20.040 Deduction of credit voucher.

When any credit voucher shall have been issued correcting any of the bills, the Director of Executive Administration is directed to deduct the amount of the credit voucher from the face of the bill and accept the remaining amount thereof as full payment.

(Ord. 120794 § 101, 2002; Ord. 116368 § 149, 1992; Ord. 16066 § 4, 1907.)

5.20.050 Payments under one dollar.

It shall be a term or condition of contracting with the City that payment warrants are drawn only for and checks shall be issued only for sums of One Dollar (\$1) or more. If the sum due or owing to anyone providing services or materials to the City is less than One Dollar (\$1), payment shall be made from petty cash to those who present themselves in person. Payment shall be deemed waived if more than ninety (90) days passes from the time payment is due without demand in person therefor. (Ord. 120114 § 13, 2000; Ord. 113872 § 2, 1988.)

Chapter 5.22
CONVENIENCE FEE FOR ELECTRONIC
PAYMENTS VIA ELECTRONIC
COMMERCE TECHNOLOGY

Sections:

- 5.22.010 Fee authorized.**
- 5.22.020 Amount of fee.**

5.22.010 Fee authorized.

The Director of Executive Administration or the Director's designee ("Director") is authorized to establish and collect a convenience fee ("fee") that shall apply to the total payment charged to each credit or debit card transaction made via electronic commerce technology. The fee shall only be im-

posed one (1) time on each credit or debit card used in a transaction. The fee shall be in addition to the total amount of the original fee, fine, or bill owed to the City, plus any applicable interest, penalty, or late charge. The fee shall also be in addition to any transaction charges or fees set by a financial institution that the City decides to collect as a means of recovering the City's cost of having the financial institution process the credit or debit card payments. (Ord. 120794 § 102, 2002; Ord. 120181 § 93, 2000; Ord. 119283 § 1(part), 1998.)

5.22.020 Amount of fee.

The Director shall set a specific fee by rule. This fee shall be negotiated with and approved by the Head of each City Department that accepts payment through electronic commerce technology, and shall not exceed any applicable provision of federal, state, or local law. (Ord. 119283 § 1(part), 1998.)

Chapter 5.24

CLAIMS FOR INJURIES OR DAMAGES¹

Sections:

- 5.24.005 Claims for damages.**
- 5.24.010 Judgment/Claims Subfund.**
- 5.24.020 Payment of judgments.**
- 5.24.030 Payment of claims.**
- 5.24.035 Payment of claims under one dollar.**
- 5.24.040 Advance payments—Grounds for payment.**
- 5.24.060 Litigation expenses.**

Statutory Reference: For Charter provisions on claims for damages see Charter Art. IV § 24; for provisions on verification of claims, see Charter Art. VIII § 14; for statutory provisions on actions against political subdivisions, see RCW Ch. 4.96; for provisions on accident claims and funds, see RCW Ch. 35.31.

1. Cross-reference: For provisions regarding claims for medical expenses for citizens injured while aiding police, see Chapter 12A.62 of this Code.

Cases: A requirement that a claimant for damages against the City must state his residences for one (1) year last past is unreasonable and therefore void. **Hase v. Seattle**, 51 Wn. 174, 98 P. 370 (1908).

It is a reasonable and valid requirement that claims against a City for personal injuries shall be in writing and filed with the City Clerk within thirty (30) days. *Cole v. Seattle*, 64 Wn. 3, 116 P.257(1911).

Only the City Council can waive the requirements for presenting claims against the City, and some affirmative cognizance of the claim, other than rejection by the Council, is necessary to establish such waiver. *Cole v. Seattle*, 64 Wn. 3, 116 P. 257 (1911).

Nonclaim statutes which require that tort claims against the state or lesser governmental entities be presented within shorter periods of time than that allowed for commencing a tort action against private parties are arbitrary, have no substantial or rational basis, and are violative of the equal protection clauses of the state and federal constitutions. Equal protection requires that such claims be presented, and action commenced if necessary, within the same period allowed for commencing such actions against private parties. *Hunter v. North Mason School District*, 85 Wn.2d 810, 53d P.2d 845 (1975).

5.24.005 Claims for damages.

A. No action shall be commenced against the City in which monetary damages are being claimed until a written Claim for Damages has been presented to and filed with the City Clerk. Such a claim must name the claimant, include the claimant's address, specify the date and location of the claimed loss, describe any alleged act or omission on the part of the City and the basis upon which liability is being asserted against the City, identify any known witnesses, detail the nature and extent of the injury or damage sustained and state the amount being claimed. The claim form must be signed by the claimant or an authorized representative prior to its filing.

B. All claims for damages shall be investigated and evaluated by the Department of Executive Administration with the assistance of the City Attorney. In anticipation of litigation regarding such claims, the Director of Executive Administration may request reports from all interested departments concerning any claim and such reports shall be prepared to assist the City Attorney in defense of the City and shall constitute and be treated as privileged communications.

C. A lawsuit based upon the allegations of a Claim for Damages may not be instituted against the City within sixty (60) days of the filing of such claim. (Ord. 120794 § 103, 2002; Ord. 120521 § 1, 2001; Ord. 118923 § 1, 1998; Ord. 116368 § 150, 1992; Ord. 111195 § 1, 1983.)

Cases: Subsection C was upheld as valid in **Daggs v. Seattle**, 110 Wn.2d 49, 750 P.2d 626 (1988). Accord: **Lewis v. Mercer Island**, 63 Wn.App. 29, 817 P.2d 408 (1991). Failure to raise the issue in a timely manner may stop a city from raising the defense after the applicable statute of limitations has expired. **Dyson v. King County**, 61 Wn.App. 243, 809 P.2d 769 (1991).

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tax-exempt organizations. *Forbes v. Seattle*, 113 Wn.2d 929, 785 P.2d 431 (1990).

5.24.010 Judgment/Claims Subfund.

There is established in the City Treasury, as a subfund of the General Fund, a Judgment/Claims Subfund, into which subfund shall be placed such amounts of money as shall be appropriated by the City Council and such funds as are reimbursements from proper source funds for judgments, claims payments, advance claims payments, and litigation expenses; and from which subfund shall be paid: all judgments as authorized by Section 5.24.020; all claims as authorized by Section 5.24.030; all advance payment claims as authorized by Section 5.24.040; and all litigation expenses as authorized by Section 5.24.060.

(Ord. 117977 § 2(part), 1995; Ord. 116368 § 315(part), 1992; Ord. 108657 § 1, 1979.)

5.24.020 Payment of judgments.

The City Attorney may authorize payment of any settlement arising out of litigation against the City or any judgment against the City. Prior to authorizing settlement of any litigation for an amount over Five Hundred Thousand Dollars (\$500,000), the City Attorney shall brief the City Council regarding the proposed settlement during executive session called pursuant to RCW 42.30.110. Prior to authorizing a settlement involving significant financial or policy issues, the City Attorney shall consult with the Director of Finance, the Director of Executive Administration, and the head of the relevant department. Upon a presentation by the City Attorney to the Director of Executive Administration of either a copy of a Release and Order of Dismissal or a copy of a judgment against the City, entered in an appropriate court, and having attached thereto a statement in writing, signed by the City Attorney, to the effect that the right of appeal from such judgment has been expressly waived, or that the time for an appeal has expired, the Director of Executive Administration shall issue a check upon the Judgment/Claims Subfund for the amount of such judgment, and costs if awarded to the claimant by the court.

(Ord. 120794 § 104, 2002; Ord. 120521 § 2, 2001; Ord. 120114 § 14, 2000; Ord. 117977 § 2(part), 1995; Ord. 116368 § 151, 1992; Ord. 108657 § 2, 1979.)

Cases: The admission tax is not a prior restraint in violation of the First Amendment, does not have a discriminatory impact upon First Amendment activities, and may exempt patrons attending theaters of nonprofit,

5.24.030 Payment of claims.

The Director of Executive Administration may authorize payment of any claim against the City, including claims brought in the small claims department of the district court pursuant to RCW Chapter 12.40. Prior to authorizing settlement of any claim for an amount over One Hundred Thousand Dollars (\$100,000), the Director of Executive Administration and the City Attorney shall brief the City Council regarding the proposed settlement during executive session called pursuant to RCW 42.30.110. Prior to authorizing a settlement involving significant legal or policy issues, the Director of Executive Administration shall consult with the Director of Finance, the City Attorney and the head of the relevant department.

(Ord. 120794 § 105, 2002; Ord. 120521 § 3, 2001; Ord. 120114 § 15, 2000; Ord. 117977 § 2(part), 1995; Ord. 116368 § 152, 1992; Ord. 115538 § 1, 1991; Ord. 108657 § 3, 1979.)

5.24.035 Payments of claims under one dollar.

If the payment of any claim authorized by the City Attorney is less than One Dollar (\$1), payment shall be made from petty cash to those who present themselves in person.

(Ord. 113872 § 4, 1988.)

5.24.040 Advance payments—Grounds for payment.

A. The City Attorney and the Director of Executive Administration are authorized to make periodic payments to a claimant pending settlement or other disposition of his claim equivalent to not more than the claimant's pre-injury net take-home pay if the City Attorney or the Director of Executive Administration finds the following conditions to exist:

1. The claimant has been physically disabled as a result of an act or omission by the City or its employees and agents and for which the City is legally obligated to respond in damages, which physical disability precludes the claimant from engaging in gainful employment;
2. The claimant's loss of employment results in financial hardship and the claimant is

without alternate financial resources to provide for the necessary cost of living;

3. Circumstances exist which preclude the early settlement or other disposition of claimant's claim;

4. The best interest of the City and the claimant will be served by making such interim payments.

B. As a condition to commencing such payments, the City Attorney or the Director of Executive Administration shall secure from the claimant a written agreement that all payments made pursuant to this section shall be credited to the City against any settlement of the claim which may be arrived at, and shall be credited against any judgment which may be rendered against the City by reason of such claim in any court. The agreement may include such additional terms and conditions as the City Attorney or the Director of Executive Administration determines are appropriate to serve the best interests of the City.

C. In addition to the payments covering wage losses, the City Attorney or the Director of Executive Administration may, prior to settlement of the claimant's claim or prior to judgment, pay medical costs and provide necessary transportation and other expenses of treatment which the claimant may be required to pay; provided, that all such payments under this chapter shall cease at such time as the City Attorney or the Director of Executive Administration shall determine that one (1) or more of the circumstances enumerated above have changed or that the total sum paid the claimant approximates the amount the claimant is likely to recover by reason of his injury.

(Ord. 120794 § 106, 2002; Ord. 120521 § 4, 2001; Ord. 108657 § 4, 1979.)

5.24.060 **Litigation expenses.**

The City Attorney and the Director of Executive Administration are authorized to make payment to private and/or public agencies, firms, and/or individuals who provide services to the City in support of any litigation and/or claim and/or threatened litigation or claim filed or contemplated against the City or where the City is a plaintiff or potential plaintiff in legal action.

(Ord. 120794 § 107, 2002; Ord. 120521 § 6, 2001; Ord. 108657 § 6, 1979.)

Chapter 5.28

BONDS IN CIVIL ACTIONS

Sections:

5.28.010 **Execution by Mayor and Clerk.**

5.28.010 **Execution by Mayor and Clerk.**

When any civil action is brought by or against the City requiring at any stage thereof its execution of a bond on the part of the City such bond shall be executed by the Mayor and Clerk in behalf of the City and sealed with its Corporate Seal of the City and the Mayor and Clerk are authorized and empowered to execute such bonds.

(Ord. 1177 § 1, 1889.)

Chapter 5.30

DEFINITIONS

Sections:

5.30.010 **Definition provisions.**

5.30.020 **Definitions, A-B.**

5.30.025 **Definitions, C-D.**

5.30.030 **Definitions, E-F.**

5.30.035 **Definitions, G-M.**

5.30.040 **Definitions, N-R.**

5.30.050 **Definitions, S.**

5.30.060 **Definitions, T-Z.**

5.30.070 **Severability.**

5.30.010 **Definition provisions.**

The definitions contained in this chapter shall apply to the following chapters of the Seattle Municipal Code: Chapters 5.32 (Amusement Devices), 5.40 (Admission Taxes), 5.45 (Business and Occupation Taxes), 5.48 (Utility Taxes), 5.52 (Gambling Taxes), and 5.55 (Administrative Provisions) unless expressly provided for otherwise therein, and shall also apply to other chapters and sections of the Seattle Municipal Code in the manner and to the extent as expressly indicated in each chapter or section. Words in the singular number shall include the plural and the plural shall include the singular. Words in one gender shall include both genders.

(Ord. 120668 § 3(part), 2001.)

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5.30.020 Definitions, A-B.

A. "Advance," "reimbursement."

1. "Advance" means money or credits received by a taxpayer from a customer or client with which the taxpayer is to pay costs or fees of the customer or client.

2. "Reimbursement" means money or credits received from a customer or client to repay the taxpayer for money or credits expended by the taxpayer in payment of costs or fees of the customer or client.

B. "Agricultural product," "farmer."

1. "Agricultural product" means any product of plant cultivation or animal husbandry including, but not limited to: A product of horticulture, grain cultivation, vermiculture, viticulture, or "aquaculture" as defined in RCW 15.85.020; plantation Christmas trees; turf; or any animal including but not limited to an animal that is a "private sector cultured aquatic product" as defined in RCW 15.85.020, or a bird, or insect, or the substances obtained from such an animal. "Agricultural product" does not include animals intended to be pets.

2. "Farmer" means any person engaged in the business of growing or producing, upon the person's own lands or upon the lands in which the person has a present right of possession, any agricultural product whatsoever for sale. "Farmer" does not include a person using such products as ingredients in a manufacturing process, or a person growing or producing such products for the person's own consumption. "Farmer" does not include a person selling any animal or substance obtained therefrom in connection with the person's business of operating a stockyard or a slaughter or packing house. "Farmer" does not include any person in respect to the business of taking, cultivating or raising timber.

C. "Amusement device." Any machine or device which provides recreation or entertainment for which a charge is made for use or play. It includes, but is not limited to, pool and billiard tables, shuffleboards, music machines, video games, pinball games, riding devices, panoram and peepshow devices, televisions and devices for display of pictures or views on film; provided, that it does not mean or include any machine or device used exclusively for the vending of merchandise.

D. "Artistic or cultural organization." The term "artistic or cultural organization" means an organization which is organized and operated exclusively for the purpose of providing "artistic or cultural exhibitions, presentations, or performances or cultural or art education programs," as defined in subsection (3), below, of this subsection, for viewing or attendance by the general public. The organization must be either:

1. A "nonprofit tax exempt organization" as defined in SMC Section 5.40.010; or

2. A not-for-profit corporation under RCW Chapter 24.03 that meets all of the following criteria:

a. The organization must be managed by a governing board of not less than eight (8) individuals, none of whom is a paid employee of the organization or by a corporation sole under RCW Chapter 24.12.

b. No part of the organization's income may be paid directly or indirectly to its members, stockholders, officers, directors or trustees except in the form of services rendered by the organization in accordance with its purposes and bylaws.

c. Salary or compensation paid to its officers and executives must be only for actual services rendered, and at levels comparable to the salary or compensation of like positions within the state.

d. Assets of the organization must be irrevocably dedicated to the activities for which the exemption is granted and, on the liquidation, dissolution or abandonment by the organization, may not inure directly or indirectly to the benefit of any member or individual except a nonprofit organization, association, or corporation which also would be entitled to the exemption.

e. The organization must be duly licensed or certified when licensing or certification is required by law or regulation.

f. The amounts received that qualify for exemption must be used for the activities for which the exemption is granted.

g. Services must be available regardless of race, color, national origin or ancestry.

3. The term "artistic or cultural exhibitions, presentations, or performances or cultural or art education programs" is limited to:

a. An exhibition or presentation of works of art or objects of cultural or historical significant-

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ance, such as those commonly displayed in art or history museums;

b. A musical or dramatic performance or series of performances;

c. An educational seminar or program, or series of such programs, offered by the organization to the general public on an artistic, cultural or historical subject; or

d. An event conducted by a "nonprofit tax exempt organization," as defined in SMC 5.40.0 10, which is exempt from the admission tax pursuant to SMC Chapter 5.40.

E. "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. This term is used in conjunction with the gambling tax provisions contained in SMC Chapter 5.52.

F. "Bona-fide nonprofit organization" means an organization that meets all of the requirements of RCW 9.46.0209. This term is used in conjunction with the gambling tax provisions contained in SMC Chapter 5.52.

(Ord. 120668 § 3(part), 2001.)

5.30.025 Definitions, C-D.

A. "Cash discount" means a deduction from the invoiced amount allowed by the seller the bill is paid within a certain time period or before a specified date.

B. "Cellular telephone service" is a voice or 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.

C. "City" means the City of Seattle.

D. "Commercial or industrial use" means the following uses of products, including by-products, by the extractor or manufacturer thereof:

1. Any use as a consumer;

2. Any use in the manufacturing of products including articles, substances or commodities; or

3. Consigning, shipping or transferring extracted or manufactured products to another either without consideration or in the performance of contracts.

E. "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 RCW Title 80, and for which a separate charge is made. Transmission of communication through cellular telephones is classified as "telephone business" rather than "competitive telephone service."

F. "Construction, Demolition and Land Clearing Waste" (or "CDL Waste") has the meaning given in SMC Section 21.36.012.

G. "Consumer" means the following:

1. Any person who purchases, acquires, owns, holds, or uses any tangible or intangible personal property irrespective of the nature of the person's business and including, among others, without limiting the scope hereof, persons who install, repair, clean, alter, improve, construct or decorate real or personal property of or for a consumer other than for the purpose of:

a. Resale as tangible or intangible personal property in the regular course of business;

b. Incorporating such property as an ingredient or component of real or personal property when installing, repairing, cleaning, altering, imprinting, improving, constructing or decorating such real or personal property of or for consumers;

c. Incorporating such property as an ingredient or component of a new product or as a chemical used in processing a new product when the primary purpose of such chemical is to create a chemical reaction directly through contact with an ingredient of a new product; or

d. Consuming the property in producing ferrosilicon which is subsequently used in producing magnesium for sale, if the primary purpose of such property is to create a chemical reaction directly through contact with an ingredient of ferrosilicon;

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2. Any person engaged in any business activity taxable under SMC Section 5.45.050 F;

3. Any person who purchases, acquires, or uses any competitive telephone as herein defined, other than for resale in the regular course of business;

4. Any person who purchases, acquires or uses any personal, business or professional service defined as a retail sale in SMC Section 5.30.050 other than for resale in the regular course of business;

5. Any person who is an end user of software;

6. Any person engaged in the business of "public road construction," as that term is defined in SMC Section 5.30.040, in respect to tangible personal property when that person incorporates the tangible personal property as an ingredient or component of a publicly-owned street, place, road, highway, easement, right-of-way, mass public transportation terminal or parking facility, bridge, tunnel or trestle by installing, placing or spreading the property in or upon the right-of-way of a publicly-owned street, place, road, highway, easement, bridge, tunnel or trestle or in or upon the site of a publicly-owned mass public transportation terminal or parking facility;

7. Any person who is an owner, lessee or has the right of possession to or an easement in real property which is being constructed, repaired, decorated, improved or otherwise altered by a person engaged in business;

8. Any person who is an owner, lessee or has the right of possession of personal property which is being constructed, repaired, improved, cleaned, imprinted or otherwise altered by a person engaged in business;

9. Any person engaged in "government contracting," as that term is defined in SMC Section 5.30.035. Any such person shall be a consumer within the meaning of this subsection in respect to tangible personal property incorporated into, installed in or attached to such building or other structure by such person;

10. Any person who is a lessor of machinery and equipment, the rental of which is exempt from the tax imposed by RCW 82.08.020 under RCW 82.08.02565, with respect to the sale of or charge made for tangible personal property consumed in respect to repairing the machinery and

equipment, if the tangible personal property has a useful life of less than one (1) year.

Nothing contained in this or any other subsection of this section shall be construed to modify any other definition of "consumer."

H. "Customer-owner," with respect to a distribution cooperative, means a person a) having an ownership interest in the distribution cooperative, b) who purchases merchandise for sale at retail from the distribution cooperative or its distribution affiliate, and c) who is entitled to distributions made by the distribution cooperative.

I. "Deficiency" means the amount of tax imposed by law less any tax reported by the taxpayer on a tax return.

J. "Director" means the Director of Executive Administration of the City or any officer, agent or employee of the City designated to act on the Director's behalf.

K. "Distribution affiliate" means a partnership, limited liability company or other entity that sells merchandise to the customer-owners of the distribution cooperative and which is owned fifty (50) percent or more by the distribution cooperative.

L. "Distribution cooperative" means a person a) that itself sells, or owns fifty (50) percent or more of a distribution affiliate that sells, merchandise to its customer-owners for resale at retail, b) in which two-thirds of the aggregate outstanding voting ownership interest is owned by its customer-owners, c) that makes distributions to its customer-owners at least partly on the basis of patronage, and d) that qualifies for federal income tax purposes under the provisions of subchapter T of the Internal Revenue Code of 1986, as amended.

(Ord. 120794 § 108, 2002; Ord. 120668 § 3(part), 2001.)

5.30.030 Definitions, E-F.

A. "Eligible gross receipts tax" means a tax which:

1. Is imposed on the act or privilege of engaging in business activities within SMC Section 5.45.050;

2. Is measured by the gross volume of business in terms of gross receipts and is not an income tax or value added tax;

3. Is not, pursuant to law or custom, separately stated from the sales price;

4. Is not a sales or use tax, business license fee, 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; and

5. Is a tax imposed by a local jurisdiction, and not by a Country, State, Province or any other nonlocal jurisdiction above the county level.

B. "Engaging in business"—"nexus."

1. The term "engaging in business activity" means commencing, conducting or continuing in the City any activity with the object of gain, benefit or advantage to the person, either directly or indirectly. It includes the exercise of corporate or franchise powers, design, research and development activities, and liquidating a business when the liquidators thereof hold themselves out to the public as conducting such business.

2. Examples of engaging in business activity. This subsection sets forth examples of activities that constitute engaging in business. The activities listed in this section are illustrative only and are not intended to narrow the definition of "engaging in business in subsection (1), above. If an activity is not listed, whether it constitutes engaging in business in the City is to be determined by considering all the facts and circumstances. (Refer to the definition of "nexus" in (5) below.) Without being all-inclusive, any one of the following activities, whether performed itself or by its employees, agents, representatives, independent contractors, brokers or others acting on its behalf constitutes engaging in business and requires a person to register and obtain a business license:

a. Owning, renting, leasing, maintaining, or having the right to use, or using, tangible personal or real property permanently or temporarily located in the City;

b. Owning; renting, leasing, using, or maintaining, an office, place of business or other establishment in the City;

c. Soliciting sales;

d. Making repairs or providing maintenance or service to real or tangible personal property, including warranty work and property maintenance;

e. Providing technical assistance or service, including quality control, product inspections, warranty work or similar services on or in

connection with tangible personal property sold by the person or on its behalf;

f. Installing, constructing, or supervising installation or construction of, real or tangible personal property;

g. Soliciting, negotiating or approving franchise, license or other similar agreements;

h. Collecting current or delinquent accounts;

i. Picking up and transporting tangible personal property, construction debris or excavated materials;

j. Providing disinfecting and pest control services, employment and labor pool services, home nursing care, janitorial services, appraising, landscape architectural services, security system services, surveying, and real estate services including the listing of homes and managing real property;

k. Rendering professional services such as those provided by accountants, architects, attorneys, auctioneers, consultants, engineers, professional athletes, barbers, baseball clubs and other sports organizations, chemists, consultants, psychologists, court reporters, dentists, doctors, detectives, laboratory operators, teachers, veterinarians; or

1. Meeting with customers or potential customers, even when no sales or orders are solicited at the meetings.

m. The following activities if performed in the City on a non-minimal basis (ten (10) or more days within a twelve (12) month calendar year):

i. Conducting training or other educational services for employees, agents, representatives, independent contractors, brokers or others;

ii. Investigating, resolving or otherwise assisting in resolving customer complaints;

iii. In-store stocking or manipulating products or goods, sold to and owned by a customer, regardless of where sale and delivery of the goods took place;

iv. Delivering goods in vehicles owned, rented, leased, used or maintained by the person who sold the goods or another acting on its behalf.

3. Notwithstanding subsections (i) and (ii), a person performing one or more of the following activities in the City, whether itself or by its employees, agents, representatives, independent

contractors, brokers or others acting on its behalf; is not required to register and obtain a business license provided that it engages in no other business activities in or with the City:

- a. Meeting with suppliers of goods and services as a customer;
- b. Meeting with government representatives in their official capacity, other than those performing contracting or purchasing functions;
- c. Attending meetings, such as board meetings, retreats, seminars and conferences, or other meetings wherein the person does not provide training in connection with tangible personal property sold by the person or on its behalf;
- d. Renting tangible or intangible property as a customer when the property is not used in the City;
- e. Attending, but not participating in, a "trade show." Persons participating at a trade show shall review the City's trade show ordinance, SMC Chapter 6.20;
- f. Conducting advertising through the mail; or
- g. Soliciting sales by phone from a location outside the City.

4. A seller located outside the City merely delivering goods into the City by means of common carrier is not required to register and obtain a business license provided that it engages in no other business activities in the City.

5. "Nexus." A person has created nexus with the City if, whether itself or by its employees, agents, representatives, independent contractors, brokers or others acting on its behalf; it:

- a. Is physically present in the City;
- b. Endeavors to maintain a share of the market within the City; or,
- c. Avails itself of the economic benefits of the City.

The City expressly intends that nexus extend to the limits otherwise allowed by law and the constitutions of the United States and the State of Washington. Nexus is presumed to continue as long as the taxpayer maintains sales or services that resulted from the original nexus generating contact.

C. "Extractor" means every person who from the person's own land or from the land of another under a right or license granted by lease or contract, either directly or by contracting with others

for the necessary labor or mechanical services, for sale or for commercial or industrial use, mines, quarries, takes or produces coal, oil, natural gas, ore, stone, sand, gravel, clay, mineral or other natural resource product; or fells, cuts or takes timber, Christmas trees, other than plantation Christmas trees, or other natural products; or takes fish, or takes, cultivates or raises shellfish, or other sea or inland water foods or products. "Extractor" does not include persons performing under contract the necessary labor or mechanical services for others; persons cultivating or raising fish entirely within confined rearing areas on the person's own land or on land in which the person has a present right of possession; or persons who fell, cut, or take plantation Christmas trees from the person's own land or from land in which the person has a present right of possession.

(Ord. 120668 § 3(part), 2001.)

5.30.035 Definitions, G-M.

A. "Garbage" has the meaning given in SMC Section 21.36.014.

B. "Government contracting" means the constructing, repairing, decorating or improving of new or existing buildings or other structures under, upon or above real property of or for the United States, any instrumentality thereof, or a county or city housing authority pursuant to RCW Chapter 35.82, including the installing or attaching of any article of tangible personal property therein or thereto, whether or not such personal property becomes a part of the realty by virtue of installation. The term shall include the clearing of land and the moving of earth of or for the United States, any instrumentality thereof, or a county or city housing authority.

C. "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.

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D. "Gross income of the business" means the value proceeding or accruing by reason the business activity engaged in and includes gross proceeds of sales, compensation for the rendition of services, gains realized from trading in stocks, bonds or other evidences of indebtedness, interest, discount, rents, royalties, fees, commissions, dividends and other emoluments however designated, all without any deduction on account of the cost of tangible property sold, the cost of materials used, labor costs, interest, discount, delivery costs, taxes or any other expense whatsoever paid or accrued and without any deduction on account of losses.

E. "Gross proceeds of sales" means the value proceeding or accruing from the sale of tangible or intangible personal property or for services rendered, without any deduction on account of the cost of property sold, the cost of materials used, labor costs, interest, discount paid, delivery costs, taxes or any other expense whatsoever paid or accrued and without any deduction on account of losses.

F. "In this City," "within this City." "In this City" or "within this City" includes all federal areas lying within the corporate city limits of the City.

G. "Janitorial Services." The term "janitorial services" shall mean those cleaning and caretaking services ordinarily performed by commercial janitor service businesses including, but not limited to, wall and window washing, floor cleaning and waxing, and the cleaning in place of rugs, drapes and upholstery. The term does not include painting, papering, repairing, furnace or septic tank cleaning, snow removal, sandblasting, or cleanup related to construction activities.

H. "Manufacturer," "to manufacture."

1. "Manufacturer" means every person who, either directly or by contracting with others for the necessary labor or mechanical services, manufactures for sale or for commercial or industrial use from his or her own materials or ingredients any products. When the owner of equipment or facilities furnishes, or sells to the customer prior to manufacture, all or a portion of the materials that become a part or whole of the manufactured product, the Director of Finance shall prescribe equitable rules for determining tax liability. A business not located in this City that is the owner of materials or ingredients processed for it in this

City by a processor for hire shall be deemed to be engaged in business as a manufacturer in this City.

2. "To manufacture" embraces all activities of a commercial or industrial nature wherein labor or skill is applied, by hand or machinery, to materials or ingredients so that as a result thereof a new, different or useful product of tangible personal property is produced for sale or commercial or industrial use, and shall include:

a. The production of special-made articles or custom-made articles;

b. The development, production, or duplication of canned software programs including the development, production or duplication of master copies;

c. The production of dental appliances, devices, restorations, substitutes or other dental laboratory products by a dental laboratory or dental technician;

d. Crushing and/or blending of rock, sand, stone, gravel or ore; and

e. The producing of articles for sale, or for commercial or industrial use from raw materials or prepared materials by giving such materials, articles and substances of trade or commerce new forms, qualities, properties or combinations including, but not limited to, such activities as making, fabricating, processing, refining, mixing, slaughtering, packing, aging, curing, mild curing, preserving, canning and the preparing and freezing of fresh fruits and vegetables.

(Ord. 120794 § 109, 2002; Ord. 120668 § 3(part), 2001.)

5.30.040 Definitions, N-R.

A. "Newspaper," "magazine," "periodical."

1. "Newspaper" means a publication offered for sale regularly at stated intervals at least once a week and printed on newsprint in tabloid or broadsheet format folded loosely together without stapling, glue, or any other binding of any kind.

2. "Magazine or periodical" means any printed publication, other than a newspaper, issued and offered for sale regularly at stated intervals at least once every three (3) months, including any supplement or special edition of the publication. Any publication meeting this definition qualifies regardless of its content.

B. "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.

C. "Non-profit organization" means an organization in which no part of the income can be distributed to its members, directors or officers and that holds a current tax exempt status as provided under Sec. 501(c)(3) of the Internal Revenue Code of 1986, as amended, or is specifically exempted from the requirement to apply for tax exempt status under Sec. 501(c)(3).

D. "Office," "place of business." "Office" or "place of business" means a fixed location or permanent facility where the regular business of the person is conducted and which is either owned by the person or over which the person exercises legal dominion and control. The regular business of the person is presumed conducted at a location:

1. Whose address the person uses as its business mailing address;
2. Containing a telephone line listed in a public telephone directory or other similar publication under the business name;
3. Where the person holds itself out to the general public as conducting its regular business through signage or other means; and
4. Where the person is required to obtain any appropriate state and local business license or registration unless exempted by law from such requirement.

A vehicle such as a pick-up, van, truck, boat or other motor vehicle is not an office or place of business. A post office box is not an office or place of business.

If a person has an office or place of business, the person's home is not an office or place of business unless it meets the criteria for office or place of business above. If a person has no office or place of business, the person's home or apartment within the City will be deemed the place of business.

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

F. "Person" means any individual, receiver, administrator, executor, assignee, trustee in bankruptcy, trust, estate, firm, co-partnership, joint venture, club, company, joint stock company, business

trust, municipal corporation, political subdivision of the State of Washington, corporation, limited liability company, association, society or any group of individuals acting as a unit, whether mutual, cooperative, fraternal, nonprofit or otherwise and the United States or any instrumentality thereof.

G. "Precious metal bullion or monetized bullion."

1. "Precious metal bullion" means any precious metal which has been put a process of smelting or refining, including, but not limited to, gold, silver, platinum, rhodium, and palladium, and which is in such state or condition that its value depends upon its contents and not upon its form.

2. For purposes of this section, "monetized bullion" means coins or other forms of money manufactured from gold, silver or other metals and heretofore, now or hereafter used as a medium of exchange under the laws of this state, the United States or any foreign nation, but does not include coins or money sold to be manufactured into jewelry or works of art.

H. "Processing for hire" means the performance of labor and mechanical services upon materials or ingredients belonging to others so that as a result a new, different or useful product is produced for sale, or commercial or industrial use. A processor for hire is any person who would be a manufacturer if that person were performing the labor and mechanical services upon that person's own materials or ingredients. If a person's own materials or ingredients equal twenty (20) percent or more of the total value of all materials or ingredients that become a part of the finished product, the person will be deemed to be a manufacturer and not a processor for hire.

I. "Product," "byproduct."

1. "Product" means tangible personal property, including articles, substances or commodities created, brought forth, extracted or manufactured by human or mechanical effort.

2. "Byproduct" means any additional product, other than the principal or intended product, which results from extracting or manufacturing activities and which has a market value, without regard to whether or not such additional product was an expected or intended result of the extracting or manufacturing activities.

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J. "Public road construction" means the building, repairing or improving of any street, place, road, highway, easement, right-of-way, mass public transportation terminal or parking facility, bridge, tunnel or trestle which is owned by a municipal corporation or political subdivision of the state or by the United States and which is used or to be used primarily for foot or vehicular traffic including mass transportation vehicles of any kind.

K. "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.

L. "Recyclable" means material:

1. That is collected for recycling or reuse, such as papers, glass, plastics, used wood, sand, building debris, metals, yardwaste, used oil and tires; and
2. That if not collected for recycling would otherwise be destined for disposal at a landfill or incineration.

M. "Recycled material" means material:

1. That is in fact recycled, re-used, or reprocessed after collection; and
2. If not recycled, re-used or reprocessed, would have been destined for disposal at a landfill or incineration.

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

O. "Reporting period," "Monthly," "Quarterly," "Annual." The "reporting period" means one of the following:

1. A one-month period beginning the first day of each calendar month ("monthly");
2. A three-month period beginning the first day of January, April, July or October of each year ("quarterly"); or
3. A twelve-month period beginning the first day of January of each year ("annual").

P. "Return" means any document a person is required by the City to file to satisfy or establish a tax or fee obligation that is administered or collected by the City and that has a statutorily defined due date.

Q. "Royalties" means compensation for the use of intangible property, such as copyrights, patents, licenses, franchises, trademarks, tradenames and similar items.

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

5.30.050 Definitions, S.

A. "Sale," "casual or isolated sale."

1. "Sale" means any transfer of the ownership of, title to, or possession of, property for a valuable consideration and includes any activity classified as a "sale at retail" or "retail sale." It includes renting or leasing, conditional sale contracts, leases with option to purchase, and any contract under which possession of the property is given to the purchaser but title is retained by the vendor as security for the payment of the purchase price. It also includes the furnishing of food, drink or meals for compensation, whether consumed upon the premises or not.

2. "Casual or isolated sale" means a sale made by a person who is not engaged in the business of selling the type of property involved on a routine or continuous basis.

B. "Sale at retail," "retail sale."

1. "Sale at retail" or "retail sale" means every sale of tangible personal property (including articles produced, fabricated or imprinted) to all persons irrespective of the nature of their business.

2. "Sale at retail" or "retail sale" includes the following:

a. The sale of tangible personal property used or consumed or to be used or consumed in the performance of any activity classified as a "sale at retail" or "retail sale" even though such property is resold or utilized as provided in (i), (ii), (iii), (iv) or (v) of subsection (3)(a) of this definition following such use.

b. The sale of tangible personal property to persons engaged in any business taxable under SMC 5.45.050 F.

c. The sale of or charge made for tangible personal property consumed and/or labor and services rendered in respect to the following:

i. The installing, repairing, cleaning, altering, imprinting or improving of tangible personal property of or for consumers, including charges made for the mere use of facilities in respect thereto, but excluding charges made for the use of coin-operated laundry facilities when such facilities are situated in an apartment house, rooming house or mobile home park for the exclusive use of the tenants thereof, and also excluding sales

of laundry service to nonprofit health care facilities, and excluding services rendered in respect to live animals, birds and insects;

ii. The constructing, repairing, decorating or improving of new or existing buildings or other structures under; upon or above real property of or for consumers, including the installing or attaching of any article of tangible personal property therein or thereto, whether or not such personal property becomes a part of the realty by virtue of installation;

iii. The constructing, repairing or improving any structure upon, above or under any real property owned by an owner who conveys the property by title, possession or any other means to the person performing such construction, repair or improvement for the purpose of performing such construction, repair, or improvement and the property is then re-conveyed by title, possession or any other means to the original owner;

iv. The clearing of land and the moving of earth excepting the mere leveling of land used in commercial farming or agriculture, and shall include the cleaning, fumigating, razing or moving of existing buildings or structures, but shall not include the charge made for "janitorial services;"

v. The towing of automobiles or other vehicles;

vi. The furnishing of lodging and all other services, except the provision of network telephone services, by a hotel, rooming house, tourist court, motel, trailer camp and the granting of any similar license to use real property, as distinguished from the renting or leasing of real property, and it shall be presumed that the occupancy of real property for a continuous period of one (1) month or more constitutes a rental or lease of real property and not a mere license to use or enjoy the same;

d. The sale of or charge made for tangible personal property, labor and services to persons taxable under (i), (ii), (iii), (iv), (v) and (vi) of subsection (2)(c) when such sales or charges are for property, labor and services which are used or consumed in whole or in part by such persons in the performance of any activity defined as a "sale at retail" or "retail sale" even though such property, labor and services may be resold after such use or consumption.

e. The sale of or charge made for personal, business or professional services including amounts designated as interest, rents, fees, admission, service charges and other service emoluments however designated, received by persons engaging in the following business activities:

i. Amusement and recreation services including but not limited to golf, pool, billiards, skating, bowling, ski lifts and tows, day tours, and others, when provided to consumers;

ii. Abstract, title insurance and escrow services;

iii. Credit bureau services;

iv. Automobile parking and storage garage services;

v. Landscape maintenance and horticultural services but excluding:

1. Horticultural services provided to farmers and

2. Pruning, trimming, repairing, removing and clearing of trees and brush near electric transmission or distribution lines or equipment, if performed by or at the direction of an electric utility;

vi. Service charges associated with selling tickets to professional sporting events; or

vii. The following personal services: physical fitness services, tanning salon services, tattoo parlor services, steam bath services, Turkish bath services, escort services and dating services.

f. The renting or leasing of tangible personal property to consumers and the rental of equipment with an operator.

g. The providing of competitive telephone service to consumers, as defined in RCW 82.04.065.

h. The sale, licensing, rental or any other charge made for the transfer or use of canned software regardless of the method of delivery to the end user, including the right to reproduce and use the software under original equipment manufacturer's ("OEM") licenses, but not the sale of custom software, customization of canned software, or the sale of other retained rights in software.

i. The sale of or charge made for "Public road construction," as defined in SMC Section 5.30.040.

j. The sale of or charge made for "Government contracting," as defined in SMC Section 5.30.03 5, and any sales to any government entity.

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3. Notwithstanding subsections 5.30.050 (B)(1) and (2), above, “sale at retail” or “retail sale” does not include:

a. A sale to a person who presents a resale certificate under RCW 82.04.470 and who:

i. Purchases tangible personal property in the regular course of business for the purpose of resale without intervening use by such person;

ii. Installs, repairs, cleans, alters, imprints, improves, constructs or decorates real or personal property of or for consumers, if such tangible personal property becomes an ingredient or component of such real or personal property without intervening use by such person;

iii. Purchases for the purpose of consuming the property purchased in producing for sale a new article of tangible personal property or substance, of which such property becomes an ingredient or component or is a chemical used in processing, when the primary purpose of such chemical is to create a chemical reaction directly through contact with an ingredient of a new article being produced for sale;

iv. Purchases for the purpose of consuming the property purchased in producing ferrosilicon which is subsequently used in producing magnesium for sale, if the primary purpose of such property is to create a chemical reaction directly through contact with an ingredient of ferrosilicon; or

v. Purchases for the purpose of providing the property to consumers as part of competitive telephone service.

The activities contained in SMC subsection 5.30.050 B3a shall be taxed under the wholesaling classification (SMC 5.45.050 C).

b. The sale of services or charges made for cleaning up for the United States, or its instrumentalities, radioactive waste and other by-products of weapons production and nuclear research and development. Nor shall the term include the sale of or charge made for labor and services rendered for environmental remedial action as defined in RCW 82.04.2635(2). These activities shall be taxed under the “other business activity” classification (SMC 5.45.050 F).

C. “Sale at wholesale,” “wholesale sale.”

“Sale at wholesale” or “wholesale sale” means any “retail sale,” as defined herein, to a person, other than a consumer, for the purpose of resale.

Sale at wholesale also includes the sale of network telephone service to a telecommunications company as defined in RCW 80.04.010 the purpose of resale, as contemplated by RCW 35.21.715.

Notwithstanding the above, “sale at wholesale” or “wholesale sale” shall specifically not include a distribution cooperative’s or its distribution affiliate’s sales of merchandise to a customer-owner of the distribution cooperative for the customer-owner’s resale at retail. A distribution cooperative or a distribution affiliate is taxed on such sales pursuant to Section 5.45.050 F of the Seattle Municipal Code

D. “Software,” “canned software,” “custom software,” “customization of canned software,” “master copies,” “retained rights.”

1. “Canned software” means software that is created for more than one (1) person. For purposes of this chapter, canned software is deemed to be tangible personal property regardless of the method of delivery—tangible media (i.e., disk or installed on hardware) or intangible (i.e., electronically over telecommunications paths).

2. “Custom software” means software created for a single person.

3. “Customization of canned software” means any alteration, modification or development of applications using or incorporating canned software to specific individualized requirements of a single person. Customization of canned software includes individualized configuration of software to work with other software and computer hardware but does not include routine installation. Customization of canned software does not change the underlying character or taxability of the original canned software.

4. “Master copies” of software means copies of software from which a software developer, author, inventor, publisher, licensor, sublicensor or distributor makes copies for sale or license. The software encoded on a master copy and the media upon which the software resides are both ingredients of the master copy.

5. “Retained rights” means any and all rights, including intellectual property rights such as those rights arising from copyrights, patents and trade secret laws, that are owned or are held under contract or license by a software developer, author, inventor, publisher, licensor, sublicensor or distributor.

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6. "Software" means any information, program or routine, or any set of one (1) or more programs, routines or collections of information used, or intended for use, to convey information that causes one or more computers or pieces of computer-related peripheral equipment, or any combination thereof, to perform a task or set of tasks. "Software" includes the associated documentation, materials or ingredients, regardless of the media upon which that documentation is provided, that describes the code and its use, operation and maintenance and that typically is delivered with the code to the consumer. All software is classified as either canned or custom.

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

F. "Successor" means any person to whom a taxpayer quitting, selling out, exchanging or disposing of a business sells or otherwise conveys, directly or indirectly, in bulk and not in the ordinary course of the taxpayer's business, any part of the materials, supplies, merchandise, inventory, fixtures or equipment of the taxpayer. 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. (Ord. 120668 § 3(part), 2001.)

5.30.060 Definitions, T-Z.

A. "Tax year," "taxable year." "Tax year" or "taxable year" means the calendar year.

B. "Taxpayer" means any "person," as herein defined, required by SMC Chapter 5.55 to have a business license, or liable for any license, tax or fee, or for the collection of any tax or fee, under SMC Chapters 5.32 (Amusement Devices), 5.40 (Admission Taxes), 5.45 (Business and Occupation Tax), 5.48 (Utility Tax), and 5.52 (Gambling Tax), or who engages in any business or who performs any act for which a tax or fee is imposed under those chapters.

C. "Telephone business" means the providing by any person of access to a local telephone network, local telephone network switching service, toll service, cellular or mobile telephone service, coin telephone services, pager service or the providing of telephonic, video, data, or similar communication or transmission for hire, via a local telephone network, toll line or channel, cable, mi-

crowave, or similar communication or transmission system. The term includes cooperative or farmer line telephone companies or associations operating exchanges. The term also includes the provision of transmission to and from the site of an internet provider via a local telephone network, toll line or channel, cable, microwave, or similar communication or transmission system. "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.

D. "Tour operator business" means a business activity of purchasing various travel components, such as transportation, lodging, meals and other associated services and reselling the same to consumers where the purchaser/reseller is liable itself to pay the vendor of the components purchased and does not make payment solely as an agent for the consumer.

E. "Tuition fee" includes library, laboratory, health service and other special fees, and amounts charged for room and board by an educational institution when the property or service for which such charges are made is furnished exclusively to the students or faculty of such institution. "Educational institution," as used in this section, means only those institutions created or generally accredited as such by the state and includes educational programs that such educational institution cosponsors with a nonprofit organization, as defined by Section 501 (c)(3) of the Internal Revenue Code of 1986, as amended, if such educational institution grants college credit for coursework successfully completed through the educational program, or an approved branch campus of a foreign degree-granting institution in compliance with chapter 28B.90 RCW, and in accordance with RCW 82.04.4332 or defined as a degree-granting institution under RCW 28B.85.010(3) and accredited by an accrediting association recognized by the United States Secretary of Education, and offering to students an educational program of a general academic nature or those institutions which are not operated for profit and which are privately endowed under a deed of trust to offer instruction in trade, industry and agriculture, but not including specialty schools, business colleges, other trade schools or similar institutions.

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F. "Value proceeding or accruing" means the consideration, whether money, credits, rights or other property expressed in terms of money, actually received or accrued. The term shall be applied, in each case, on a cash receipts or accrual basis according to which method of accounting is regularly employed in keeping the books of the taxpayer. The Director may provide by regulation that the value proceeding or accruing from sales on the installment plan under conditional contracts of sale may be reported as of the dates when the payments become due.

G. "Value of products, how determined."

1. The value of products, including by-products, 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 by-products by the seller.

2. Where such products, including by-products, are extracted or manufactured for commercial or industrial use, and where such products, including by-products, 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 sale are not indicative of the true value or the subject matter of the sale, the value shall correspond as nearly as possible to the gross proceeds from sales in this state of similar products of like quality and character, and in similar quantities by other taxpayers, 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. In the absence of sales of similar products as a guide to value, such value may be determined upon a cost basis. In such cases, there shall be included every item of cost attributable to the particular article or article extracted or manufactured, including direct and indirect overhead costs. The Director of Finance may prescribe uniform and equitable rules for the purpose of ascertaining such values.

H. "Yardwaste" has the meaning given in SMC Section 21.36.016.
(Ord. 120794 § 110, 2002; Ord. 120668 § 3(part), 2001.)

5.30.070 Severability.

If any part, provision or section of this chapter is held to be 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. 120668 § 3(part), 2001.)

Chapter 5.32 REVENUE CODE

Sections:

Subchapter I General Provisions

5.32.020 Exercise of power to license for revenue.

Subchapter II Amusement Devices

5.32.150 Amusement license required.

5.32.160 Exemptions.

5.32.170 License fees.

5.32.190 Records—Location of devices.

5.32.200 Unlawful acts.

Severability: The invalidity of any section, subsection, provision, clause, or portion of this chapter, or the invalidity of the application thereof to any person or circumstance, shall not affect the validity of the remainder of this chapter or the validity of its application to other persons or circumstances.

(Ord. 106024 § 1.900, 1976.)

Subchapter I General Provisions

5.32.020 Exercise of power to license for revenue.

The provisions of this chapter shall be deemed an exercise of the power of the City to license for revenue and regulation. 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 licensee to reconfirm tax computation procedures and remain in compliance with the City code.

(Ord. 120668 § 6, 2001; Ord. 118411 § 1, 1996; Ord. 106024 § 1.020, 1976.)

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Subchapter II Amusement Devices

5.32.150 Amusement license required.

It is unlawful for any person to own any amusement device, which is available for use by the public, without having first obtained an amusement device license issued in accordance with the provisions of this chapter. The license shall be attached to the amusement device at all times when in use or play or available for use or play so that it is readily visible. This license is in addition to the business license required in SMC Section 5.55.030.

(Ord. 120668 § 7, 2001; Ord. 106024 § 2.050, 1976.)

5.32.160 Exemptions.

No amusement device license is required under this chapter for an amusement device if:

A. An admissions tax is collected upon its use pursuant to Ordinance 72495, as now or hereafter amended; or

B. The maximum price for one (1) use or one (1) play is less than Twenty-five Cents (\$.25). (Ord. 120668 § 8, 2001; Ord. 120181 § 154, 2000; Ord. 118411 § 7, 1996; Ord. 114895 § 2, 1989; Ord. 106024 § 2.070, 1976.)

5.32.170 License fees.

A. The license fee for any amusement device which is operated or activated by the insertion of a coin, currency, token, credit card, debit card or other payment medium shall be based upon the minimum price levied for one (1) play or one (1) use of the device.¹ The annual license fee shall be one hundred (100) times the price of one (1) play or use of the device rounded to the next highest Fifty Dollars (\$50). The maximum license fee shall be Fifteen Hundred Dollars (\$1,500) per device per year, with the following exceptions:

1. The license fee for a countertop device or electronic dart board shall not exceed Twenty-five Dollars (\$25); and

2. The license fee for a pool table, billiard table, shuffle board, jukebox or other music device shall not exceed Fifty Dollars (\$50).

B. The license fee for any amusement device which is not operated or activated by the insertion of a coin, currency, token, credit card, debit card or other payment medium shall be Five Hundred Dollars (\$500) per year; except the license for a pool

table, billiard table or shuffle board shall not exceed Fifty Dollars (\$50) per year.

C. The operator of an event, not to exceed three (3) calendar days in length, may obtain a Special Event License in lieu of the amusement device license required under this chapter. The fee for the license shall be Five Dollars (\$5) per device offered for play at such event; provided, the minimum fee shall be Twenty-five Dollars (\$25) and the maximum fee shall be One Hundred Dollars (\$100).

D. Revenue from the operation of devices, whether licensed or unlicensed, is subject to the provisions of Chapter 5.45 of the Seattle Municipal Code.

(Ord. 120668 § 9, 2001; Ord. 118411 § 8, 1996; Ord. 116468 § 1, 1992; Ord. 114436 § 1, 1989; Ord. 112039 § 1, 1984; Ord. 110891 § 1, 1982; Ord. 110579 § 1, 1982; Ord. 110421 § 1, 1982; Ord. 109499 § 1, 1980; Ord. 106024 § 2.100, 1976.)

1. Editor's Note: Ord. 112039 is further clarified by Ord. 112052 which is on file in the City Clerk's Office.

5.32.190 Records—Location of devices.

Any person licensed pursuant to this subchapter shall maintain records showing the location of each amusement device license issued to such person. Upon request of the Director, a list specifying the locations shall be provided. (Ord. 106024 § 2.300, 1976.)

5.32.200 Unlawful acts.

In addition to the unlawful acts contained in SMC Section 5.55.220 the following are also unlawful acts.

A. It is unlawful for any person in charge of any place or location to permit or allow to be used or played in such place any amusement device not having attached thereto an amusement device license.

B. It is unlawful for the owner of any amusement device to fail to display his or her name and current address on each amusement device when in use or play or available for use or play.

C. It is unlawful for the any person in charge of any place or location to permit or allow to be used or played in such place any amusement device not having attached thereto the name and current address of the owner of the amusement device.

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D. Remedial action by the City may include fines and imprisonment as provided for in SMC Section 5.55.220.
(Ord. 120668 § 10, 2001; Ord. 118411 § 9, 1996; Ord. 110579 § 2, 1982; Ord. 106024 § 2.700, 1976.)

5.40.005 General administrative provisions apply.

The provisions of SMC Chapter 5.55 shall be fully applicable to the provisions of this chapter except as expressly stated to the contrary herein.
(Ord. 120668 § 11, 2001.)

Subtitle II Taxes

**Chapter 5.40
ADMISSION TAX**

Sections:

- 5.40.005 General administrative provisions apply.**
- 5.40.010 Definitions.**
- 5.40.020 Tax levied.**
- 5.40.025 Tax exemption—Minimum charge—Schools—PTSA—Bumbershoot.**
- 5.40.026 Tax exemption—Arts, culture, science organizations.**
- 5.40.027 Tax exemption—Bowling.**
- 5.40.028 Tax exemption—Human services agencies.**
- 5.40.030 Cabarets.**
- 5.40.040 Swimming pools—Skating rinks—golf courses.**
- 5.40.050 Resort or picnic grounds.**
- 5.40.053 Complimentary admission.**
- 5.40.056 Discount admission.**
- 5.40.060 Ticket information and unlawful acts.**
- 5.40.070 Remittance of tax.**
- 5.40.080 Certificate of registration—Required—Application.**
- 5.40.085 Certificate of exemption—Application, issuance—Cancellation.**
- 5.40.086 Elimination of exemptions.**
- 5.40.090 Certificate of registration—Owner of building to be named.**
- 5.40.120 Receipts to General Subfund and Arts Account.**

Severability: If any portion of this chapter shall be adjudged invalid, such invalidity shall not affect the portions which are not adjudged invalid.
(Ord. 72495 § 12, 1943.)

5.40.010 Definitions.

For the purposes of this chapter, the words and terms contained in SMC Chapter 5.30 shall apply throughout this chapter unless expressly provided otherwise herein. The following additional definitions shall apply throughout this chapter:

A. "Admission charge," in addition to its usual and ordinary meaning, includes but is not limited in meaning to:

1. A charge made for season tickets or subscriptions;
2. A cover charge or a charge made for use of seats or tables, reserved or otherwise, and similar accommodations;
3. A charge made for food or refreshments in any place where any free entertainment, recreation or amusement is provided;
4. A charge made for rental or use of equipment or facilities for purposes of recreation or amusement and, where the rental of the equipment or facilities is necessary to the enjoyment of the privilege for which a general admission is charged, the combined charge shall be considered as the admission charge;
5. A charge made for admission to any theater, dance hall, amphitheater, private club, auditorium, observation tower, stadium, athletic pavilion or field, baseball or athletic park, circus, side show, swimming pool, outdoor amusement park or any similar place; and includes equipment to which persons are admitted for purposes of recreation such as merry-go-rounds, ferris wheels, dodge-ems, roller coasters, go-carts and other rides whether such rides are restricted to tracks or not;
6. A charge made for automobile parking where the amount of the charge is determined according to the number of passengers in an automobile.

B. "Cabaret" means a room where musical entertainment is permitted in connection with a restaurant business.

C. "College" or "university" means any accredited public or private college, junior college or university, or the recognized student body associa-

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tion thereof insofar as the admission charges received by the college, university, or student body association are budgeted, and applied solely for exhibition, performance, study and/or teaching of the performing arts, visual arts, history or science. It specifically excludes any athletic department or division or activities of the college or university or of the recognized student body association thereof.

D. "Nonprofit tax-exempt organization" means an organization, corporation, or association organized and operated for the advancement, appreciation, public exhibition or performance, preservation, study and/or teaching of the performing arts (music, drama including puppetry, opera, film arts or dance), visual arts, historic vessels, history or science, which is currently recognized by the United States of America as exempt from federal income taxation pursuant to Section 501 (c)(1) or (3) of the Internal Revenue Code of 1954, 26 U.S.C. § 501, as now existing or hereafter amended, and a division, department or instrumentality of state or local government devoted to the arts, history or science.

E. "Department" means the Department of Executive Administration of The City of Seattle, or its functional successor.

F. "Director" means the Director of Executive Administration of The City of Seattle, or his or her functional successor, and shall include the Director's authorized representatives. (Ord. 120794 § 111, 2002; Ord. 120668 § 12, 2001; Ord. 108608 § 1, 1979; Ord. 102719 § 1, 1973; Ord. 91775 § 1, 1963; Ord. 72495 § 1, 1943.)

Cases: The word "refreshment" as used in Seattle Ordinance No. 72495 includes alcoholic as well as nonalcoholic beverages. **Ropo, Inc. v. Seattle**, 67 Wn.2d 574, 409 P.2d 148 (1965.)

5.40.020 Tax levied.

A. There is levied and imposed a tax upon everyone, without regard to age, who pays an admission charge as defined in Section 5.40.010 or is admitted, without payment, where an admission charge is collected from other persons as contemplated by Section 5.40.053.

B. The tax here imposed shall be in the amount of five (5) percent on each admission charge or charge for season or series ticket. Any fraction of tax One-half Cent (\$.005) or more shall result in a tax at the next highest full cent.

C. Amounts paid for admission by season ticket or subscription shall be exempt if the amount which

would be charged to the holder or subscriber for a single admission is Fifteen Cents (\$0.15) or less.

D. Anyone having the use of a box or seat permanently or for a specified period, shall pay, in addition to the tax required for admission under subsections A and B of this section, a tax in the amount of five (5) percent of the price of such box or seat, the same to be collected and remitted in the manner provided in Section 5.40.070 by the person selling such tickets.

E. If the ticket price is accompanied by a service charge, mailing fee or other ancillary payment, per ticket and/or per order, the admission tax shall be based upon the total sum of the admission price plus any such surcharge(s), whether or not they are printed on the ticket or order.

F. Anyone who is admitted free of charge or at reduced rates to any place for which other persons pay a charge or a regular higher charge for the same privileges or accommodations shall pay an admission tax as contemplated by Sections 5.40.053 and 5.40.056, respectively.

G. When entertainment or admission to an event or activity accompanies the sale of food, refreshments, merchandise, lodging or services, admission taxes are measured by the total price of the combined transaction, unless the admission price for the entertainment, amusement, rental or use of equipment is printed separately on the ticket or invitation and reflects its true market value as an independent element.

(Ord. 115957 § 1, 1991; Ord. 111449 § 1, 1983; Ord. 110374 § 1, 1982; Ord. 110275 § 1, 1981; Ord. 102719 § 2, 1973; Ord. 98403 § 1, 1969; Ord. 91775 § 2, 1963; Ord. 88748 § 1, 1959; Ord. 87103 § 1, 1958; Ord. 72495 § 2, 1943.)

Cases: The Seattle admission tax is not a municipal excise upon liquor as proscribed by the Washington State Liquor Act, since the sale of liquor and other "refreshments" is only a measure of the tax rather than its incidence. **Ropo, Inc. v. Seattle**, 67 Wn.2d 574, 409 P.2d 148 (1965).

5.40.025 Tax exemption—Minimum charge—Schools—PTSAs—Bumbershoot.

The admission tax as imposed in SMC Section 5.40.020 shall not apply to anyone paying an admission charge:

- 1. In the amount of Ten Cents (\$0.10) or less; or

2. To any activity of any elementary or secondary school as contemplated by RCW 35.21.280; or

3. To any activity of any Parent-Teacher-Student Association (PTSA), Parent-Teacher Association (PTA), or similar organization, provided that the proceeds of the activity are used to benefit an elementary or secondary school; or

4. To the annual Bumbershoot Festival held on Labor Day and the preceding Thursday, Friday, Saturday and Sunday.

5. To the Woodland Park Zoo.

A discount admission shall be subject to tax as contemplated by Section 5.40.056 although the discounted price is Ten Cents (\$0.10) or less, unless a criterion in Section 5.40.056 for applying the lower price is satisfied.

(Ord. 120668 § 13, 2001; Ord. 116577 § 1, 1993; Ord. 115957 § 2, 1991; Ord. 114708 § 1(part), 1989; Ord. 113498 § 1(part), 1987; Ord. 112813 § 1(part), 1986; Ord. 111449 § 2(part), 1983.)

5.40.026 Tax exemption—Arts, culture, science organizations.

A. The admission tax as defined in Section 5.40.020 shall not apply to anyone paying an admission charge:

1. To an opera, concert, dance recital or like musical entertainment, a play, puppet show or dramatic reading, an exhibition of painting, sculpture, or artistic or historical objects or to a museum, historic vessel or science center when all of the following three (3) criteria are met:

a. A college or university or nonprofit tax-exempt organization, as defined in Section 5.40.010 and registered under Sections 5.40.080 and 5.40.085, that meets one (1) or more of the following criteria:

i. Publicly sponsors and through its members, representatives, or personnel promotes, publicizes and distributes most of the tickets for admission; or

ii. Publicly sponsors and presents the event at a facility it owns or leases as lessee for a term of not less than one (1) month; or

iii. Publicly sponsors and:

(A) Performs a major portion of the performance, or

(B) Supplies a major portion of the materials on exhibition, or

(C) When the event is part of a season or series of performances or exhibitions, performs the major portion of the performances or exhibitions in the season or series; and

b. The college, university or nonprofit tax-exempt organization receives the use and benefit of admission charges collected; and

c. In the case of a performance, the seating capacity of the location where the event occurs is three thousand one hundred (3,100) people or less, or, in the case of an exhibition, no more than three thousand one hundred (3,100) people are permitted on the premises at any one time; and

2. To the following activities of nonprofit tax-exempt organizations as defined in Section 5.40.010 and registered under Sections 5.40.080 and 5.40.085:

a. Dinners with entertainment, including but not limited to dinner dances and dinner theaters;

b. Auctions;

c. Fashion shows;

d. Wine or beer tasting parties;

e. Haunted houses;

f. Art lectures and art lecture series;

g. Tours of the following:

i. Homes;

ii. Historical sites;

iii. Historical vessels;

iv. Pubs and taverns;

v. Hotels; and

B. The exemption to the admission tax as provided in this section shall not apply to:

1. An athletic event;

2. An event in which a college, university or nonprofit tax-exempt organization lends its name to an endorsement for an ineligible person for the purpose of invoking the tax exemption.

(Ord. 114708 § 1(part), 1989; Ord. 113498 § 1(part), 1987; Ord. 112813 § 1(part), 1986; Ord. 111449 § 2(part), 1983.)

5.40.027 Tax exemption—Bowling.

A. The admission tax as defined in Section 5.40.020 shall not apply to anyone paying an admission charge to actively participate in bowling or to rent bowling shoes or equipment.

B. The tax shall apply where the person paying the admission charge at a bowling alley is primarily a spectator or passive participant or the admis-

sion charge is made for attending or participating in activities other than bowling. (Ord. 114708 § 1(part), 1989; Ord. 113498 § 1(part), 1987; Ord. 112813 § 1(part), 1986; Ord. 111449 § 2(part), 1983.)

5.40.028 Tax exemption—Human services agencies.

A. The admission tax as defined in Section 5.40.020 shall not apply to anyone paying an admission charge to the following activities of a nonprofit human services agency:

1. Dinners with entertainment, including but not limited to dinner dances and dinner theaters;
2. Auctions;
3. Fashion shows;
4. Wine or beer tasting parties;
5. Haunted houses;
6. Lectures or lecture series in the organization's area of activity;
7. Tours of the following:
 - a. Homes;
 - b. Historical sites;
 - c. Historical vessels;
 - d. Pubs and taverns;
 - e. Hotels; and
 - f. Facilities of the agency.

This exemption shall apply only if the nonprofit human services agency is fiscally responsible for the activities and receives the full benefit and use of the proceeds derived from them.

B. A nonprofit human services agency for the purposes of this tax exemption means:

1. A person organized and operated exclusively for the religious or charitable purposes listed in subsection B2;
2. A person that provides any of the following religious and charitable services:
 - a. Food, clothing, shelter, or medical care of the kind provided by a hospital or doctor, to those in need;
 - b. Employment and training programs approved by the Washington State Department of Labor and Industries;
 - c. Counseling, intervention, or child or spousal abuse services;
 - d. Hospice care;
 - e. Travelers aid;
 - f. Disaster relief;
 - g. Health care research;

h. Referral services to other human services agencies; or

i. Any other religious or charitable service similar to those listed above; and

3. A person recognized by the United States as exempt from federal income taxation pursuant to Section 501 (c)(3) of the Internal Revenue Code of 1954, 26 U.S.C. Section 501 (c)(3), as now existing or hereafter amended; or a division, department or instrumentality of state or local government devoted to human services.

C. The exemption in subsection A shall apply to activities conducted by a person other than a nonprofit human services agency only if:

1. A nonprofit human services agency contracts with that person to conduct activities on its behalf; and

2. The nonprofit human services agency remains fiscally responsible for the activities and receives the full benefit and use of the proceeds from them. The nonprofit human services agency will be deemed to have received full benefit and use of the proceeds if the nonprofit human services agency receives from the person under contract, payments equaling the nonprofit human services agency's expenses plus twenty (20) percent or more of the anticipated gross admission charges.

D. The exemption in subsection A shall also apply to activities conducted by a coordinating funding agency that is not a nonprofit human services agency.

E. For purposes of subsection D, "coordinating funding agency" means:

1. A person recognized by the United States as exempt from federal income taxation pursuant to Section 501 (c)(3) of the Internal Revenue Code of 1954, 26 U.S.C. Section 501 (c)(3), as now existing or hereafter amended; and

2. A person organized and operated for the purpose of providing funding to nonprofit human services agencies as defined in subsection B.

F. The exemption in subsection A does not apply unless the nonprofit human services agency, as well as any other person qualified pursuant to subsections C and D to act on behalf of a nonprofit human services agency, are registered with the Director pursuant to Sections 5.40.080 and 5.40.085 at least thirty (30) days prior to the event. A person qualifying for exemption under subsection C must register separately for each activity it conducts on behalf of a nonprofit human services agency and

must present to the Director a copy of its contract with the nonprofit human services agency in order to register.

G. A nonprofit human services agency or coordinating funding agency that has received a blanket exemption from tax collection shall reapply for such exemption every five (5) years on a date no later than five (5) years after the date the previous blanket exemption was issued so that the Director may ensure that the agency still meets the criteria established in subsections B and E above.

H. Notwithstanding the above, the tax will apply to an event held at a location where the seating capacity is three thousand one hundred (3,100) people or more, or in the case of a facility without reserved seating or outdoors, three thousand one hundred (3,100) people are permitted on the premises at any one (1) time.

(Ord. 120794 § 112, 2002; Ord. 120533 § 1, 2001; Ord. 117169 § 14, 1994; Ord. 114708 § 1(part), 1989; Ord. 113498 § 1(part), 1987; Ord. 112813 § 1(part), 1986; Ord. 111449 § 2(part), 1983.)

5.40.030 Cabarets.

The admission charge to any cabaret, any private club conducting cabaret activities, or any similar place of entertainment is deemed to be the total amount charged as an admission charge, a cover charge, and/or a charge made for the use of seats and tables reserved or otherwise, and other similar accommodations.

(Ord. 94366 § 1, 1965; Ord. 91775 § 3, 1963; Ord. 88748 § 2, 1959; Ord. 77700 § 1, 1949; Ord. 72495 § 3, 1943.)

5.40.040 Swimming pools—Skating rinks—Golf courses.

The admission charge shall be the amount paid by any person paying more than Fifteen Cents (\$0.15) to gain entrance to any building, enclosure or area in which there is a swimming pool, skating rink, golf driving range, miniature golf course, short nine, or other golf course, or to gain entrance to such pool, rink or course itself, or for the use of the facilities thereof, or any rental paid by the person paying for such entry for the use of equipment and facilities supplied him and appropriate to the enjoyment of the privilege for which the admission is charged, or the aggregate thereof. The admission charge shall exclude dues, initiation fees, and maintenance assessments paid by a member of a non-

profit organization to defray administrative expenses or provide for the purposes of the organization and which entitle the member to participate in the organization's activities or use its facilities; provided, that the admission charge shall include any special fees or charges, including greens fees, of more than Fifteen Cents (\$0.15) which are separately identified and charged for a particular event, rental or usage and paid by a member for entrance, rental of equipment, or the aggregate thereof as aforesaid and any such charges of more than Fifteen Cents (\$0.15) paid by or for guests.

(Ord. 105836 § 1, 1976; Ord. 91775 § 4, 1963; Ord. 90685 § 1, 1961; Ord. 72495 § 4, 1943.)

5.40.050 Resort or picnic grounds.

Anyone paying more than Fifteen Cents (\$0.15) to gain admission to any resort or picnic grounds is subject to a tax of three percent (3%) on such admission charge even though such amount includes a charge for use of equipment and facilities such as tables, stoves and bathhouses. If a lesser amount is charged to persons who do not use such equipment and facilities than those who do use such equipment and facilities, the lesser charge is deemed the admission charge. Where a separate charge is made for the use of equipment and facilities, such charge is not subject to the tax levied in this chapter unless it constitutes or is part of an "admission charge." Whenever an organization or club acquires the sole right to use a resort or picnic grounds, solely for the enjoyment of its members or employees and their friends, the amount paid for such right is an amount paid for an admission charge and subject to the tax levied in this chapter; provided, that if the organization or club in turn charges its members or employees all or part of the amount so paid, such charge does not constitute an admission charge subject to the tax levied in this chapter. Amounts paid for the privilege of parking cars in a resort or picnic grounds do not constitute an admission charge unless the amount of such charge is determined by the number of passengers in the automobile or the same charge is made to all persons who enter the resort or grounds, whether on foot or by other means of transportation. If a charge is made for each passenger in an automobile, in addition to a charge for parking facilities, the amount paid for the passengers is an admission charge and subject to the tax levied in this chapter. The tax levied in this chapter shall be paid by the person paying the admission

charge and shall be collected and remitted by the person to whom the same is paid in the manner provided in Section 5.40.070.
(Ord. 91775 § 5, 1963; Ord. 72495 § 5, 1943.)

5.40.053 Complimentary admission.

Anyone who is admitted free of charge to any place or for any event for which other persons pay an admission charge shall pay an admission tax measured by the full admission charge, unless:

1. Admission is free to the public generally on the date or for the event; or
2. Admission is free to a general classification of the public (e.g., children, senior citizens, or military personnel in uniform) and the entrant is a member of the classification; or
3. The complimentary admissions are distributed for bona fide charitable purposes or through any bona fide charity, or are distributed through any elementary or secondary school; or
4. The persons so admitted are performers, people assisting in the performance or activity, or bona fide members of the press; or
5. The holder of the certificate of registration has paid the amount of the admission tax on the admission.
(Ord. 115957 § 3(part), 1991.)

5.40.056 Discount admission.

Anyone who is admitted at a reduced price to any place or for any event for which other persons pay a regular, higher admission charge shall pay an admission tax measured by the regular, higher admission charge, unless:

1. The reduced charge is based on the quantity sold or a payment made before a calendar date in advance of the event; or
2. The reduced charge is available to a general classification of the public identified in rates posted or published for the event (e.g., children, senior citizens, or military personnel); or
3. The event is scheduled at a time less convenient for the public (e.g., a matinee or mid-night performance); or
4. The reduced charge is based on the presentation of a coupon distributed broadly as a notice or advertisement; or
5. The reduced charge results from the donation of tangible personal property (e.g., food, clothing or toys) at the place of admission as an or-

ganized collection for delivery to a bona fide charity.

In cases that satisfy one (1) or more of these conditions, the admission tax shall be measured based on the reduced charge actually paid for admission.
(Ord. 115957 § 3(part), 1991.)

5.40.060 Ticket numbering and information.

A. Ticket information.

1. Whenever a charge is made for admission to any place, a serially numbered or reserve seat ticket shall be furnished the person paying such charge unless written approval has been obtained from the Director to use a turnstile or other counting device which will accurately count the number of paid admissions. The established price, service charge, City tax and total price at which every such admission ticket or card is sold shall be separately, conspicuously and indelibly printed or written on the face or back of that part of the ticket which is to be taken up by the management of the place to which admission is gained.

2. It shall be unlawful for anyone to sell an admission ticket or card on which the name of the person conducting the event and the price is not so printed, stamped or written, or to sell or offer to sell an admission ticket or card at a price in excess of the price printed, stamped or written thereon. The admission tax due shall be based on the total sum of the established price plus any service charge printed on the ticket. When a charge is made for admission, a sign must be posted in a conspicuous place on the entrance or ticket office which breaks down the admission charge as follows:

Established Price
Service Charge
(if any)
City Tax
Total Price

It is unlawful to charge a service charge on admission tickets unless the purchaser is fully informed of the purpose of such charge by published or posted notice in advance of the ticket sale.

3. The Director of Finance or his/her designee, who has been commissioned as a Special Police Officer, is authorized to confiscate, seize or otherwise remove from sale, or offered sale, any

ticket in violation of or offered for sale or sold in violation of SMC subsections 5.40.060 A1 or 2.

B. It is unlawful for any person to request a donation or contribution that represents an admission charge or fee for the privilege of entering, attending, or remaining in attendance at any theater, dance, amusement or other place of public performance where persons are not admitted or allowed to remain in attendance without payment of such donation or contribution. A "suggested donation" shall not be stated on an invitation or accompanying literature.

(Ord. 120794 § 113, 2002; Ord. 120668 § 14, 2001; Ord. 117169 § 15, 1994; Ord. 106751 § 1, 1977; Ord. 105445 § 1, 1976; Ord. 104652 § 1, 1975; Ord. 102622 § 1, 1973; Ord. 91775 § 6, 1963; Ord. 72495 § 6, 1943.)

5.40.070 Remittance of tax.

Any person who receives any payment for any admission charge on which a tax is levied under this chapter shall collect the amount of the tax from the person making the admission payment at the time payment is made. The person receiving payment shall remit the same admission tax to the Director according to the provision contained in SMC Chapter 5.55 except where specifically provided herein. The tax collected under this chapter shall be deemed held in trust by the person required to collect the same until remitted to the Director. Persons failing to collect the admission tax, or who collects the tax but fails to remit the tax to the Director shall be liable to the City for the amount of such tax. Such person shall, unless the remittance be made as required in this section, be guilty of a violation of this chapter whether such failure be the result of his or its own act or the result of acts or conditions beyond his or its control. Anyone receiving any payment for admissions shall make out a return upon such forms and setting forth such information as the Director may require, showing the amount of the tax upon admissions for which he is liable for the preceding monthly period, and shall sign and transmit the same to the Director with a remittance for said amount. Whenever any theater, circus, show, exhibition, entertainment or amusement makes an admission charge which is subject to the tax levied in this chapter, and the same is of a temporary or transitory nature or there exists a reasonable question of financial responsibility, of which the Director shall be the judge, the Director may require the report

and remittance of the admission tax immediately upon the collection of the same, at the conclusion of the performance or exhibition, or at the conclusion of the series of performances or exhibitions or at such other times as he or she shall determine. Failure to comply with any requirement of the Director as to report and remittance of the tax as required shall be a violation of this chapter. Everyone liable for the collection and payment of the tax imposed by this chapter shall keep and preserve for a period of five (5) years all unused tickets, ticket manifests, books and all other records from which can be determined the amount of admission tax which he or she was liable to remit under the provisions of this chapter, and all such tickets, books and records shall be open for examination and audit at all reasonable times by the Director or his or her duly authorized agent. Written permission may be granted by the Director to destroy unused tickets prior to the expiration of the five (5) year period.

(Ord. 120794 § 114, 2002; Ord. 120668 § 15, 2001; Ord. 117169 § 16, 1994; Ord. 114517 § 1, 1989; Ord. 102622 § 2, 1973; Ord. 91775 § 7, 1963; Ord. 88479 § 1, 1959; Ord. 77700 § 2, 1949; Ord. 72495 § 7, 1943.)

5.40.080 Certificate of registration—Required—Application.

Any person conducting or operating any place for entrance to which an admission charge is made shall, prior to the commencement of any such activity, and on a form prescribed by the file an application with the Director to conduct or operate such activity. The application shall be filed whether or not the person has received an exemption from collecting the tax under the provision of this chapter. The Director shall then issue a business license with an admission tax endorsement. The endorsement shall continue valid until December 31st of the year in which the application was filed. Failure to obtain or renew the endorsement prior to conducting the activity for which an admission charge is made will result in the penalties contained in SMC 5.55.030 E. (Ord. 120794 § 115, 2002; Ord. 120668 § 16, 2001; Ord. 117169 § 17, 1994; Ord. 111449 § 3, 1983; Ord. 102719 § 3(part), 1973; Ord. 102622 § 3(part), 1973; Ord 72495 § 8(part), 1943.)

**5.40.085 Certificate of exemption—
Application, issuance—
Cancellation.**

A. Any person seeking to secure an exemption from the admission tax pursuant to Section 5.40.026 A shall, for each activity or series of activities as prescribed by the Director:

1. Identify the activity or set of activities at which persons paying an admission charge are not to be taxed;
2. Supply sufficient information as well as enable the Director both:
 - a. To determine the applicability of the tax to the activity or set of activities so identified, and
 - b. To distinguish the same from other occasions, if any, when taxes are to be collected; and
3. Provide evidence as necessary to show the status of the party performing the activity or set of activities as a college, university, or nonprofit tax-exempt organization as defined in Section 5.40.010. The applicant may be required to notify the Director of any subsequent change in condition from the facts stated or information supplied. If the Director determines that persons paying such admission charge are not subject to the admission tax, the applicant shall receive a certification of such determination for the activity or series of activities, as the case may be.

B. The Director may cancel the certificate of exemption of any college, university, or nonprofit tax-exempt organization which (1) secures an exemption from the tax pursuant to Section 5.40.026 A by making a false representation in its application, or fails to adhere to its criteria or (2) otherwise violates Section 5.40.026 A or a rule or regulation of the Director implementing it. The order of cancellation may bar such an organization from registering again for a period of two (2) years.

C. If the Director has ordered a certificate of exemption cancelled, an aggrieved person may contest the cancellation by filing a notice of appeal and request for hearing with the hearing examiner within ten (10) days after service or mailing of the order. If the Hearing Examiner is satisfied that a mailed notice was not delivered or was unreasonably delayed in delivery, he/she may allow an appeal made within ten (10) days after the appellant receives notice of the order of cancellation.

D. If a request for hearing is filed by the applicant within the prescribed period, a hearing shall be scheduled before the Hearing Examiner and shall be

conducted by the Hearing Examiner according to the applicable rules for contested cases. If an appeal is not filed by the applicant within the prescribed period, the order of the Director canceling the registration and certificate of exclusion shall be final. (Ord. 120794 § 116, 2002; Ord. 118141 § 1, 1996; Ord. 117169 § 18, 1994; Ord. 112813 § 2, 1986; Ord. 111449 § 4, 1983; Ord. 102719 § 3(part), 1973; Ord. 102622 § 3(part), 1973; Ord. 72495 § 8(part), 1943.)

5.40.086 Elimination of exemptions.

If any exemption from the admission tax is found to be unconstitutional because a court determines it wrongly exempts some events or entities but not others, then that exemption shall be eliminated in its entirety effective on the date of the court decision. (Ord. 118141 § 2, 1996.)

**5.40.090 Certificate of registration—
Owner of building to be named.**

Whenever the applicant for a certificate of registration, obtained for the purpose of operating or conducting a temporary or transitory amusement, entertainment or exhibition, is not the owner, lessee, or custodian of the buildings, lots or place where the amusement is to be conducted, the tax imposed by this chapter shall be reported and remitted as provided in Section 5.40.070 by the person who is the owner, lessee or custodian, if not paid by the person conducting the amusement, entertainment or exhibition. The applicant for a certificate of registration in any such case shall furnish the Director with the application, with the name and address of the owner, lessee or custodian of the premises upon which the amusement is to be conducted, and such owner, lessee or custodian shall be notified by the Director of the issuance of such certificate and of his joint liability for collection and remittance of such tax. (Ord. 120794 § 117, 2002; Ord. 117169 § 19, 1994; Ord. 102622 § 4, 1973; Ord. 91775 § 8, 1963; Ord. 72495 § 9, 1943.)

**5.40.120 Receipts to General Subfund and
Arts Account.**

All receipts from the admission tax levied in this chapter shall be placed in the General Subfund of the General Fund, except that from and after January 1, 2001, twenty (20) percent of all admission tax receipts, other than receipts generated by men's professional basketball games and, during 2001, by

men's professional football games, and men's professional baseball games, shall be deposited into the Arts Account of the General Subfund of the General Fund. Money in the Arts Account of the General Subfund shall be annually appropriated to the Seattle Arts Commission for the following purposes:

A. Initiatives to keep artists living, working and creatively challenged in Seattle;

B. Initiatives to build community through the arts and create opportunities for the public to intersect with artists and their work; and

C. For each new generation, initiatives that include art opportunities for youth in and out of school.

(Ord. 120644 § 1, 2001; Ord. 120183 § 2, 2000; Ord. 106058 § 3, 1976; Ord. 79849 § 1, 1951; Ord. 72495 § 11-1, 1943.)

Chapter 5.45 BUSINESS LICENSE TAX

Sections:

- 5.45.010 Exercise of revenue license power.**
- 5.45.020 Administrative provisions.**
- 5.45.030 Definitions.**
- 5.45.040 Agency—Sales and services by agent, consignee, bailee, factor or auctioneer.**
- 5.45.050 Imposition of the tax—Tax or fee levied.**
- 5.45.060 Doing business with the City.**
- 5.45.070 Multiple activities credit when activities take place in one or more cities with eligible gross receipt taxes.**
- 5.45.080 Persons conducting business both within and without the City.**
- 5.45.090 Exemptions.**
- 5.45.100 Deductions.**
- 5.45.105 High Technology Manufacturer Research and Development Credit.¹**
- 5.45.110 Application to City's business activities.**
- 5.45.120 Tax part of operating overhead.**

5.45.010 Exercise of revenue license power.

The provisions of this chapter shall be deemed an exercise of the power of the City to license or tax 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 licensee or taxpayer to reconfirm tax computation procedures and remain in compliance with the City Code. (Ord. 120668 § 2(part), 2001.)

5.45.020 Administrative provisions.

All of the provisions contained in Chapter 5.55 of the Seattle Municipal Code shall have full force and application with respect to taxes or license fees imposed under the provisions of this chapter except as expressly stated to the contrary herein. (Ord. 120668 § 2(part), 2001.)

5.45.030 Definitions.

The definitions contained in Chapter 5.30 of the Seattle Municipal Code shall be fully applicable to this chapter except as expressly stated to the contrary herein. (Ord. 120668 § 2(part), 2001.)

5.45.040 Agency—Sales and services by agent, consignee, bailee, factor or auctioneer.

A. Sales in Own Name—Sales or Purchases as Agent. Every person, including agents, consignees, bailees, factors or auctioneers, 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.

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 or making purchases for a principal. Such claim will be recognized only when the contract or agreement between such persons clearly establishes the relationship of principal and agent and when the following conditions are complied with:

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1. The books and records of the broker or agent show the transactions were made in the name and for the account of the principal, and show the name of the actual owner of the property for whom the sale was made, or the actual buyer for whom the purchase was made;

2. The books and records show the amount of the principal's gross sales, the amount of commissions and any other incidental income derived by the broker or agent from such sales. The principal's gross sales must not be reflected as the agent's income on any of the agent's books and records. Commissions must be computed according to a set percentage or amount, which is agreed upon in the agency agreement;

3. No ownership rights may be conferred to the agent unless the principal refuses to pay, or refuses to abide by the agency agreement. Sales or purchases of any goods by a person who has any ownership rights in such goods shall be taxed as retail or wholesale sales; and

4. Bulk goods sold or purchased on behalf of a principal must not be co-mingled with goods belonging to another principal or lose their identity as belonging to the particular principal. Sales or purchases of any goods which have been co-mingled or lost their identity as belonging to the principal shall be taxed as retail or wholesale sales.

B. If the requirements in subsection A above are not met, the consignor, bailor, principal or other shall be deemed a seller of such property to the agent, consignee, bailee, factor or auctioneer.

C. Services in Own Name—Procuring Services as Agent. For purposes of this subsection, SMC Section 5.45.040 C, an agent is a person who acts under the direction and control of the principal in procuring services on behalf of the principal that the person could not itself render or supply. Amounts received by an agent for the account of its principal as advances or reimbursements are exempted from the measure of the tax only when the agent is not primarily or secondarily liable to pay for the services procured.

Any person who claims to be acting merely as agent in obtaining services for a principal will have such claim recognized only when the contract or agreement between such persons clearly establishes the relationship of principal and agent and when the following conditions are complied with:

1. The books and records of the agent show that the services were obtained in the name and for the account of the principal, and show the actual principal for whom the purchase was made; and

2. The books and records show the amount of the service that was obtained for the principal, the amount of commissions and any other income derived by the agent for acting as such. Amounts received from the principal as advances and reimbursements must not be reflected as the agent's income on any of the agent's books and records. Commissions must be computed according to a set percentage or amount, which is agreed upon in the agency agreement.

(Ord. 120668 § 2(part), 2001.)

5.45.050 Imposition of the tax—Tax or fee levied.

There is hereby levied upon and shall be collected from every person as hereinafter provided, for the act or privilege of engaging in business activities within the City, whether his or her office or place of business be within or without the City, a business and occupation tax or fee, sometimes herein referred to as the "tax." The tax shall be in amounts to be determined by application of rates against gross proceeds of sale, gross income of business, or value of products, including by-products, 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, including by-products, extracted for sale or for commercial or industrial use, multiplied by the rate of two hundred fifteen one-thousandths of one percent (.00215). The measure of the tax is the value of the products, including by-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, except persons taxable under subsection D of this section; as to such persons the amount of the tax with respect to such business shall be equal to the value of the products, including by-products, manufactured or processed, multiplied by the rate of two hundred fifteen one-thousandths of one percent (.00215). The measure of the tax is the value of the products, including by-

products, so manufactured or processed, 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 (including public road construction), except persons taxable under subsection D of this section; as to such persons, the amount of tax with respect to such business 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 one-thousandths of one percent (.00215).

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 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 ten-thousandths of one percent (.000215); 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 ten-thousandths of one percent (.000215).

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

1. Printing;
2. Both printing and publishing newspapers, magazines, periodicals, books, music and other items;
3. Publishing newspapers, magazines and periodicals;
4. Processing for hire; or
5. Conducting a tour operator business;

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 one-thousandths of one percent (.00215).

F. Upon every other person engaging within the City in any business activity other than or in addition to those enumerated in the above subsections; 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 one-thousandths of one percent (.00415). 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, merger or other than by outright sale), persons engaged in the business of developing, or producing custom software or of customizing canned software, and persons engaged in the business of rendering any type of service which does not constitute a sale at retail or a sale at wholesale.

(Ord. 120668 § 2(part), 2001.)

5.45.060 Doing business with the City.

Except where such a tax is otherwise levied and collected by the City from such person, there is hereby levied a tax on the privilege of accepting or executing a contract with the City involving the sale to the City of materials, supplies, equipment, improvements or contractual services. Such tax shall be levied and collected whether the goods or services are delivered within or without the City and whether or not such person has an office or place of business within or without the City.

As to such persons the amount of tax shall be equal to the gross contract price multiplied by the rate under SMC Section 5.45.050 that would otherwise apply if the sale or service were taxable pursuant to that section. The gross contract price shall be allocated to the city with the contract is made. No other city shall have jurisdiction to tax the gross receipts from such contract. The gross contract price may not be reduced by the deduction contained in SMC Section 5.45.100 Q or the interstate deduction SMC Section 5.45.100 T.

A. The tax levied in this section shall not be levied when:

1. The aggregate value of all City contracts with the person during the calendar year is Five Thousand Dollars (\$5,000) or less, or

2. The person's only source of revenue consists of contracts with the City for neighborhood planning purposes, sister city associations, or Arts Commission grants, and is less than the taxable threshold amount provided in SMC Section 5.55.040 D.

B. All persons subject to this section, other than those exempted by subsection (A) above, are required to obtain and maintain a business license as prescribed by SMC Section 5.55.030.

C. This section applies to the City and organizations chartered by the City, including but not limited

to, contracts with the Seattle City Employee's Retirement System, the Police Pension Fund, the Fire Fighters Pension Fund, Public Safety Civil Service Commission, and any and all public development authorities chartered by the City.

D. All persons are required to pay in full all taxes or fees due under this chapter on account of such contract, or otherwise, before accepting any warrant as final payment for performing any contract for the City. The Director of Finance may withhold payment due a City contractor pending satisfactory resolution of unpaid taxes and fees due the City under this title.

(Ord. 120668 § 2(part), 2001.)

5.45.070 Multiple activities credit when activities take place in one or more cities with eligible gross receipt taxes.

A. Persons who engage in business activities that are within the purview of two (2) or more subsections of SMC Section 5.45.050 shall be taxable under each applicable subsection.

B. 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 credit 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.

C. To take the credit authorized by this section, a taxpayer must be able to document that the amount of tax sought to be credited was paid upon the same gross receipts used in computing the tax against which the credit is applied and that the taxpayer paid the amount of tax sought to be credited. In order to qualify as an "eligible gross receipts tax," the tax must be imposed at the local level.

D. Credit for Persons That Sell in the City Products That They Extract or Manufacture. Persons taxable under the retailing or wholesaling classification with respect to selling products in this City shall be allowed a credit against those taxes for any eligible gross receipts taxes paid:

1. With respect to the manufacturing of the products sold in the City; and
2. With respect to the extracting of the products, or the ingredients used in the products, sold in the City.

The amount of the credit shall not exceed the tax liability arising under this chapter with respect to the sale of those products.

E. Credit for Persons That Manufacture Products in the City Using Ingredients They Extract. Persons taxable under the manufacturing classification with respect to manufacturing products in this City shall be allowed a credit against those taxes for any eligible gross receipts tax paid with respect to extracting the ingredients of the products manufactured in the City. The amount of the credit shall not exceed the tax liability arising under this chapter with respect to the manufacturing of those products.

F. Credit for persons that sell within the City products that they print, or publish and print. Persons taxable under the retailing or wholesaling classification with respect to selling products in this City shall be allowed a credit against those taxes for any eligible gross receipts taxes paid with respect to the printing, or the printing and publishing, of the products sold within the City. The amount of the credit shall not exceed the tax liability arising under this chapter with respect to the sale of those products.

(Ord. 120668 § 2(part), 2001.)

5.45.080 Persons conducting business both within and without the City.

Where SMC subsection 5.45.100 Q (pertaining to the allocation of gross income between jurisdictions that impose an eligible gross receipts tax) does not apply:

A. A person who maintains an office or place of business in the City shall be taxable on the gross income, gross proceeds from sales, or value of products, that is derived from the business activities rendered by, generated from, or attributable to the office or place of business located within the City, unless specific deductions or exemptions apply.

B. A person who maintains an office or place of business in the City and also elsewhere may allocate to the office or place of business located outside the City that portion of the taxpayer's gross income, gross proceeds of sales, or value of products derived from business activities rendered by, generated from, or attributable to the office or place of business located outside the City. The taxpayer shall allocate gross income to the City based on a segregation of business within and business without the

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City, as shown and supported by accounting records satisfactory to the Director.

If the Director determines that the allocation of gross income from business reported under the "other business activities" classification (SMC subsection 5.45.050 F) does not fairly reflect gross income derived from business activities within the City, the Director shall determine such gross income by either of the following methods: (a) by a fair and equitable formula agreed upon by the Director and the taxpayer after a consideration of the facts; or (b) by the ratio that the cost of doing business within the City bears to the cost of doing business both within and without the City.

C. A person performing business activities in the City who does not maintain an office or place of business in the City shall allocate to the City that portion of the taxpayer's gross income or gross proceeds of sales that is derived from business activities performed in the City.
(Ord. 120668 § 2(part), 2001.)

5.45.090 Exemptions.

The provisions of this Chapter 5.45 shall not apply to the following:

A. Nonprofit Adult Family Homes. This chapter does not apply to nonprofit adult family homes which are licensed as such, or which are specifically exempt from licensing, under rules of the Washington State Department of Social and Health Services.

B. Day Care Provided By Churches. This chapter shall not apply to amounts derived by a church that is exempt from property tax under RCW 84.36.020 from the provision of care for children for periods of less than twenty-four (24) hours.

C. Child Care Resource and Referral Services by Nonprofit Organizations. This chapter does not apply to nonprofit organizations in respect to amounts derived from the provision of child-care resource and referral services.

D. Nonprofit Organizations That are Guarantee Agencies, Issue Debt, or Provide Guarantees for Student Loans. This chapter does not apply to gross income received by nonprofit organizations exempt from federal income tax under Section 501 (c)(3) of the Internal Revenue Code of 1986, as amended, that:

1. Are guarantee agencies under the federal guaranteed student loan program or that issue debt to provide or acquire student loans; or

2. Provide guarantees for student loans made through programs other than the federal guaranteed student loan program.

E. Nonprofit Organizations—Credit and Debt Services. This chapter does not apply to nonprofit organizations in respect to amounts derived from provision of the following services:

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 1, 2, or 3, above, of this subsection (E).

F. Certain fraternal and beneficiary organizations. This chapter shall not apply to fraternal benefit societies or fraternal fire insurance associations, as described in Title 48 RCW; nor to beneficiary corporations or societies organized under and existing by virtue of Title 24 RCW, if such beneficiary corporations or societies provide in their bylaws for the payment of death benefits. This exemption is limited, however, to gross income from premiums, fees, assessments, dues or other charges directly attributable to the insurance or death benefits provided by such societies, associations, or corporations.

G. Certain Corporations Furnishing Aid and Relief. This chapter shall not apply to the gross sales or the gross income received by corporations which have been incorporated under any act of the congress of the United States of America and whose principal purposes are to furnish volunteer aid to members of the armed forces of the United States and also to carry on a system of national and international relief and to apply the same in mitigating the sufferings caused by pestilence, famine, fire, floods, and other national calamities and to devise and carry on measures for preventing the same.

H. Operation of Sheltered Workshops. This chapter shall not apply to income received from the Department of Social and Health Services for the cost of care, maintenance, support and training of persons with developmental disabilities at nonprofit group training homes as defined by RCW Chapter 71 A.22 or to the business activities of nonprofit organizations from the operation of sheltered work-

shops. For the purposes of this subsection, SMC 5.45.090 H, “the operation of sheltered workshops” means performance of business activities of any kind on or off the premises of such nonprofit organizations which are performed for the primary purpose of:

1. Providing gainful employment or rehabilitation services to the handicapped or disabled as an interim step in the rehabilitation process for those who cannot be readily absorbed in the competitive labor market or during such time as employment opportunities for them in the competitive labor market do not exist; or

2. Providing evaluation and work adjustment services for handicapped or disabled individuals.

I. Credit Unions. This chapter shall not apply to the gross income of credit unions organized under the laws of this state, any other state, or the United States.

J. Certain Hospitals and Clinics. This chapter shall not apply to 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.

K. Gross Receipts Taxed Under Other Seattle Municipal Code (SMC) Sections. This chapter shall not apply to 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 or SMC subsections 5.52.030 B1 and B3 (bona fide charitable or nonprofit organization gambling activity, bingo, raffle and fundraising activities), as amended.

L. Investments—Dividends From Subsidiary Corporations. This chapter shall not apply to amounts derived by persons, other than those engaging in banking, loan, security or other financial businesses, from investments or the use of money as such, and also amounts derived as dividends by a parent from its subsidiary corporations.

M. International Banking Facilities. This chapter shall not apply to the gross receipts of an international banking facility. As used in this subsection, SMC 5.45.090 M, an “international banking facility” means a facility represented by a set of asset and liability accounts segregated on the books and records of a commercial bank, the principal office of which is located in this state, and which is incorporated and doing business under the laws of the United States or of this state, a United States branch or agency of a foreign bank, an Edge corporation organized under Section 25(A) of the Federal Reserve Act, 12 United States Code 611-631, or an Agreement corporation having an agreement or undertaking with the Board of Governors of the Federal Reserve System under Section 25 of the Federal Reserve Act, 12 United States Code 11 601-604(a), that includes only international banking facility time deposits (as defined in subsection (a)(2) of Section 204.8 of Regulation D (12 CFR Part 204), as promulgated by the Board of Governors of the Federal Reserve System), and international banking facility extensions of credit (as defined in subsection (a)(3) of Section 204.8 of Regulation D).

N. Insurance Business. This chapter shall not apply to amounts received by any person or agent 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.

O. Farmers—Agriculture. This chapter shall not apply to any farmer in respect to amounts received from selling fruits, vegetables, berries, butter, eggs, fish, milk poultry, meats or any other agricultural product that is raised, caught, produced or manufactured by such persons.

P. Athletic Exhibitions. This chapter shall not apply to any person in respect to the business of conducting boxing contests and sparring or wrestling matches and exhibitions for the conduct of which a license must be secured from the State Boxing Commission.

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Q. Racing. This chapter shall not apply to any person in respect to the business of conducting race meets for the conduct of which a license must be secured from the Washington State Horse Racing Commission.

R. Ride Sharing. This chapter does not apply to any funds received in the course of commuter ride sharing or ride sharing for persons with special transportation needs in accordance with RCW 46.74.010.

S. Employees. This chapter shall not apply to any person in respect to his or her employment in the capacity as an employee or servant as distinguished from that of an independent contractor. For the purposes of this subsection, SMC 5.45.090 S, the definition of employee shall include those persons that are defined in Section 3121 (d)(3)(B) of the Internal Revenue Code of 1986, as amended through January 1, 1991. For purposes of this chapter, a booth renter, as defined by RCW 18.16.020, is an independent contractor.

T. Amounts derived from sale of real estate. This chapter shall not apply to gross proceeds derived from the sale of real estate. This, however, shall not be construed to allow an exemption 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.

U. Mortgage Brokers' Third-Party Provider Services Trust Accounts. This chapter shall not apply to amounts received from trust accounts to mortgage brokers for the payment of third-party costs if the accounts are operated in a manner consistent with RCW 19.146.050 and any rules adopted by the director of financial institutions.

V. Amounts Derived From Manufacturing, Selling or Distributing Motor Vehicle Fuel. This chapter shall not apply to the manufacturing, selling or distributing motor vehicle fuel, as the term "motor vehicle fuel" is defined in RCW 82.36.010 and exempted under RCW 82.36.440, provided that any fuel not subjected to the state fuel excise tax, or any other applicable deduction or exemption, will be taxable under this chapter.

W. Amounts Derived From Liquor, and the Sale or Distribution of Liquor. This chapter shall not apply to liquor as defined in RCW 66.04.010 and exempted in RCW 66.08.120.

X. Casual and Isolated Sales. This chapter shall not apply to the gross proceeds derived from casual or isolated sales.

Y. Health Maintenance Organization, Health Care Service Contractor, Certified Health Plan. Beginning on January 1, 2000, this chapter does not apply to any health maintenance organization, health care service contractor, or certified health plan in respect to premiums or prepayments that are taxable under RCW 48.14.0201. This exemption is limited to premiums and payments for health benefit plans offered by health care service contractors under RCW Chapter 48.44 and health maintenance organizations under RCW chapter 48.46 and does not apply to health care services directly delivered by the employees of a health maintenance organization under RCW Chapter 48.46.

Z. Accommodation Sales. This chapter 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:

1. 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

2. 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 or herself out as being regularly engaged in the business of making sales at wholesale of such property, such sales shall be included in his principal business activity, and not exempt from tax.

AA. Real Estate Brokers and Associated Brokers, Agents, or Salesmen. This chapter does not apply to that portion of a real estate commission assigned to another brokerage office pursuant to the division of revenue between the originating brokerage office and a cooperating brokerage office on a particular transaction. Each brokerage office shall pay the tax upon its respective revenue share of the transaction. Furthermore, where a brokerage office has paid the business license tax on the gross commission earned by that brokerage office, associate brokers, salesmen or agents within the same office shall not be required to pay the tax upon their share of the commission from the same transaction.

(Ord. 120668 § 2(part), 2001.)

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5.45.100 Deductions.

In computing the license fee or tax, the following may be deducted from the measure of tax:

A. Membership Fees and Certain Service Fees by Nonprofit Youth Organization. For purposes of this subsection, SMC 5.45.100 A, “nonprofit youth organization” means a nonprofit organization engaged in character building of youth which is exempt from property tax under RCW 84.36.030. In computing tax due under this chapter, there may be deducted from the measure of tax all amounts received by a nonprofit youth organization:

1. As membership fees or dues, irrespective of the fact that the payment of the membership fees or dues to the organization may entitle its members, in addition to other rights or privileges, to receive services from the organization or to use the organization’s facilities; or
2. From members of the organization for camping and recreational services provided by the organization or for the use of the organization’s camping and recreational facilities.

B. Fees, Dues, Charges. In computing tax, there may be deducted from the measure of tax amounts derived from bona fide:

1. Initiation fees;
2. Dues;
3. Contributions;
4. Donations;
5. Tuition fees;
6. Charges made by a nonprofit trade or professional organization for attending or occupying space at a trade show, convention, or educational seminar sponsored by the nonprofit trade or professional organization, which trade show, convention, or educational seminar is not open to the general public;
7. Charges made for operation of privately operated kindergartens; and
8. Endowment funds.

This subsection, SMC 5.45.100 B, 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. 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 grad-

uated upon the amount of goods or services rendered, the value of such goods or services shall not be considered as a deduction under this subsection.

C. Artistic and Cultural Organizations—Income From Business Activities. In computing tax, there may be deducted from the measure of tax those amounts received by artistic or cultural organizations, as defined in SMC Section 5.30.020, which represent:

1. Income derived from business activities conducted by the organization, provided that this deduction does not apply to retail sales made by artistic and cultural organizations (the rental of space and the casual sales of props and fixtures used in or culture productions will be exempt from tax);
2. Amounts received from the United States or any instrumentality thereof or from the State of Washington or any municipal corporation or subdivision thereof as compensation for, or to support, artistic or cultural exhibitions, performances, or programs provided by an artistic or cultural organization for attendance or viewing by the general public; or
3. Amounts received as tuition charges collected for the privilege of attending artistic or cultural education programs.

D. Artistic or Cultural Organization—Deduction for Tax Under the Manufacturing Classification—Value of Articles for Use in Displaying Art Objects or Presenting Artistic or Cultural Exhibitions, Performances, or Programs. In computing tax, there may be deducted from the measure of tax by persons subject to payment of the tax under the manufacturing classification, the value of articles to the extent manufacturing activities are undertaken by an artistic or cultural organization, as defined in SMC Section 5.30.020, solely for the purpose of manufacturing articles for use by the organization in displaying art objects or presenting artistic or cultural exhibitions, performances, or programs for attendance or viewing by the general public.

E. Day Care Activities. In computing tax, there may be deducted from the measure of tax amounts derived from day care activities (for periods less than twenty-four (24) hours) by any organization organized and operated for charitable, educational, or other purposes which is exempt from taxation pursuant to Section 501(c)(3) of the Internal Revenue Code of 1986, as amended; provided, however, that amounts derived from selling, altering or repair-

ing tangible personal property shall not be deductible.

F. Compensation From Public Entities for Health or Social Welfare Services—Exception. In computing tax, there may be deducted from the measure of tax 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 (as defined in RCW 82.04.431) 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. For purposes of this subsection, SMC 5.45.100 F, “employee benefit plan” includes the military benefits program authorized in 10 U.S.C. Sec. 1071 et seq., as amended, or amounts payable pursuant thereto.

G. Interest on Investments or Loans Secured by Mortgages or Deeds of Trust. In computing tax, there may be deducted from the measure of tax by those engaged in banking, loan, security or other financial businesses, amounts derived from interest received on investments or loans primarily secured by first mortgages or trust deeds on non-transient residential properties.

H. Interest on Obligations of the State, its Political Subdivisions, and Municipal Corporations. In computing tax, there may be deducted from the measure of tax by those engaged in banking, loan, security or other financial businesses, amounts derived from interest paid on all obligations of the State of Washington, its political subdivisions, and municipal corporations organized pursuant to the laws thereof.

I. Interest on loans to farmers and ranchers, producers or harvesters of aquatic products, or their cooperatives. In computing tax, there may be deducted from the measure of tax amounts derived as interest on loans to bona fide farmers and ranchers, producers or harvesters of aquatic products, or their cooperatives by a lending institution which is owned exclusively by its borrowers or members and which is engaged solely in the business of making loans and providing finance-related services to bona fide farmers and ranchers, producers or harvesters of aquatic products, their cooperatives, rural residents for housing, or persons engaged in furnishing

farm-related or aquatic-related services to these individuals or entities.

J. Receipts From the Sale of Tangible Personal Property Delivered Outside the State. In computing tax, there may be deducted from the measure of tax under retailing or wholesaling amounts derived from the sale of tangible personal property that is received by the purchaser or its agent outside the State of Washington.

K. Cash Discount Taken by Purchaser. In computing tax, there may be deducted from the measure of tax the amount of cash discount actually taken by the purchaser. This deduction is not allowed in arriving at the taxable amount under the extracting 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 “value of product” provisions.

L. Credit Losses of Accrual Basis Taxpayers. In computing tax, there may be deducted from the measure of tax the amount of credit losses actually sustained by taxpayers whose regular books of account are kept upon an accrual basis.

M. Repair Maintenance, Replacement. etc., of Residential Structures And Commonly Held Property—Eligible Organizations.

1. In computing tax, there may be deducted from the measure of tax amounts used solely for repair, maintenance, replacement, management or improvement of the residential structures and commonly held property, but excluding property where fees or charges are made for use by the public who are not guests accompanied by a member, which are derived by:

a. A cooperative housing association, corporation, or partnership from a person who resides in a structure owned by the cooperative housing association, corporation or partnership;

b. An “association of apartment owners,” as defined in RCW 64.32.010, as now or hereafter amended, from a person who is an “apartment owner” as defined in RCW 64.3 2.010; or

c. An association of owners of residential property from a person who is a member of the association. “Association of owners of residential property” means any organization of all the owners of residential property in a defined area who all hold the same property in common within the area.

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2. For the purposes of this section “commonly held property” includes areas required for common access such as reception areas, halls, stairways, parking, etc., and may include recreation rooms, swimming pools and small parks or recreation areas; but is not intended to include more grounds than are normally required in a residential area, or to include such extensive areas as required for golf courses, campgrounds, hiking and riding areas, boating areas, etc.

3. To qualify for the deductions under this section:

a. The salary or compensation paid to officers, managers, or employees must be only for actual services rendered and at levels comparable to the salary or compensation of like positions within the county wherein the property is located;

b. Dues, fees or assessments in excess of amounts needed for the purposes for which the deduction is allowed must be rebated to the members of the association; and

c. Assets of the association or organization must be distributable to all members and must not inure to the benefit of any single member or group of members.

N. Sales at Wholesale or Retail of Precious Metal Bullion and Monetized Bullion. In computing tax, there may be deducted from gross income amounts derived from the sale at wholesale or retail of precious metal bullion and monetized bullion. However, no deduction is allowed of amounts received as commissions upon transactions for the accounts of customers over and above the amount paid to other dealers associated in such transactions, and no deduction or offset is allowed against such commissions on account of salaries or commissions paid to salesmen or other employees.

O. Amounts Representing Rental of Real Estate for Boarding Homes. In computing tax, there may be deducted from the measure of the tax amounts representing the value of the rental of real estate for “boarding homes.” To qualify for the deduction, the boarding home must meet the definition of “boarding home” found in RCW 18.20.020, and must be licensed by the State of Washington under RCW Chapter 18.20. The deduction shall be in the amount of twenty-five (25) percent of the gross monthly billing when the boarder has resided within the boarding home for longer than thirty (30) days.

P. Radio and Television Broadcasting—Advertising Agency Fees—National, Regional, and Network Advertising—Interstate Allocations. In computing tax, there may be deducted from the measure of the tax by radio and television broadcasters amounts representing the following:

1. Advertising agencies’ fees when such fees or allowances are shown as a discount or price reduction in the billing or that the billing is on a net basis, i.e., less the discount;

2. Actual gross receipts from national network, and regional advertising or a “standard deduction” as provided by RCW 82.04.280; and

3. Local advertising revenue that represents advertising which is intended to reach potential customers of the advertiser who are located outside the State of Washington. The Director of Finance may issue a rule that provides detailed guidance as to how these deductions are to be calculated.

Q. Amounts Subject to an Eligible Gross Receipts Tax in Another City on the Same Activity.

1. A person subject to tax in Seattle and also subject to an eligible gross receipts tax on the same activity in one or more other jurisdiction(s) may deduct from the measure of the tax on such activity those amounts the person used in measuring the eligible gross receipts tax paid to the other jurisdiction where delivery of the product or the performance of the activity occurred, or, if delivery or performance does not occur in the other jurisdiction, or no tax was paid, then the measure is assigned to where the customer is located. If neither delivery nor performance occurs, or the customer is not located within the jurisdiction imposing an eligible gross receipts tax, then the Director shall determine, pursuant to his authority under SMC 5.55.170, whether a deduction is allowed. In all cases, if no eligible gross receipts tax is paid to another jurisdiction on such activity, then no deduction is allowed.

2. Notwithstanding subsection Q1 above, a person that is subject to an eligible gross receipts tax in more than one jurisdiction on the gross income derived from intangibles such as royalties, trademarks, patents or goodwill may deduct from the measure of the tax those amounts of gross income used in measuring the eligible gross receipts tax paid to the other jurisdiction where the headquarters is located. If tax is not paid where the headquarters is located, then the Director shall de-

termine, pursuant to his authority under SMC Section 5.55.170, whether a deduction is allowed.

R. Person Manufacturing Products Within and Without. In computing tax, a person manufacturing products within the City using products the person manufactured outside the City may deduct from the measure of the manufacturing tax the value of products manufactured outside the City and included in the measure of an eligible gross receipts tax paid with respect to manufacturing such products.

S. Taxes collected as trust funds by the taxpayer from a third party for payment to the taxing jurisdiction. In computing tax, the taxpayer may deduct from the measure of the tax amounts collected for the benefit of the taxing jurisdiction by the taxpayer from third parties to satisfy third party obligations to pay taxes such as the retail sales tax, use tax, and admission tax.

T. Constitutional Prohibitions. In computing tax, there may be deducted from the measure of the tax amounts derived from business which the City is prohibited from taxing under the Constitution of the State of Washington or the Constitution of the United States.

U. Distribution Affiliate or Cooperative. In computing tax, there may be deducted from the measure of the tax an amount equal to the actual cost of the merchandise that a distribution cooperative or its distribution affiliate sells to a customer-owner of the distribution cooperative for the customer-owner's resale at retail. Actual cost means the cost actually paid by the distribution cooperative or distribution affiliate after taking into account all cash discounts and other price reductions. (Ord. 120794 § 118, 2002; Ord. 120668 § 2(part), 2001.)

5.45.105 High Technology Manufacturer Research and Development Credit.¹

A. In computing the manufacturing tax imposed under this chapter, a credit is allowed for each person whose qualified research and development expenditures during the year for which the credit is claimed exceeds five (5) percent of the person's taxable amount during the same calendar year.

B. The credit is equal to the amount of qualified research and development expenditures made during the calendar year multiplied by sixty-seven hundredths (.67) percent. The amount of the credit shall not exceed the amount of manufacturing tax due for

the same calendar year in which the credit is claimed reduced by any credit against the manufacturing tax allowed under SMC Section 5.45.070.

C. Each person claiming the credit shall file an affidavit, as prescribed by the director, with the tax return on which the credit is claimed. Such affidavit shall state the amount of the credit claimed, an estimate of the anticipated qualified research and development expenditures during the calendar year for which the credit is claimed, an estimate of the taxable amount during the same calendar year, and such additional information as the director may prescribe.

D. Any person claiming the credit, and then failing to meet the five (5) percent requirement contained in subsection A shall be liable for payment of the taxes represented by the amount of the credit claimed, together with interest, but not penalties. Interest shall be due at the rate provided for in SMC subsection 5.55.090 B retroactively to the date the credit was claimed until the taxes are paid.

E. For the purpose of this section, the following definitions apply:

1. "Advanced computing," "advanced materials," "biotechnology," "electronic device technology" and "environmental technology" have the same meanings as contained in RCW 82.63.010.

2. "Qualified research and development expenditures" means expenses paid or accrued by persons in the businesses of advanced computing, advanced materials, biotechnology; electronic device technology or environmental technology solely for research and development activities conducted within the City, and for no other purpose. The term "qualified research and development expenditures" does not include costs that a person is required to capitalize rather than expense for federal income tax purposes. "Qualified research and development expenditures" include expenses for wages, benefits, supplies and materials. The term does not include costs for land, or structures or other depreciable property, because those costs must be capitalized. Nor does the term include costs for overhead, indirect management or supervision, accounting or other costs not incurred solely for research and development activities. "Qualified research and development expenditures" also means eighty (80) percent of the charges paid to another person for research and development activities conducted within the City but only if the expenditure is (a) made pursuant to a written agreement between the parties stating the type of research and development to be

conducted, and (b) recognized by the person claiming the credit in the calendar year in which the research and development is conducted. Qualified research and development expenditures are expenditures for research and development activities that are conducted within the City whether by the person seeking the credit or a third party. Expenditures for research and development activities conducted outside the City do not meet the definition of "qualified research and development expenditures."

3. "Research and development activities" means activities conducted within the City for the purpose of discovering technological information intended to be useful in the development and manufacture of a new or improved product, process, technique, formula, invention or canned software that will be held for sale, lease or license. The activities must relate to the development of a new or improved function, performance, reliability or quality. The term includes exploration of a new use for an existing drug, device or biological product if the new use requires separate licensing by the federal Food and Drug Administration under Chapter 21, C.F.R., as now existing or hereafter amended. Research and development is completed when the product can be produced commercially. Research and development activities are not:

- (a) Activities related to style, taste, cosmetic or seasonal design factors;
- (b) Post commercial production testing;
- (c) Activities related to adapting a product or substance to a particular customer's needs;
- (d) Duplication or reproduction activities;
- (e) Conducting or preparing surveys or studies relating to efficiency, management, market research, or testing or development;
- (f) Advertising and promotions;
- (g) Collecting routine data not related to the development effort;
- (h) Routine quality control testing or inspection not related to the development effort;
- (i) Development of computer software intended for the use of the developer and not shared or used by persons other than the developer; and
- (j) Funded research.

4. "Taxable amount" means the gross amount subject to the manufacturing tax imposed in this chapter and required to be reported on the person's business and occupation tax return during the calendar year for which the credit is claimed, less any gross amount on which a tax allowed as a credit

against manufacturing tax under SMC Section 5.45.070 is calculated.
(Ord. 120668 § 2(part), 2001.)

1. (Expires December 31, 2006)

5.45.110 Application to City's business activities.

Any department, division, employee association or other subsection of the City that engages in any business activity which if engaged in by any person would, under this chapter or SMC Chapter 5.55, require a business license and the payment of any tax or fee shall make application, file returns and pay any taxes or fees imposed by this chapter or SMC Chapter 5.55.
(Ord. 120668 § 2(part), 2001.)

5.45.120 Tax part of operating overhead.

It is not the intention of this chapter 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 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 operating overhead or cost of doing business of such persons.
(Ord. 120668 § 2(part), 2001.)

**Chapter 5.48
BUSINESS TAX—UTILITIES**

Sections:

- 5.48.010 Exercise of revenue license power.**
- 5.48.015 Administrative provisions.**
- 5.48.020 Definitions.**
- 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.**
- 5.48.260 Allocation of revenues—Cellular telephone service.**

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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.)

5.48.015 Administrative provisions.

The provisions contained in SMC Chapter 5.55 shall have full force and application with respect to taxes imposed under the provisions of this chapter except as expressly stated to the contrary herein.

(Ord. 120668 § 17, 2001.)

5.48.020 Definitions.

A. The definitions contained in SMC 5.30 shall be fully applicable to the provisions of this chapter unless otherwise expressly defined in this chapter.

B. "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.

(Ord. 120794 § 119, 2002; Ord. 120668 § 18, 2001; 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; Ord. 110274 § 1, 1981; Ord. 102620 § 1, 1973; Ord. 62662 § 2, 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 provided to consumers within the City; provided, that effective January 1, 1987, the tax liability imposed under this section shall not apply for that portion of gross 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 5.45. The total gross income shall also include all charges by the provider of cellular or cellular mobile telephone service provided to its customers in any taxing jurisdiction (intrastate or interstate), which are billed to a "place of primary use" located in Seattle by or for the home services provider, irrespective of whether the services are provided by the home service provider.

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 to consumers, a fee or tax equal to ten (10) 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.

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D. Upon everyone, including The City of Seattle, engaged in or carrying on the business of selling or furnishing electric light and power to consumers, 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 consumers, 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 revenues. 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 5.45. The business of operating or conducting a cable television system (CATV) does not include the provision of interactive two-way communications over cable. Such activities shall be reported under telephone business.

(Ord. 120668 § 19, 2001; Ord. 120647 § 1, 2001; 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 pur-

poses. 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 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 5.45.

(Ord. 120668 § 26, 2001; 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.)

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5.48.060 City of Seattle subject to tax.

Subsections 5.48.050 C, D, and F, Section 5.48.055, and Sections 5.55.050 C, 5.55.090 A and B, and 5.55.110 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. 120668 § 28, 2001; 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 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, State's refuse collection tax and admission tax.

B. 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 telecommunications company purchases for the purpose of resale. This excluded revenue shall be recorded and taxed under SMC Chapter 5.45.

C. 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. (Ord. 120668 §§ 20, 27, 2001; 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.)

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).

5.48.072 Anti-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.)

5.48.260 Allocation of revenues—Cellular telephone service.

A. 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 (including roaming charges incurred by Seattle customers outside this state) provided to customers whose "place of primary use" is in the City, regardless of the location of the facilities used to provide the service. The customer's "place of primary use" is, with respect to each telephone: (a) the customer's address; or (b) the customer's place of residence if the telephone is for personal use, and in both cases must be located within the licensed service area of the home service provider. Roaming charges and cellular telephone charges to customer whose principal service address is outside Seattle will not be taxable even though those mobile services are provided within Seattle.

B. There is a rebuttable presumption that the "place of primary use" 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 place of primary use address for a telephone is within the City then the gross revenue from cellular telephone service pro-

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vided to that customer with respect to that telephone is to be included in the company's gross income. (Ord. 120668 § 21, 2001; Ord. 117401 § 2(part), 1994.)

Chapter 5.52 GAMBLING TAX

Sections:

- 5.52.005** Administrative provisions.
- 5.52.010** Definitions.
- 5.52.020** Filing of intent to conduct activity.
- 5.52.030** Tax levied.

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.)

5.52.005 Administrative provisions.

All of the provisions contained in SMC Chapter 5.55 shall have full force and application with respect to taxes imposed under the provisions of this chapter except as expressly stated to the contrary herein. (Ord. 120668 § 22, 2001.)

5.52.010 Definitions.

The definitions contained in SMC Chapter 5.30 shall be fully applicable to the provisions of this chapter except as expressly stated to the contrary herein or defined otherwise in RCW Chapter 9.46. (Ord. 120794 § 120, 2002; Ord. 120668 § 23, 2001; 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.¹

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 fundraising 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;

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Seattle Municipal Code
 Detailed code update file
 Deleted for historic only.
 Text for complete text only.
 Sections creating amendments, contact the Office of the City Clerk
 this source file.

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.

**Chapter 5.55
 GENERAL ADMINISTRATIVE
 PROVISIONS**

Sections:

- 5.55.010** Application of chapter stated.
- 5.55.020** Definitions.
- 5.55.030** License requirements.
- 5.55.040** When due and payable—Reporting periods—Monthly, quarterly, and annual returns—Threshold provisions—Computing time periods—Failure to file returns.
- 5.55.050** Payment methods—Mailing returns or remittances—Time extension—Deposits—Recording payments—Payment must accompany return—NSF checks.
- 5.55.060** Records to be preserved—Examination—Estoppel to question assessment.
- 5.55.070** Accounting methods.
- 5.55.080** Public work contracts—Payment of fee and tax before final payment for work.

- 5.55.090** Underpayment of tax, interest, or penalty—Interest—Limitations.
- 5.55.095** Time in which assessment may be made.
- 5.55.100** Overpayment of tax, penalty, or interest—Credit or refund—Interest rate—Statute of limitations.
- 5.55.110** Late payment—Disregard of written instructions—Evasion—Penalties.
- 5.55.120** Cancellation of penalties.
- 5.55.130** Taxpayer quitting business—Liability of successor.
- 5.55.140** Review of Director's assessment or denial of refund.
- 5.55.150** Appeal to the Hearing Examiner.
- 5.55.160** Judicial Review of the Hearing Examiner's decision.
- 5.55.165** Director of Finance to make rules.
- 5.55.170** Ancillary authority of Director.
- 5.55.180** Mailing of notices.
- 5.55.190** Tax declared additional.
- 5.55.200** Public disclosure—Confidentiality—Information sharing.
- 5.55.210** Tax constitutes debt.
- 5.55.220** Unlawful actions—Violation—Penalties.
- 5.55.230** Suspension or revocation of business license.
- 5.55.235** License not obtained.
- 5.55.240** Closing agreement provisions.
- 5.55.250** Charge-off of uncollectible taxes.
- 5.55.260** Personal liability of persons in control of admission taxes.
- 5.55.270** Severability.

5.55.010 Application of chapter stated.
 Unless expressly stated to the contrary in each chapter, the provisions of this chapter shall apply with respect to the licenses and taxes imposed under this chapter and SMC Chapters 5.32 (Amusement Devices), 5.40 (Admission Taxes), 5.45 (Business and Occupation Tax), 5.48 11 (Utility Tax), and

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5.52 (Gambling Tax) and under other titles, chapters and sections in such manner and to such extent as indicated in each such title, chapter or section. (Ord. 120668 § 4(part), 2001.)

5.55.020 Definitions.

The definitions contained in Chapter 5.30 of the Seattle Municipal Code shall be fully applicable to this chapter except as expressly stated to the contrary herein. (Ord. 120668 § 4(part), 2001.)

5.55.030 License requirements.

A. No person, unless specifically exempted, shall engage in any business activity, profession, trade or occupation in the City without having first obtained and being the holder of a valid and subsisting license to do so, to be known as a “business license.” The fee for the business license shall be Seventy-five Dollars (\$75.00) for persons engaging in any business activity, profession, trade or occupation in the City prior to July 1st and Thirty-seven Dollars and Fifty Cents (\$37.50) for persons beginning their activity on or after July 1st The fee shall accompany the application for the license. The business license shall expire at the end of the calendar year for which it is issued.

The business license shall be personal and non-transferable except as provided in subsection G, below. Applications for the business license shall be made to the Director of finance on forms provided by the Director. Each business license shall be numbered, shall show the name, place and character of the business of the licensee, and such other information as the Director deems necessary, and shall at all times be conspicuously posted in the place of business for which it is issued.

If the licensee changes the place of business, the licensee shall return the business license to the Director and a new license shall be issued for the new place of business free of charge.

B. When business is transacted at two (2) or more separate places by one (1) taxpayer, a separate business license for each place at which business is transacted with the public shall be required. A Ten Dollar (\$10.00) license fee shall be imposed and accompany each application for the business license required for each additional business location.

C. No person to whom a business license has been issued pursuant to this chapter shall suffer or

allow any other person for whom a separate license is required to operate under or display his or her license; nor shall such other person operate under or display such license.

D. As provided in SMC Section 6.20.040, a participant at an event, identified in the list supplied by the promoter or organizer, shall be exempt from the minimum fee established by subsection A, above, or the fee for a separate business location established by subsection B, above, on account of business activities at the licensed event for the duration of the license.

E. Any business license may be renewed by the payment for the ensuing year of the license fee herein prescribed on or before the date of the expiration of such license. Any licensee who fails to make payment on or prior to the expiration date of said business license shall be subject to penalties in the following amounts:

1. Five Dollars (\$5) if not received on or before the due date;

2. Ten Dollars (\$10) if not received on or before the last day of the month following the due date.

3. Twenty Dollars (\$20) if not received on or before the last day of the second month following the due date.

4. All business licenses issued subsequent to the initial license period shall be deemed renewal licenses if there has been no discontinuance of the licensee’s operations or activities. Nonpayment of business license fees and taxes when due by the licensee during the term of any license shall constitute grounds for revocation or suspension of said license.

F. Licenses for amusement devices will be in addition to this business license and will be assessed pursuant to SMC Section 5.32.170. It is unlawful for any person to own any amusement device, which is available for use by the public, without having first obtained an amusement device license issued in accordance with the provisions of this chapter and SMC Chapter 5.32. The license shall be attached to the amusement device at all times when in use or play or available for use or play so that it is readily visible. The amusement device license will be prorated semi-annually in the same manner as the business license; however, the amusement device license expires annually on November 30th.

G. A business license or amusement device license cannot be assigned or transferred, except that a license may be transferred:

1. To the surviving or new corporation, whenever the licensed corporation is merged or consolidated pursuant to RCW Chapter 23B.11, as now or hereafter amended;

2. To the surviving partner, or to a new partnership which consists exclusively of the surviving partners, whenever one (1) partner of a licensed partnership dies;

3. To the surviving spouse, whenever one (1) spouse of a licensed marital community dies;

4. To any one (1) or more former partners, whenever a licensed partnership is dissolved and one (1) or more of the former partners of the licensed partnership continue the operation of the business as an individual proprietorship or partnership without the addition of any new partner, and all of the other former partners consent in writing to the transfer of the license, which written consent shall be filed with the application for such transfer;

5. To one (1) spouse, whenever a licensed marital community is dissolved and the other spouse consents in writing to the transfer of the license, which written consent shall be filed with the application for such transfer;

6. In case of the death of any licensee before the expiration of his or her license, his or her administrator or executor, duly appointed as such by order of court, may continue to act under said license for the unexpired term thereof upon filing with the City proof of such appointment.

As used in this subsection, SMC 5.55.030 G, the term "partnership" includes joint venture, and the term "partner" includes a co-venturer. (Ord. 120668 § 4(part), 2001.)

**5.55.040 When due and payable—
Reporting periods—Monthly,
quarterly, and annual returns—
Threshold provisions—
Computing time periods—
Failure to file returns.**

A. Other than any annual license fee or registration fee assessed under this chapter, the tax imposed by SMC Chapters 5.32 (Amusement Devices), 5.40 (Admission Taxes), 5.45 (Business and Occupation Tax), 5.48 (Utility Tax), and 5.52 (Gambling Tax), shall be due and 17 payable in quarterly install-

ments. At the Director's discretion, businesses may be assigned to a monthly or annual reporting period depending on the tax amount owing or type of tax. Taxes imposed by SMC Section 5.52.030 A2 and B2 for punchboards and pulltabs shall be due and payable in monthly installments. Tax payments are due on or before the last day of the next month following the end of the assigned reporting period covered by the return.

B. Taxes shall be paid as provided in this chapter and accompanied by a return on forms as prescribed by the Director. 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 true and complete.

C. Tax returns must be filed and returned by the due date whether or not any tax is owed. Returns not received on or before the due date are subject to penalties and interest in accordance with this chapter.

D. For purposes of the tax imposed by SMC Chapter 5.45, any person who reasonably estimates that the value of products, gross proceeds of sales, or gross income of the business, as the case may be, subject to tax after all allowable deductions, will be less than Fifty Thousand Dollars (\$50,000) in the current calendar year may file a declaration so stating on a form supplied by the Director at the same time he or she files his or her application for a business license or a renewal. The Director may assign any person who files such declaration to an annual reporting basis. Regardless of reporting period assigned, any person whose value of products, gross proceeds of sales, or gross income of the business, subject to tax after all allowable deductions, does not exceed the threshold amount in the current calendar year, shall file a return, declare no tax due on their return, and submit the return to the Director. The gross receipts and deduction amounts shall be entered on the tax return even though no tax may be due.

E. A taxpayer who commences to engage in business activity shall file a return and pay the tax or fee for the portion of the reporting period during which he or she is engaged in business activity subject to the conditions set forth in subsection D, above.

F. Except as otherwise specifically provided by any other provision 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 legal holiday, in which case the last day of such period shall be the next succeeding day which is neither a Saturday, Sunday or legal holiday.

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

(Ord. 120668 § 4(part), 2001.)

5.55.050 Payment methods—Mailing returns or remittances—Time extension—Deposits—Recording payments—Payment must accompany return—NSF checks.

A. Taxes shall be paid to the Director in United States currency by bank draft, certified check, cashier's check, personal check, money order, cash, or by wire transfer or electronic payment if such wire transfer or electronic payment is authorized by the Director. If payment so received is not paid by the bank on which it is drawn, the taxpayer, by whom such payment is tendered, shall remain liable for payment of the tax and for all legal penalties, the same as if such payment had not been tendered. Acceptance of any sum by the Director shall not discharge the tax or fee due unless the amount paid is the full amount due.

B. A return or remittance which is transmitted to the City by United States mail shall be deemed filed or received on the date shown by the cancellation mark stamped by the post office upon the envelope containing it. The Director may allow electronic filing of returns or remittance from any taxpayer. A return or remittance that is transmitted to the City electronically shall be deemed filed or received according to procedures set forth by the Director.

C. If a written request therefor is received prior to the due date, the Director, for good cause, may grant, in writing, additional time within which to make and file returns.

D. The Director shall keep full and accurate records of all funds received or refunded. The Director shall apply payments first against all license fees, then penalties, then interest owing, and finally upon the tax, without regard to any direction of the taxpayer.

E. For any return not accompanied by a remittance of the tax shown to be due thereon, the taxpayer shall be deemed to have failed or refused to file a return and shall be subject to the penalties and interest provided in this chapter.

F. Any payment made that is returned for lack of sufficient funds or for any other reason will not be considered received until payment by certified check, money order, or cash of the original amount due, plus a "non-sufficient funds" (NSF) charge of Twenty Dollars (\$20) is received by the Director. Any license issued upon payment with a NSF check will be considered void, and shall be returned to the Director. No license shall be reissued until payment (including the NSF Fee of Twenty Dollars (\$20)) is received.

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

(Ord. 120668 § 4(part), 2001.)

5.55.060 Records to be preserved— Examination—Estoppel to question assessment.

A. Every person liable for any fee or tax imposed by this chapter, SMC Chapters 5.32, 5.40, 5.45, 5.48, and 5.52 shall keep and preserve, for a period of five (5) years after filing a tax return, such records as may be necessary to determine the amount of any fee or tax for which the person may be liable; which records shall include copies of all federal income tax and state tax returns and reports made by the person. All places of business, books, records, papers, invoices, ticket stubs, vendor lists, gambling games and payout information, inventories, stocks of merchandise, and other data, including federal income tax and state tax returns, and re-

ports needed to determine the accuracy of any taxes due, shall be open for inspection or examination at any time by the Director or a duly authorized agent.

B. If a person does not keep the necessary books and records within the City, it shall be sufficient if such person:

1. Produces within the City such books and records as may be required by the Director; or

2. 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. Any person who fails, or refuses a Department request, to provide or make available records or information contained in subsection A, shall be forever barred from questioning in any court action, the correctness of any assessment of taxes made by the City based upon any period for which such books, records, and invoices have not been so kept and preserved. The Director is authorized to determine the amount of the tax or fees payable by obtaining facts and information upon which to base the estimate of the tax or fees due. Such fee or tax assessment shall be deemed prima facie correct and shall be the amount of tax owing the City by the taxpayer. The Director shall notify the taxpayer by mail of the amount of tax so determined, together with any penalty, interest and fees due; the total of such amounts shall thereupon become immediately due and payable.

(Ord. 120668 § 4(part), 2001.)

5.55.070 Accounting methods.

A. A taxpayer may file tax returns in each reporting period with amounts based upon cash receipts only if the taxpayer's books of account are kept on a cash receipts basis. A taxpayer who does not regularly keep books of account on a cash receipts basis must file returns with amounts based on the accrual method.

B. The taxes imposed and the returns required, hereunder, shall be upon a calendar year basis.

(Ord. 120668 § 4(part), 2001.)

5.55.080 Public work contracts—Payment of fee and tax before final payment for work.

The Director, before issuing any final payment to any person performing any public work contract for the City, may require such person to pay in full all license fees or taxes due under SMC Title 5 from such person on account of such contract or otherwise, and may require such taxpayer to file with the Director a verified list of all subcontractors supplying labor and/or materials to the person in connection with said public work.

(Ord. 120668 § 4(part), 2001.)

5.55.090 Underpayment of tax, interest, or penalty—Interest—Limitations.

A. If, upon examination of any returns, or from other information obtained by the Director, it appears that an amount of tax less than that properly due has been paid, the Director shall add interest thereto as provided in subsection B of this section. Interest shall be added to delinquent tax only and shall not be calculated upon penalty or interest.

B. Interest calculations on underpayments:

1. Interest on underpayments of taxes for periods prior to the effective date of Ordinance 120668 shall be computed from the date of underpayment until paid at a rate of ten (10) percent per year on the balance due.

2. Interest on underpayments of taxes for periods beginning on or after the effective date of Ordinance 120668 shall be computed from the last day of the month following the end of the reporting period and will continue to accrue until payment is made. In case of a deficiency assessment the interest shall be computed from the first day of the month following each calendar year or portion thereof included in the audit period. The rate of interest to be charged to the taxpayer shall be an average of the federal short-term rate as defined in 26 U.S.C. Sec. 1274(d) plus two (2) percentage points. The rate shall be computed by taking an arithmetical average to the nearest percentage point of the federal short-term rate, compounded annually, for the months of January, April, July, and October of the year immediately preceding the calendar year as published by the United States Secretary of the Treasury. The rate shall be adjusted on the first day of January of each year for use in computing interest for that calendar year.

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(Ord. 120668 § 4(part), 2001.)

5.55.095 Time in which assessment may be made.

The Director shall not assess, or correct an assessment of; additional taxes or assessable penalties more than four (4) years after the close of the calendar year in which they were due with the following exceptions:

1. Against a person who is not currently registered or licensed or has not filed a tax return as required by this chapter, for taxes due within the period commencing ten (10) years prior to the close of the calendar year in which the person was contacted in writing by the Director;

2. Against a person that has committed fraud or who misrepresented a material fact, for all taxes due; or

3. Against a person that has executed a written waiver of such limitations, for taxes due within the period authorized by the waiver.

B. The Director shall notify the person by mail of the amount of the deficiency, which shall become due and shall be paid within thirty (30) days from the date of the notice, or within such time as the Director may provide in writing.

(Ord. 120668 § 4(part), 2001.)

5.55.100 Overpayment of tax, penalty, or interest—Credit or refund—Interest rate—Statute of limitations.

A. If, upon receipt of an application for a refund, or during an audit or examination of the taxpayer's records and tax returns, the Director determines that the amount of tax, penalty, or interest paid is in excess of that properly due, the excess amount shall be credited to the taxpayer's account or shall be refunded to the taxpayer. Except as provided in subsection B of this section, no refund or credit shall be made for taxes, penalties, or interest paid more than four (4) years prior to the beginning of the calendar year in which the refund application is made or examination of records is completed.

B. The execution of a written waiver, pursuant to SMC 5.55.095, shall extend the time for applying for, or making, a refund or credit of any taxes paid during, or attributable to, the years covered by the waiver if, prior to the expiration of the waiver period, an application for refund of such taxes is made

by the taxpayer or the Director discovers that a refund or credit is due.

C. Refunds shall be made by means of vouchers approved by the Director and by the issuance of a City check, warrant or wire transfer drawn upon and payable from such funds as the City may provide.

D. Any final judgment for which a recovery is granted by any court of competent jurisdiction for tax, penalties, interest or costs paid by any person shall be paid in the same manner, as provided in subsection C of this section, upon the filing with the Director a certified copy of the order or judgment of the court.

E. Interest calculation on refunds or overpayments.

1. No interest shall be allowed on any refund or credit granted for tax periods ending prior to September 5, 1999.

2. Interest on overpayments of taxes for periods beginning on or after September 5, 1999, and ending prior to January 1, 2002, shall be computed at five (5) percent per annum.

3. Interest on overpayments of taxes for periods beginning on or after January 1, 2002, shall be the federal short term interest rate for underpayments under SMC 5.55.090 B less two (2) percentage points.

(Ord. 120668 § 4(part), 2001.)

5.55.110 Late payment—Disregard of written instructions—Evasion—Penalties.

A. If the Director does not receive payment of any tax shown as due on a return filed by a taxpayer, the Director shall add a penalty equal to the greater of five (5) percent of the amount of the tax, or Ten Dollars (\$10); and if the tax is not received on or before the last day of the month following the due date, the Director shall add a total penalty equal to the greater of ten (10) percent of the amount of the tax, or Fifteen Dollars (\$15); and if the tax is not received on or before the last day of the second month following the due date, the Director shall add a total penalty equal to the greater of twenty (20) percent of the amount of the tax, or Twenty Dollars (\$20).

B. If payment of any tax deficiency assessed by the Director is not received by the due date specified in the notice, or any extension thereof, the Director shall add a penalty equal to the greater of ten

(10) percent of the amount of the additional tax found due, or Ten Dollars (\$10).

C. If a citation or criminal complaint is issued by the Director for the collection of taxes, fees, 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).

D. If the Director determines that all or any part of a deficiency resulted from the taxpayer's failure to follow specific written tax reporting instructions, there shall be assessed a penalty of twenty-five (25) percent of the amount of the additional tax due.

1. A taxpayer fails to follow specific written tax reporting 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. The Director shall not assess the penalty under this subsection, SMC 5.55.110 D, upon any taxpayer that has made a good faith effort to comply with the specific written instructions provided by the Director to that taxpayer.

2. Specific written instructions may be given as a part of a tax assessment, audit, determination or closing agreement, provided that such specific written instructions shall apply only to the taxpayer addressed or referenced on such documents.

3. Any specific written instructions by the Director 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.

E. If the Director finds that all or any part of the deficiency resulted from an intent to evade the tax payable, the Director shall assess a penalty of fifty (50) percent of the additional found to be due.

F. The aggregate of penalties imposed under subsections A and B, above, of this section shall not exceed thirty (30) percent of the tax due, and shall not be less than Twenty Dollars (\$20). This subsection does not prohibit or restrict the application of other penalties authorized by law.

G. The penalties authorized by subsections D and E of this section shall be assessed in accordance with the provisions of this chapter governing assessment of tax deficiencies. The Director shall not impose both the evasion penalty and the penalty for disregarding specific written instructions on the same tax found to be due.

(Ord. 120668 § 4(part), 2001.)

5.55.120 Cancellation of penalties.

A. The Director may cancel any penalties imposed by SMC subsections 5.55.110 A and B if the taxpayer shows that its failure to timely file or pay the tax was due to reasonable cause and not willful neglect. Willful neglect is presumed unless the taxpayer shows that it exercised ordinary business care and prudence in making arrangements to file the return and pay the tax but was, nevertheless, due to circumstances beyond its control, unable to file or pay by the due date. The Director has no authority to cancel any other penalties or to cancel penalties for any other reason except as provided in subsection C of this section.

B. A request for cancellation of penalties must be received by the Director within thirty (30) days after the date the Department mails the notice that the penalties are due. The request must be in writing and contain competent proof of all pertinent facts supporting a reasonable cause determination. In all cases the burden of proving the facts rests upon the taxpayer.

C. The Director may cancel the penalties imposed by SMC subsections 5.55.110 A and B one time only if a person:

1. Is not currently licensed and filing returns;
2. Was unaware of its responsibility to file and pay tax;
3. Obtained business licenses and filed past due tax returns within thirty (30) days after being notified by the Department; and
4. Owes no tax for the delinquent tax periods.

D. The Director shall not cancel any interest charged upon amounts due.

E. The Director of Finance shall adopt administrative rules for the cancellation of penalties imposed under this chapter.
(Ord. 120794 § 121, 2002; Ord. 120668 § 4(part), 2001.)

5.55.130 Taxpayer quitting business— Liability of successor.

A. Whenever any taxpayer quits business, sells out, exchanges, or otherwise disposes of his business or his stock of goods, any tax payable hereunder shall become immediately due and payable. Such taxpayer shall, within ten (10) days thereafter, make a return and pay the tax due.

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B. Any person who becomes a successor shall be liable for the full amount of any tax owing. The successor shall withhold from the purchase price a sum sufficient to pay any tax due to the City from the taxpayer until such time as:

1. The taxpayer shall produce a receipt from the City showing payment in full of any tax due or a certificate that no tax is due; or

2. More than six (6) months has passed since the successor notified the Director of the acquisition and the Director has not issued and notified the successor of an assessment.

C. Payment of the tax by the successor shall, to the extent thereof, be deemed a payment upon the purchase price. 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.

D. Notwithstanding the above, if a successor gives written notice to the Director of the acquisition, and the Department does not within six (6) months of the date it received the notice issue an assessment against the taxpayer and mail a copy of that assessment to the successor, the successor shall not be liable for the tax.

(Ord. 120668 § 4(part), 2001.)

5.55.140 Review of Director's assessment or denial of refund.

A. Any person, except one who has failed to provide or to keep and preserve books, records and invoices as required in this chapter, aggrieved by the amount of the tax, fee or penalty assessed by the Director, or by the denial of a refund by the Director of Finance, may, having paid any tax, fee, interest or penalty owing, except as provided in subsection C below:

1. Appeal the Director's deficiency assessment or refund denial to the Hearing Examiner by filing a petition for review with the Office of the Hearing Examiner; or

2. File a complaint in King County Superior Court for refund of taxes paid.

The petition or complaint shall be filed within thirty (30) days from the date that the assessment or denial notice was mailed to the taxpayer, or within the period covered by any extension of said due date granted in writing by the Director. The Director may extend the due date for filing an appeal with the Hearing Examiner or a refund suit with the Superior Court only if the taxpayer, within the thirty

(30) day period, makes written application showing good cause why an extension is necessary.

B. The Director's assessment or refund denial shall be regarded as prima facie correct, and the person shall have the burden to prove that the tax assessed or paid by him is incorrect, either in whole or in part, and to establish the correct amount of tax.

C. Except as provided in SMC subsection 5.55.150 B, assessments totaling less than Fifty Thousand Dollars (\$50,000) (including penalty and interest) may be appealed to the Hearing Examiner without prior payment.

D. The methods for obtaining review of the Director's assessment or refund denial set forth in this section are exclusive, and must be strictly complied with.

(Ord. 120794 § 122, 2002: Ord. 120668 § 4(part), 2001.)

5.55.150 Appeal to the Hearing Examiner.

A. A person electing to appeal to the Hearing Examiner must provide a copy of the petition to the 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 Director and City Attorney within the thirty (30) day period, and a complaint is not filed, the assessment covered by the notice shall become final and no refund request may be made for the audit period covered in that assessment.

B. The petition shall set forth the reasons why the assessment should be reversed or modified. The petition shall also include the amount of the tax, fee, interest or penalties that the taxpayer believes to be due. If the assessment is less than Fifty Thousand Dollars (\$50,000) the taxpayer shall pay that portion of the assessment, if any, conceded to be due. If the appeal is from the denial of a refund, the petition shall set forth the amount of refund or credit the believes to be due.

C. 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).

D. 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

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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. The City Attorney shall seek enforcement of a Hearing Examiner subpoena in an appropriate court.

E. The Hearing Examiner shall ascertain the correct amount of the tax, fee, interest or penalty due either by affirming, reversing or modifying an action of the Director. Reversal or modification is proper if the Director's assessment or refund denial violates the terms of this chapter, or SMC Chapters 5.30, 5.32, 5.40, 5.45, 5.48 or 5.52. (Ord. 120794 § 123, 2002; Ord. 120668 § 4(part), 2001.)

5.55.160 Judicial Review of the Hearing Examiner's decision.

A. The taxpayer, any other person beneficially interested, or the Director of Finance, may obtain judicial review of the decision of the Hearing Examiner by applying for a Writ of Review in the King County Superior Court within fourteen (14) days from the date of the decision in accordance with the procedure set forth in Chapter 7.16 RCW, other applicable law and court rules.

B. The decision of the Hearing Examiner shall be final and conclusive unless review is sought in compliance with this section. (Ord. 120668 § 4(part), 2001.)

5.55.165 Director of Finance to make rules.

The Director of Finance 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, SMC Chapters 5.30, 5.32, 5.40, 5.45, 5.48, 5.52 or with law for the purpose of carrying out the provisions of such chapters, and it shall be unlawful to violate or fail to comply with, any such rule or regulation. (Ord. 120794 § 124, 2002; Ord. 120668 § 4(part), 2001.)

5.55.170 Ancillary authority of Director.

The Director is authorized to enter into agreements with other Washington cities that impose an "eligible gross receipts tax":

A. To conduct an audit or a joint audit of a taxpayer by using an auditor employed by the City of

Seattle, another city, or a contract auditor; provided that such contract auditor's pay is not in any manner based upon the amount of tax assessed;

B. To allocate or apportion the gross proceeds of sales, gross receipts, or gross income of the business, or taxes due from any person that is required to pay an eligible gross receipts tax to more than one Washington city; or

C. To apply the City's tax prospectively where a taxpayer has no office or place of business within the City and has paid tax on all gross income to another Washington city where the taxpayer is located; provided that the other city maintains an eligible gross receipts tax, and the income was not derived from contracts with the City. (Ord. 120668 § 4(part), 2001.)

5.55.180 Mailing of notices.

Any notice required by this chapter to be mailed to any taxpayer or licensee shall be sent by ordinary mail, addressed to the address of the taxpayer or licensee as shown by the records of the Director. Failure of the taxpayer or licensee to receive any such mailed notice shall not release the taxpayer or licensee 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. It is the responsibility of the taxpayer to inform the Director in writing of a change in the taxpayer's address. (Ord. 120668 § 4(part), 2001.)

5.55.190 Tax declared additional.

The license fee and tax herein levied shall be additional to any license fee or tax imposed or levied under any law or any other ordinance of the City of Seattle except as herein otherwise expressly provided. (Ord. 120668 § 4(part), 2001.)

**5.55.200 Public disclosure—
Confidentiality—Information sharing.**

A. For purposes of this section, unless a different meaning is clearly established by context, the following definitions apply:

1. "Disclose" means to make known to any person in any manner.
2. "Tax information" means:
 - a. A taxpayer's identity;

b. The nature, source or amount of the taxpayer's income, payments, receipts, deductions, exemption, credits, assets, liability, net worth, tax liability deficiencies, over assessments, or tax payments, whether taken from the taxpayer's books and records or any other source;

c. Whether the taxpayer's return was, is being, or will be examined or subject to other investigation or processing; or

d. Other data received by, recorded by, prepared by, or provided to the Director with respect to a taxpayer.

Provided that tax information shall not include data, material, or documents that do not disclose information related to a specific or identifiable taxpayer.

B. Tax returns and information are "public records" as that term is defined in RCW 42.17.020. The Director shall not disclose tax information if disclosure would violate RCW Chapter 42.17 or any other law prohibiting disclosure.

C. Tax information may be disclosed to the following:

1. The Mayor, members of the City Council, City Attorney, City Clerk, Director of Finance or their authorized designees, for official purposes;

2. Any agency or officer of the United States of America, the State of Washington, or a tax department of any state, county, city or town, provided that the agency or officer grants substantially similar privileges to the City, and further provided that the agency or officer shall not further disclose the tax information except as authorized in this section.

D. Nothing in this section shall prevent the use of tax information by the Director or any other agency in any civil or criminal action involving any license, tax, interest, or penalty.

E. A person disclosing tax information to a person not entitled to receive that information under this section is guilty of a misdemeanor, and if the person violating this privacy requirement is an officer or employee of the City, such person may be required to forfeit their office or employment.

(Ord. 120794 § 125, 2002; Ord. 120668 § 4(part), 2001.)

5.55.210 Tax constitutes debt.

Any license fee or tax 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 in the same manner as any other debt in like amount, which remedy shall be in addition to all other existing remedies.

(Ord. 120668 § 4(part), 2001.)

5.55.220 Unlawful actions—Violation—Penalties.

A. It shall be unlawful for any person liable for amounts due under this chapter, or SMC Chapters 5.32, 5.40, 5.45, 5.48 and 5.52:

1. To violate or fail to comply with any of the provisions of this chapter, SMC Chapters 5.32, 5.40, 5.45, 5.48 and 5.52, or any lawful rule or regulation adopted by the Director;

2. To make or manufacture any license required by this chapter except upon of the Director;

3. To make any false statement on any license, application or tax return;

4. To aid or abet any person in any attempt to evade payment of a license fee or tax;

5. To refuse admission to the Director to inspect the premises and/or records as required by this chapter, or to otherwise interfere with the Director in the performance of duties imposed by SMC Chapters 5.32, 5.40, 5.45, 5.48 and 5.52;

6. To fail to appear or testify in response to a subpoena issued pursuant to SMC Section 3.02.120 in any proceeding to determine compliance with this chapter and SMC Chapters 5.32, 5.40, 5.45, 5.48 and 5.52;

7. To testify falsely in any investigation, audit or proceeding conducted pursuant to this chapter; or

8. In any manner, to hinder or delay the City or any of its officers in carrying out the provisions of this chapter or SMC Chapters 5.32, 5.40, 5.45, 5.48 and 5.52.

B. Each violation of or failure to comply with the provisions of this chapter, or SMC Chapters 5.32, 5.40, 5.45, 5.48 or 5.52 shall constitute a separate offense. Any person who commits an act defined in subsection A of this section is guilty of a gross misdemeanor, punishable in accordance with SMC Section 12A.02.070. The provisions of Chapters 12A.02 and 12A.04 5 of the Seattle Municipal Code apply to the offenses defined in subsection A of this section, except that liability is absolute and none of the mental states described in SMC Section 12A.04.030 need be proved.

C. Any person, or officer of a corporation, convicted of continuing to engage in business after the

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revocation of a license shall be guilty of a class C felony in accordance with RCW 9A.20.

D. Prosecution pursuant to this section shall not be commenced more than four (4) years after the Director knew or should have known that the act(s) constituting the offense occurred. The penalties and punishments established by this section shall be in addition to all other penalties provided by law. (Ord. 120668 § 4(part), 2001.)

5.55.230 Suspension or revocation of business license.

A. The Director, or his or her designee, shall have the power and authority to suspend or revoke any business license or amusement device license issued under the provisions of this chapter. The Director, or his or her designee, shall notify such licensee in writing by certified mail of the suspension or revocation of his or her license and the grounds therefor. Any license issued under this chapter may be suspended or revoked based on one or more of the following grounds:

1. The license was procured by fraud or false representation of fact.
2. The licensee has failed to comply with any provisions of this chapter.
3. The licensee has failed to comply with any provisions of SMC Chapters 5.32, 5.40, 5.45, 5.48 or 5.52.
4. The licensee is in default in any payment of any license fee or tax under Title 5 or Title 6.

B. Any licensee may, within thirty (30) days from the date that the suspension or revocation notice was mailed to the licensee, appeal from such suspension or revocation by filing a written notice of appeal (“petition”) setting forth the grounds therefor with the Office of the Hearing Examiner. The licensee must provide a copy of the petition to the Director and the City Attorney on or before the date the petition is filed with the Hearing Examiner. 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). The Hearing Examiner shall set a date for hearing said appeal and notify the licensee by mail of the time and place of the hearing. After the hearing thereon the Hearing Examiner shall, after appropriate findings of fact, and conclusions of law, affirm, modify or overrule the suspension or revocation and reinstate the license, and may im-

pose any terms upon the continuance of the license which the Hearing Examiner may deem advisable.

No suspension or revocation of a license issued pursuant to the provisions of this chapter shall take effect until thirty (30) days after the mailing of the notice thereof by the Director, 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 Director 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.

C. Upon revocation of any license no portion of the license fee shall be returned to the licensee. (Ord. 120794 § 126, 2002; Ord. 120668 § 4(part), 2001.)

5.55.235 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. 120668 § 4(part), 2001.)

5.55.240 Closing agreement provisions.

The Director may enter into an agreement in writing with any person relating to the liability of such person in respect of any tax imposed by any of the chapters within this title and administered by the Director for any taxable period(s). Upon approval of such agreement, evidenced by execution thereof by the Director and to the person so agreeing, the agreement shall be final and conclusive as to the tax liability or tax immunity covered thereby, and, except upon a showing of fraud or malfeasance, or misrepresentation of a material fact:

A. The case shall not be reopened as to the matters agreed upon, or the agreement modified, by the Director or the taxpayer; and

B. In any suit, action or proceeding, such agreement, or any determination, assessment, collection, payment, abatement, refund or credit made

in accordance therewith, shall not be annulled, modified, set aside, or disregarded.
(Ord. 120668 § 4(part), 2001.)

5.55.250 Charge-off of uncollectible taxes.

The Director may charge off any tax, penalty or interest that is owed by a taxpayer, if the Director ascertains that the cost of collecting such amounts would be greater than the total amount that is owed or likely to be collected from the taxpayer.
(Ord. 120668 § 4(part), 2001.)

5.55.260 Personal liability of persons in control of admission taxes.

In addition to persons liable for tax pursuant to SMC Section 5.40.070:

A. Any individual who is responsible for collecting, accounting for or paying over the admission tax imposed by SMC Chapter 5.40, and who willfully fails to collect, account for or pay over such tax, or willfully attempts to evade or defeat such tax or the payment thereof, shall, in addition to other penalties provided by law, be liable to pay the total amount of the tax evaded, not collected, or not accounted for and paid over.

B. An individual is responsible for collecting, accounting for, or paying over the tax if he has control over, or supervision of, the receipt of admissions charges, the filing of returns or the remittance of the tax.

C. For purposes of this section, "willfully" means that the failure was the result of an intentional, conscious and voluntary course of action.

D. An individual shall be liable only for taxes which became due during the period he was required to collect, account for and pay over the tax, plus interest and penalties on the tax.

E. An individual is not liable under this section if the failure to collect, account for or pay over the tax is due to reasons beyond his control, as determined by rules promulgated by the Director of Finance.

F. The Director shall assess the liability in the same manner as a tax deficiency pursuant to SMC Section 5.55.095 and shall have the right of review provided by SMC Section 5.55.140. If not appealed within the time provided in section SMC Section 5.55.140, the assessment is final and no refund request may be made for the period covered in the assessment.

G. Once established, liability for the tax is joint and several. The Director may collect the total amount of tax, but not more, either from individuals liable under this section or persons liable under SMC Section 5.40.070, or both. This section does not relieve persons of other tax liabilities or otherwise impair other tax collection remedies afforded by law.
(Ord. 120794 § 127, 2002: Ord. 120668 § 4(part), 2001.)

5.55.270 Severability

If any part, provision or section of this chapter is held to be 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. 120668 § 4(part), 2001.)

**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.

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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,

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.)

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

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has been established by the State Act at twelve percent (12%) of taxable rent. The administration and collection of the tax shall be 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 Director of Executive Administration 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. 120794 § 128, 2002; 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 Director of Executive Administration 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. 120794 § 129, 2002; Ord. 116368 § 168, 1992; Ord. 105679 § 4, 1976.)

**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 (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 (3/10) of one percent (1%) effective July 1, 1983, increasing to five-tenths (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.)

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5.60.030 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. 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 Director of Executive Administration at least monthly and, upon receipt, deposited in the Cumulative Reserve Fund for municipal capital improvements, including those listed in RCW 35.43.040. (Ord. 120794 § 130, 2002; Ord. 116368 § 169, 1992; Ord. 110674 § 1(part), 1982.)

5.64.040 Lien 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.)

5.64.050 Seller'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.)

5.64.060 Notation 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.)

5.64.070 Date 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.)

5.64.080 Refunds 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.)

5.64.090 Apportionment.

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.)

5.64.100 Additional 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:

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

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.)

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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. 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 predominantly 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.

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:

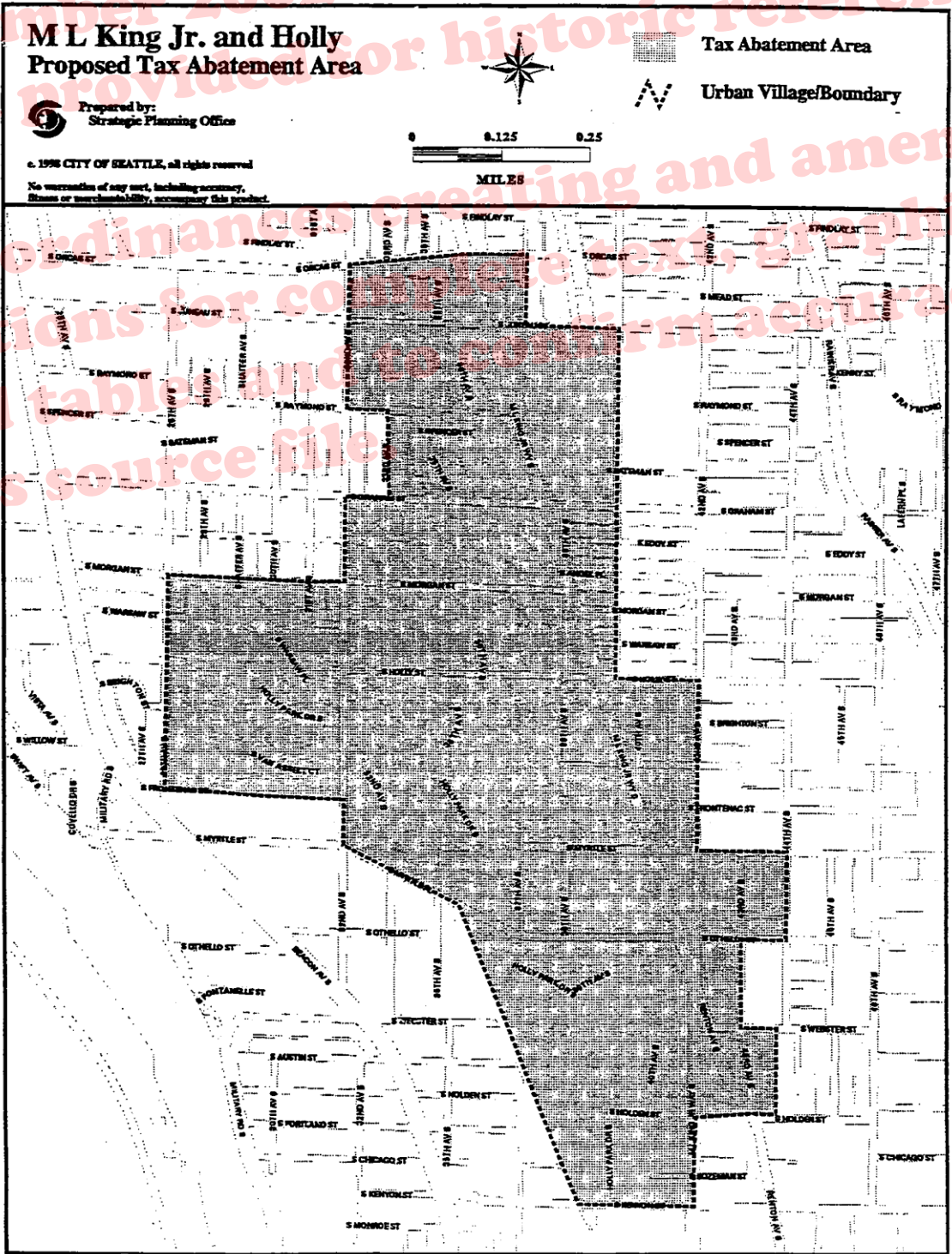
a. The failure to complete the replacement housing is due to circumstances beyond the owner's control;

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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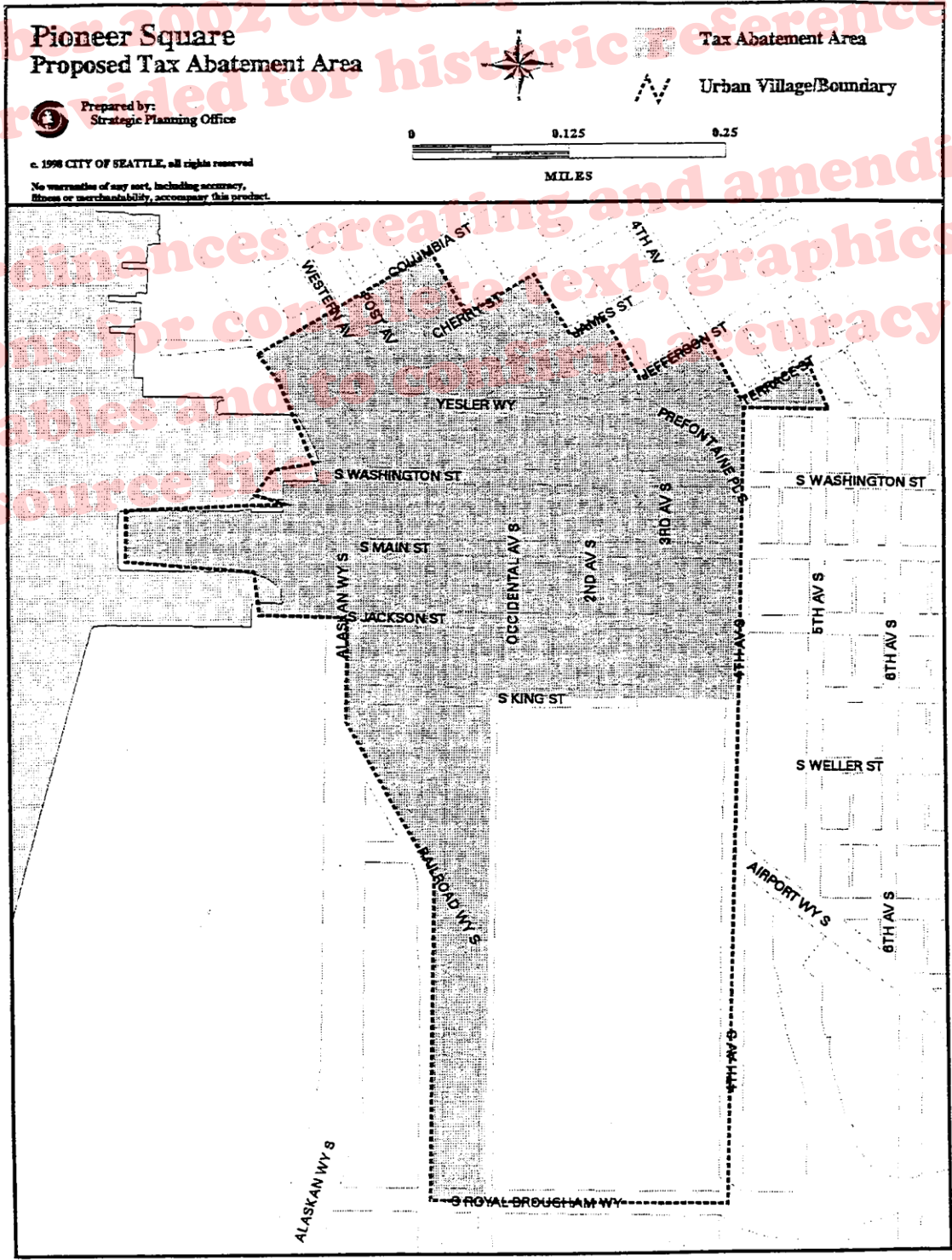
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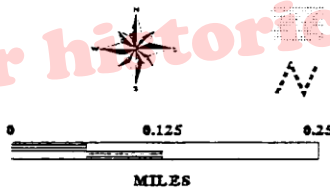
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International District
Proposed Tax Abatement Area

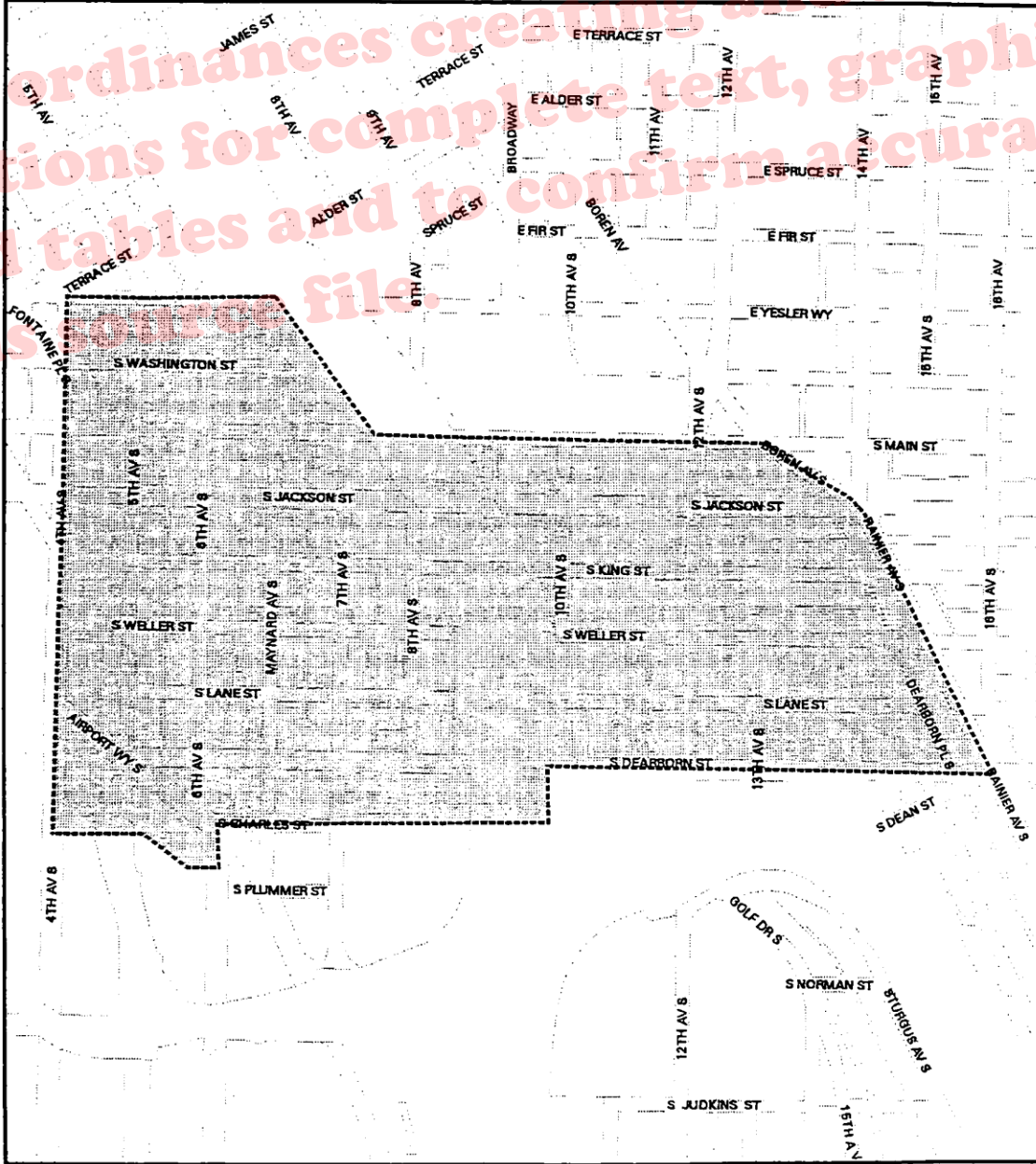


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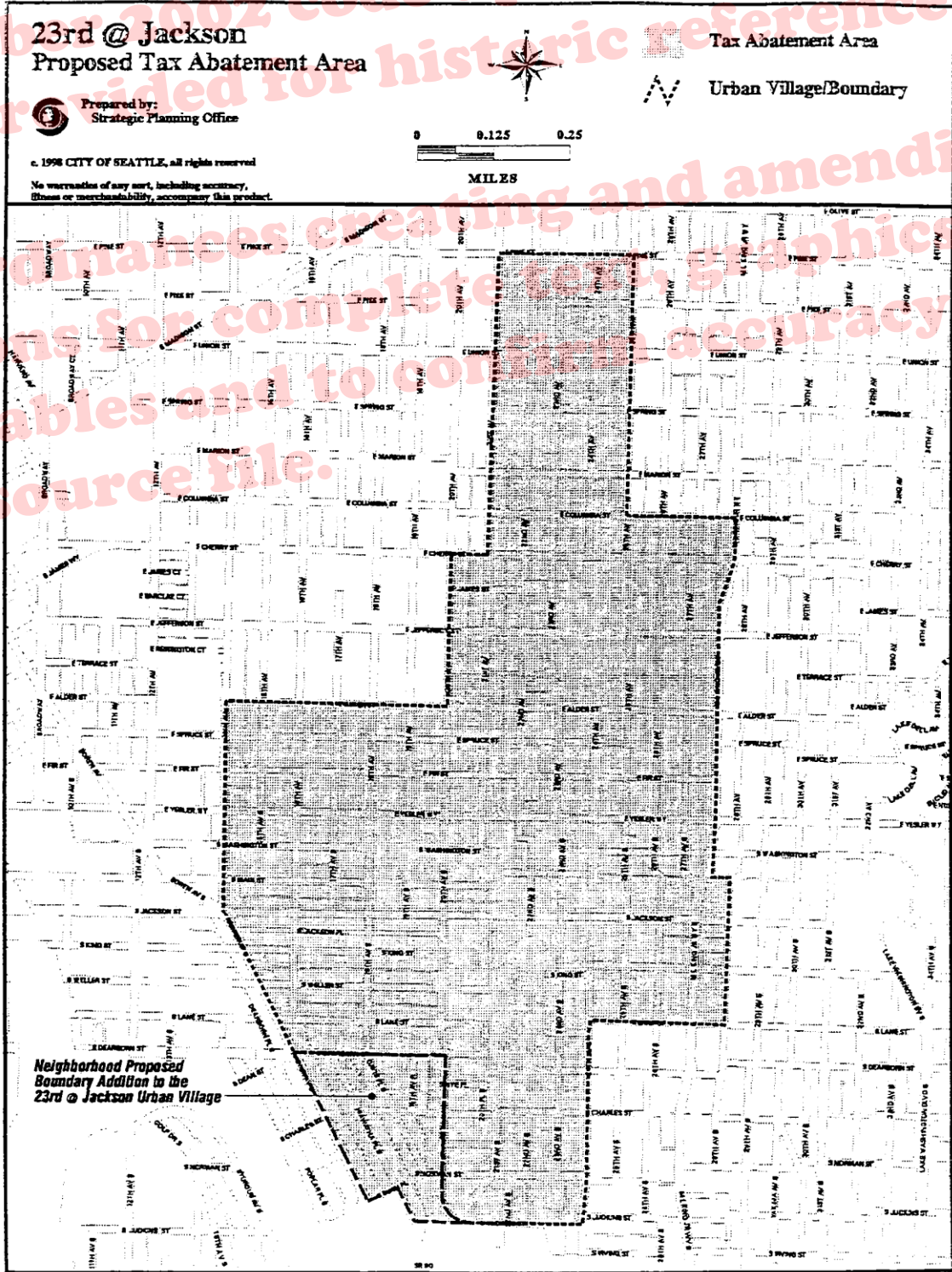


Tax Abatement Area
Urban Village/Boundary



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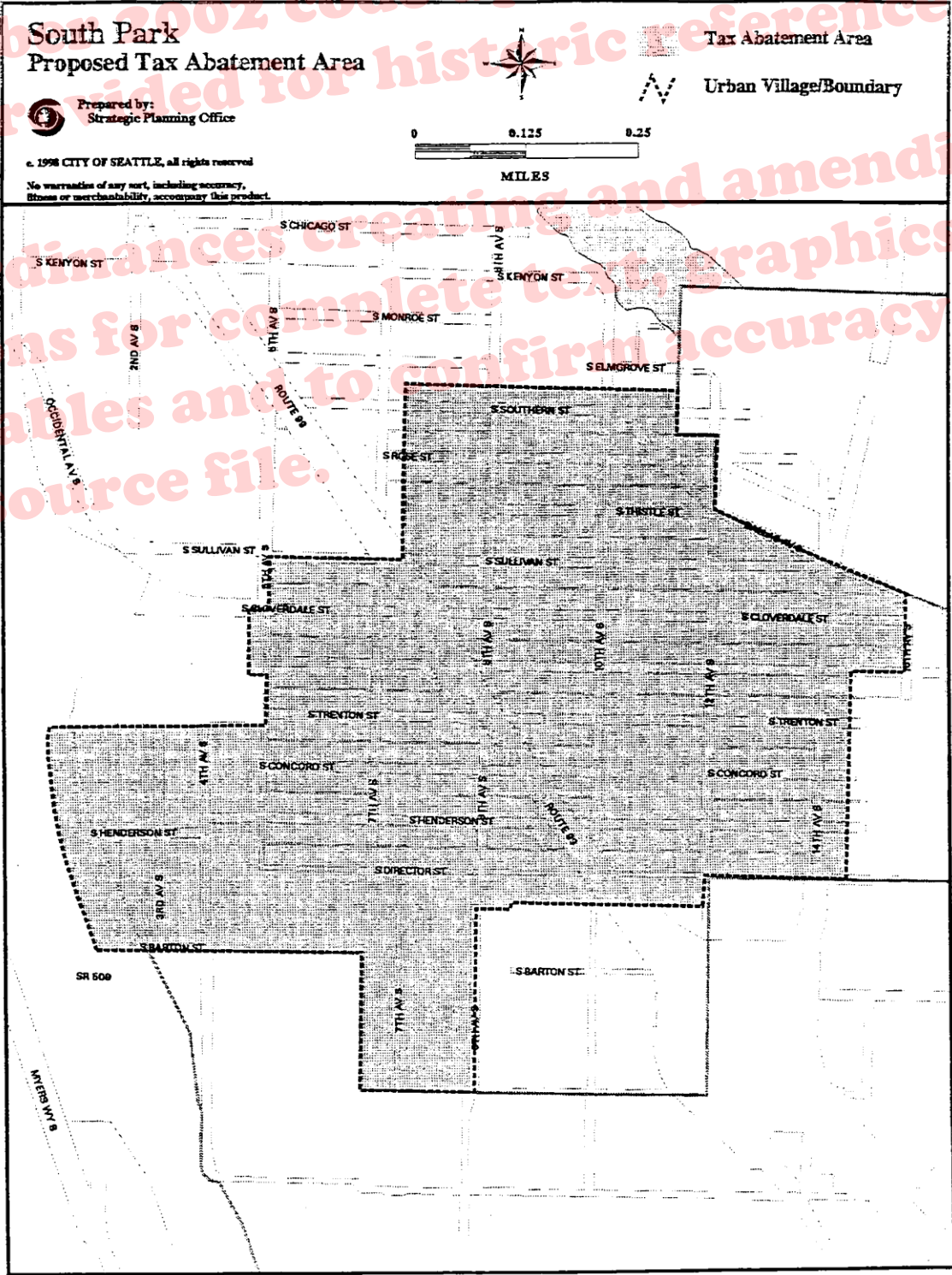
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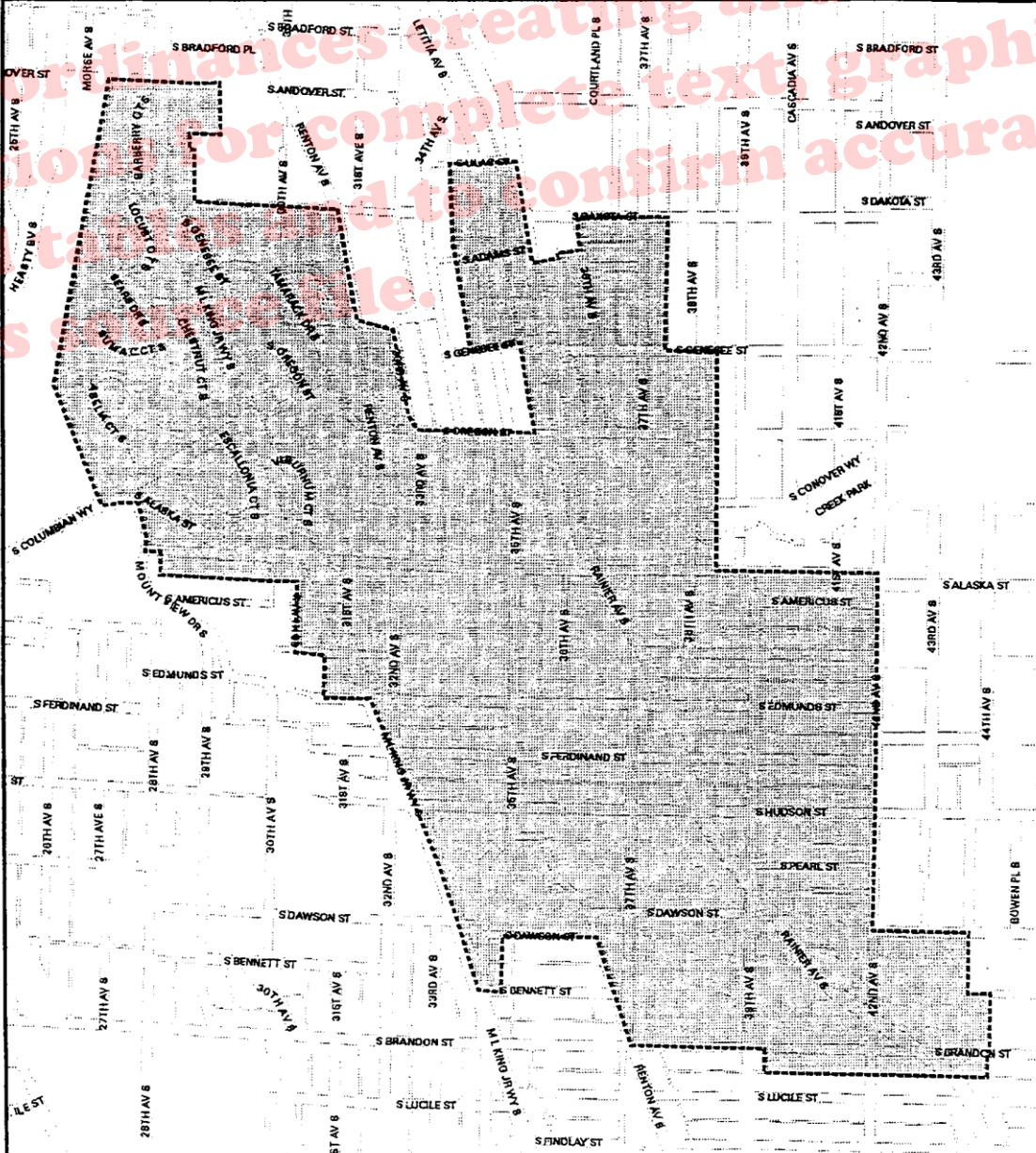
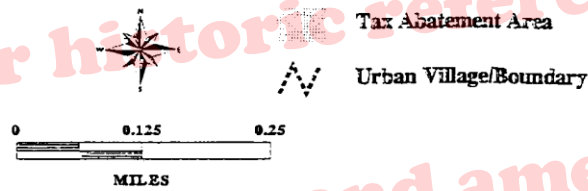
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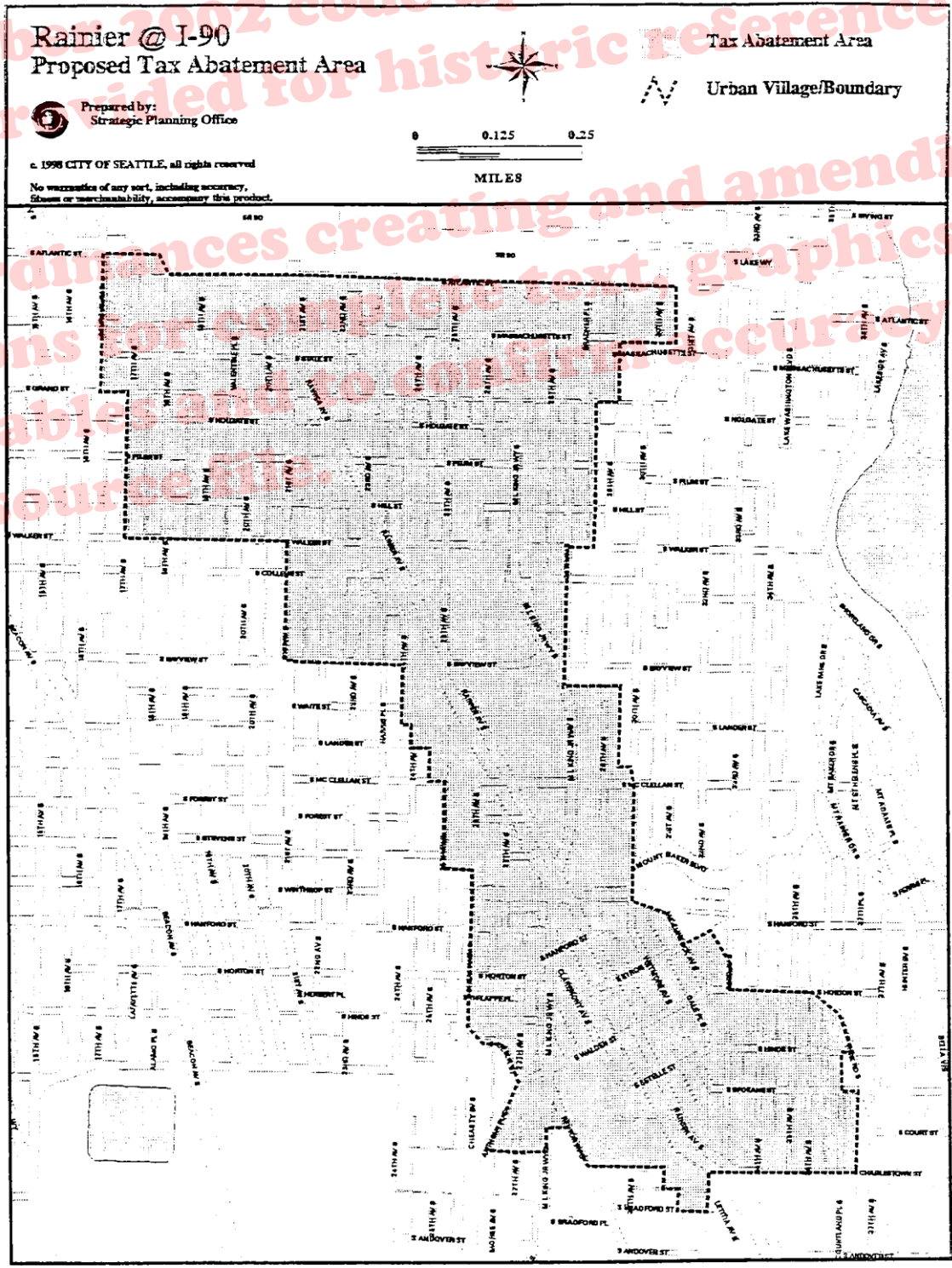
Columbia City Proposed Tax Abatement Area

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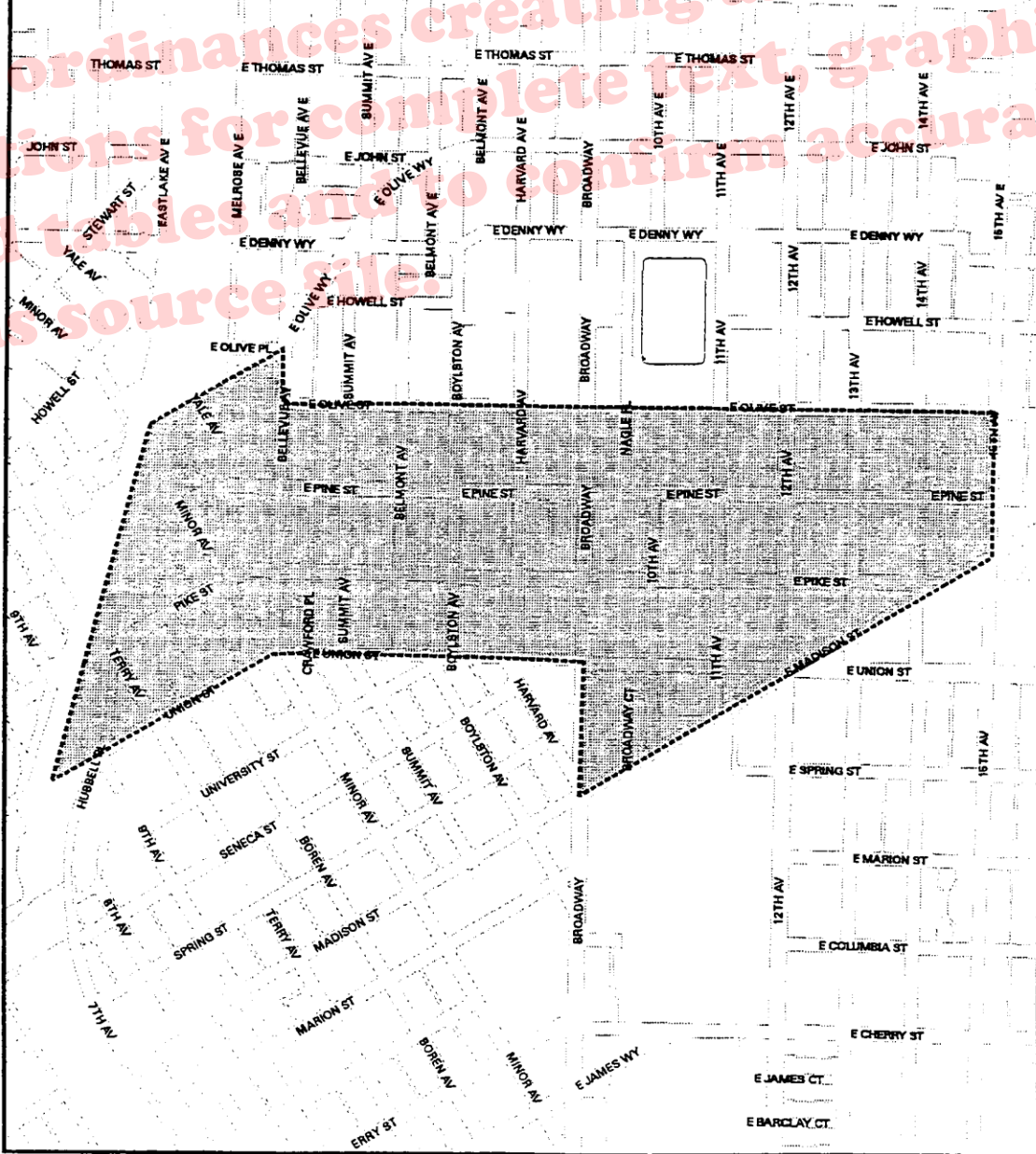
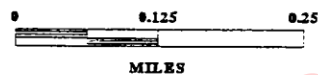
Pike-Pine Proposed Tax Abatement Area

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Tax Abatement Area
Urban Village/Boundary



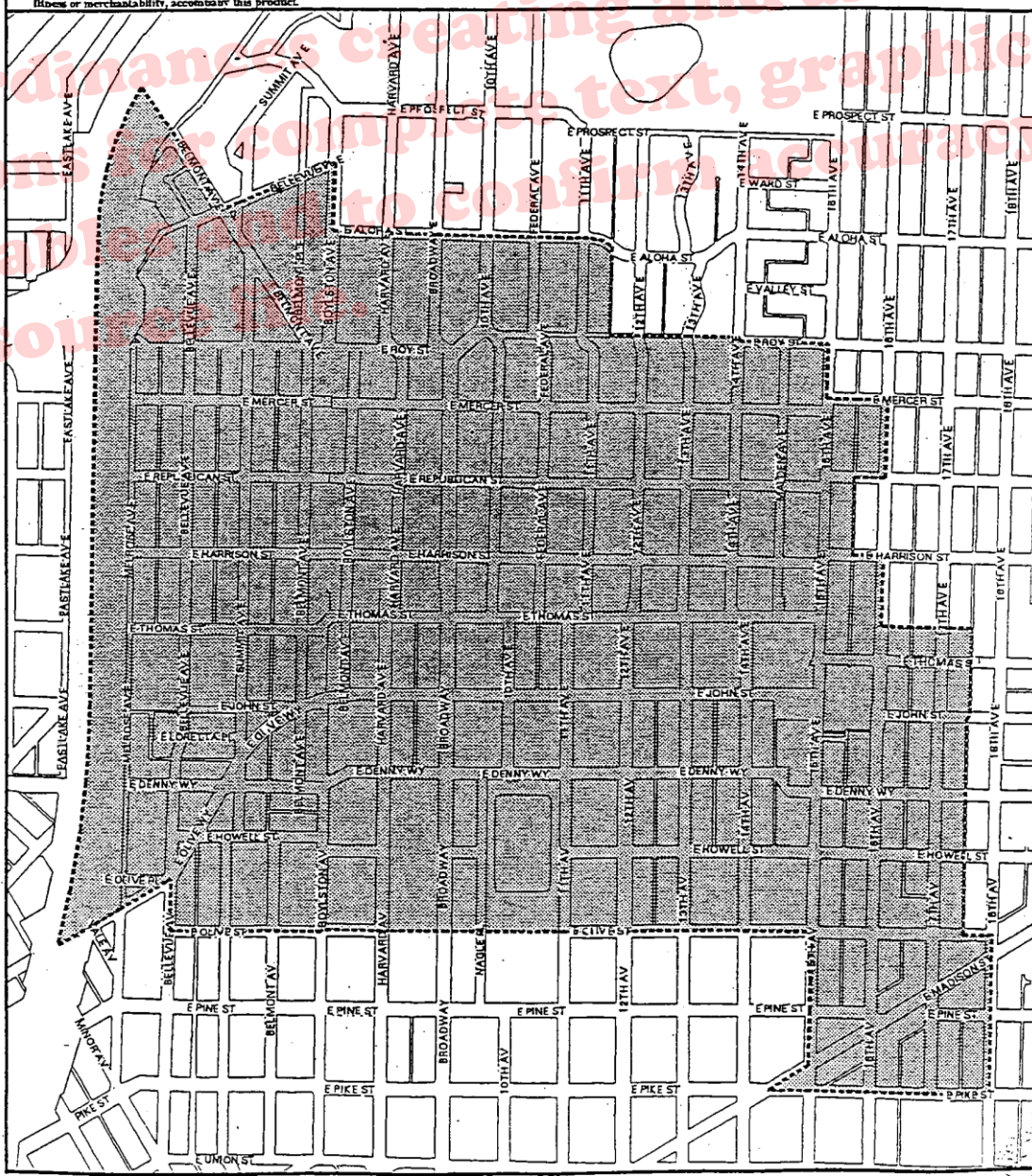
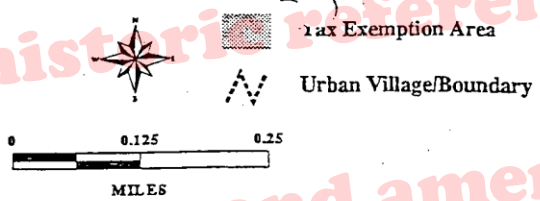
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Capitol Hill Tax Exemption Area

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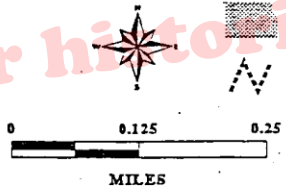


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Rainier Beach Tax Exemption Area

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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 substantially

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.

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

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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 5.72¹, 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.

(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 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 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 chapter¹, 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.)

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

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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, 120537
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
City Street Subfund	67365, 116441, 120537
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.....	116441, 117713, 118385, 120537
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 Accounting Unit	107599, 107600, 120537
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
Medic I Program Account	102770
Nutcracker Northwest Account	100562
OWR Public Information and Educational Materials Account	116598
Police Department Horse Patrol	110461, 110866
Police Officer of the Year Award Account	102977
PONCHO Display Case Account	103077
P-Patch Gardenship Account.....	118546
Seattle Arts Festival Account	101347
Seattle Center Gifts Account	106102
Tony Smith Sculpture Account	103334
Summer Youth Activities Account.....	97902
John N. Sylvester Playfield Internship Program Memorial Account	117273
Transportation Systems Management (TSM) Account	112514
Volunteer Park Conservatory Account.....	116399
Mrs. Betty Wile Levy Medical Aid Unit Memorial Account.....	108395
Zoo Parent Account	112504
General Fund106960	
Cumulative Reserve Subfund	81301, 116497, 117977
Capital Projects Account	116497, 117977
Major Maintenance Reserve Account	116497, 117256, 117977
Development Rights Subfund.....	117342, 117977
Election Campaign Account (See § 2.04.460).....	106653, 107772, 108130
Emergency Subfund.....	116642, 117977
Emergency Account	116642, 117977

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Seattle Municipal Code
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Supplemental Appropriation Account.....	116642, 117977
Group Term Life Insurance Subfund	117977
Health Care Subfund.....	114893, 117977
Industrial Insurance Subfund (See § 4.44.060).....	101715, 117977
Judgment/Claims Subfund (See § 5.24.010).....	108657, 117977
Neighborhood Matching Subfund.....	113750, 115345, 117977
Refund Account	106058, 106295, 106966, 108434, 109133
Special Employment Program Subfund	112556, 117977
Unemployment Insurance Subfund (See § 4.40.020)	104083, 107063, 117977
General Fund (See Charter Art. VIII § 15).....	Charter
General Trust Fund.....	112362
Drug Enforcement Forfeiture Account.....	113484
Emergency Management Subfund	118617
Vice Enforcement/Money Laundering Forfeiture Account.....	116666
Guaranty Deposits Fund.....	16045
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
Indian Federal Integrated Grant Project Fund.....	102358
Library Fund (See Charter Art. XII § 1)	Charter
Light Fund 96529	
Local Improvement Guaranty Fund (See Chapter 20.08).....	62364, 70894, 102560
Low Income Elderly and Handicapped	
Housing Development Bond Redemption Fund	110124
General Obligation Bond, 1986 Advance Refunding Account.....	113244
Low-Income Housing Fund	113834
Downtown Housing Maintenance Account	112383, 113834
Downtown Housing Preservation Account.....	112342, 113834
Growth-Related Housing Account.....	113834
Housing Matching Account	114376
Multi-year Housing Program Account.....	115089
1986 Housing Levy Account	112904, 113834
TDR/Mitigation Subfund	113752, 113834, 115583, 118307
Weatherization Account.....	115647
Metro Transit Payroll Fund.....	101734
Minimum Maintenance Historic Building Revolving Fund (See § 25.28.260)	107323
Model City Fund	96839, 98123, 98770
Municipal Arts Fund (See § 20.32.050).....	102210, 105389
Lloyd Hamrol Sculpture Subaccount	108113
Municipal Light and Power Bond Reserve Fund	71917, 92935
NDP Expenditures Fund, Program No. Wash. A-2.....	98876
Neighborhood Participation Account.....	115345
Northwest Leschi Rehabilitation Escrow Fund, Program No. Wash. A-2.....	98876
Officers and Employees Claim Fund	104526, 105637

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Seattle Municipal Code
December 2014 code update file
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Open Spaces and Trails Bond Fund.....	114900
Park Acquisition and Development Fund.....	97059
Aquarium Donations Accounting Unit.....	107599, 107600, 120537
Conservatory Donations Accounting Unit.....	106963, 120537
Park and Recreation Fund (See Charter Art. XI § 3).....	Charter
Pike Place Project Rehabilitation Escrow Fund, Project No. Wash. R-17	104811
Project Temporary Loan Repayment Fund, Project No. Wash. R-13	98417
Rapid Transit Study Fund	96366
Residual Cash Investment Fund (See § 5.06.030).....	111626
Salary Fund 107949	
Seattle Center Fund.....	92479, 94767
Seattle Municipal Water System 1981 Construction Fund.....	110208
Seattle Sewerage Revenue Bond Reserve Fund	87670
Seattle Water Revenue Bond Reserve Fund	87220, 91667
Solid Waste Fund (See § 21.40.130).....	99322, 104455
Survey and Planning Fund, Wash. R-5.....	93291
Survey and Planning Fund, Wash. R-13.....	93291
Training Operating Fund	101694
Transportation Bond Fund	118503
Transportation Fund.....	116441, 120537
Street Utility Subfund.....	116451
Transportation Operating Fund.....	117713
Transportation Improvement Fund	114353
Arterial Development Subfund.....	114818
Treasurer's Clearing Fund	103415, 106058
Urban Renewal Operating Fund	91953
Utility Clearing Fund.....	92358
Vanpool Fund 108614, 108807	
Voucher Fund 107948	
Water Construction Fund.....	112034
Waterway Operation and Maintenance Account (See § 16.08.050).....	87983, 100171, 114227

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5.78.010 Error! No text of specified style in document.

Chapter 5.78
GIFT CATALOGUE

Sections:

- 5.78.010 Account established—Donations.**
- 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.**
- 5.78.150 Expenditures—Director of Executive Administration.**
- 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 Executive Administration is authorized and directed to accept donations for the pur-

poses set forth in the Gift Catalogue and to give his or her receipt, and the City Director of Executive Administration 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. 120794 § 131, 2002; 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 Executive Administration 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 Executive Administration may elect to make payment by check.

(Ord. 120794 § 132, 2002; 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 Executive Administration 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 Executive Administration may elect to make payment by check.

(Ord. 120794 § 133, 2002; Ord. 120181 § 26(part), 2000; Ord. 120114 § 18, 2000; Ord. 116368 § 172, 1992; Ord. 112137 § 1(part), 1985.)

5.78.040 Expenditures—Seattle Transportation programs.

The Director of Transportation is authorized to direct expenditures for the donations made to Seat-

tle Transportation programs in the City's Gift Catalogue as designated by the donor; and the City Director of Executive Administration 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 Executive Administration may elect to make payment by check. (Ord. 120794 § 134, 2002; 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 Executive Administration 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 Executive Administration may elect to make payment by check. (Ord. 120794 § 135, 2002; 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 Executive Administration 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 Executive Administration may elect to make payment by check. (Ord. 120794 § 136, 2002; 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 Executive Administration 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 Executive Administration may elect to make payment by check.

(Ord. 120794 § 137, 2002; 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 Executive Administration is authorized to draw 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 Executive Administration may elect to make payment by check.

(Ord. 120794 § 138, 2002; 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 Executive Administration 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 Executive Administration may elect to make payment by check.

(Ord. 120794 § 139, 2002; Ord. 120181 § 26(part), 2000; Ord. 120114 § 24, 2000; Ord. 116368 § 179, 1992; Ord. 112137 § 1(part), 1985.)

5.78.110 **Error! No text of specified style in document.**

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 Executive Administration 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 of Executive Administration may elect to make payment by check.

(Ord. 120794 § 140, 2002; 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 Executive Administration 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 Executive Administration may elect to make payment by check.

(Ord. 120794 § 141, 2002; 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 Executive Administration.

The City Director of Executive Administration is authorized to direct expenditures for the donations to programs formerly housed in the Department of Finance and 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 Executive Administration may elect to make payment by check.

(Ord. 120794 § 142, 2002; 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 Executive Administration 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 Executive Administration may elect to make payment by check.

(Ord. 120794 § 143, 2002; 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 Executive Administration 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 the time payment is ordered, the Director of Ex-

Executive Administration may elect to make payment by check. (Ord. 120794 § 144, 2002; 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 Executive Administration 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 Executive Administration may elect to make payment by check.

(Ord. 120794 § 145, 2002; 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 Executive Administration 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 Executive Administration may elect to make payment by check.

(Ord. 120794 § 146, 2002; 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.

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.)