

ORDINANCE No. 115160

COUNCIL BILL No. 108027

*Law Department*

The City

AN ORDINANCE imposing a use tax upon the consumer of certain natural or manufactured gas, providing for its administration, and adding a new Chapter 5.68 to the Seattle Municipal Code.

Honorable President:

Your Committee on Finance

to which was referred the within report that we have considered the

COMPTROLLER FILE No. \_\_\_\_\_

Introduced: JUN 1 1990	By: <b>SIBONGA</b>
Referred: JUN 1 1990	To: Finance, Budget and Management
Referred:	To:
Referred:	To:
Reported: JUN 25 '90	Second Reading: JUN 25 '90
Third Reading: JUN 25 '90	Signed: JUN 25 '90
Presented to Mayor: JUN 25 '90	Approved: JUN 25 '90
Returned to City Clerk: JUL 3 '90	Published:
Vetoed by Mayor:	Veto Published:
Passed over Veto:	Veto Sustained:

OK

Department

# The City of Seattle--Legislative Department

Date Reported  
and Adopted

## REPORT OF COMMITTEE

Committee President:

Committee on

FINANCE, BUDGET & MANAGEMENT

was referred the within Council Bill No.

108027

that we have considered the same and respectfully recommend that the same:

PASS 3-0 6/20/90

Vote 90

Committee Chair

CB# 108027

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ORDINANCE 115160

AN ORDINANCE imposing a use tax upon the consumer of certain natural or manufactured gas, providing for its administration, and adding a new Chapter 5.68 to the Seattle Municipal Code.

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. There is hereby added to the Seattle Municipal Code a new Chapter 5.68, entitled "Use Tax--Natural or Manufactured Gas", as follows:

5.68.010 Imposition of Use Tax.

Effective July 1, 1990, 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 and three-tenths percent (6.3%) of the value of the gas used as authorized by RCW 82.14.230.

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 Section 5.48.050(C).

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 Section 5.48.050(C) 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

1  
2 that imposed under this section to another state. The  
3 deduction shall be with respect to and in the amount of the  
4 value of the gas for which the gross receipts tax was paid.

5 D. The use tax shall be paid by the consumer.

6 **5.68.030 Administration and Collection of Tax.**

7 The administration and collection of the tax imposed by  
8 this chapter shall be in accordance with the provisions of RCW  
9 82.14.050.

10 **5.68.040 Consent to Inspection of Records.**

11 The City of Seattle hereby consents to the inspection of  
12 such records as are necessary to qualify the City for  
13 inspection of records of the Department of Revenue, pursuant  
14 to RCW 82.32.330.

15 **5.68.050 Authorizing Execution of Contract for**  
16 **Administration.**

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

20 Section 2. Execution of the agreement authorized by  
21 Section 5.68.050 pursuant to the authority and prior to the  
22 effective date of this ordinance is hereby ratified and  
23 confirmed.  
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(To be used for all Ordinances except Emergency.)

Section 3. This ordinance shall take effect and be in force thirty days from and after its passage and approval, if approved by the Mayor; otherwise it shall take effect at the time it shall become a law under the provisions of the city charter.

Passed by the City Council the 25 day of June, 1990,  
and signed by me in open session in authentication of its passage this 25 day of  
25 June, 1990.  
President of the City Council.

Approved by me this 3 day of July, 1990.  
Mayor.

Filed by me this 3 day of July, 1990.

Attest: Norwood J. Brooks  
City Comptroller and City Clerk.

By  Dorothy J. McFarland   
Deputy Clerk.

(SEAL)

Published \_\_\_\_\_

PUBLISH  DO NOT PUBLISH

CITY ATTORNEY \_\_\_\_\_

Your  
Seattle  
Department of Licenses and Consumer Affairs



Norman B. Rice, Mayor

June 12, 1990

The Honorable Paul Kraabel, President  
Seattle City Council  
11th Floor, Municipal Building  
Seattle, Washington 98104

Via: Andrew J. Lofton, Director  
Office of Management and Budget

Subject: Legislation to add to Title 5 of the Seattle Municipal Code, A New  
Chapter, 5.68, Use Tax

Dear Councilman Kraabel:

The proposed legislation change to Chapter 5.68 imposes a use tax upon the consumer of natural gas purchased from out-of-state producers or brokers. Prior to 1985, industrial users of natural gas had no choice but to purchase gas from a local distribution company serving the user. The local distribution company (LDC) was subject to state and city utility tax upon the sale to its users.

In 1985, the Federal Energy Regulatory Commission allowed major purchasers of natural gas to buy their gas directly from producers or brokers in other states and no longer required them to purchase the gas from the LDC. LDC's were paid a fee by the producer or broker for the delivery of their gas via LDC's in-state pipelines to the in-state (city) users. Since the sale of gas occurred out-of-state, it appeared that these sales might not be subject to local cities' utility tax.

During June 1988, we were notified of a potential tax issue between the City of Medical Lake and one of their taxpayers regarding Medical Lake's utility tax. Tax revenues generated by one of their local gas distribution companies had greatly decreased. This decrease was due to the local distribution company not reporting and paying tax on sales to local consumers of natural gas which was purchased by the consumer from an out-of-state supplier or broker and was delivered via the local distribution company's in-state pipelines. The LDC received a fee from the out-of-state supplier only for the delivery of the gas through their pipelines to the in city

June 12, 1990  
Page 2

customer of the supplier. The out-of-state supplier billed the in city consumer. The out-of-state supplier was not licensed by Medical Lake and paid no tax on sales to Medical Lake customers. The LDC stated that State law requires them to pay state sales tax and were not subject to local utility taxes.

This issue was brought before the Association of Washington Cities which proposed state legislation imposing local utility tax upon sales of natural gas to local consumers when purchased from out-of-state producers or brokers. The proposed state legislation was adopted and became effective July 1, 1990. Chapter 5.68 adopts the above state legislation, imposing a use tax upon the consumer of natural gas within Seattle, purchased from an out-of-state producer or broker when the out-of-state producer or broker has not paid City of Seattle occupation utility tax upon these sales. The proposed ordinance also provides for the enforcement and collection of the tax by the State of Washington Department of Revenue.

We do anticipate an increase in revenue collection from implementing this chapter, but at this time we are unable to estimate what the amount will be.

If you have any questions or need additional information, please call me at 684-8444 or David Heleniak, Tax Audit Supervisor, at 684-5003.

Sincerely,



Dale H. Tiffany  
Acting Director

DHT:dhj

cc: David Heleniak, Tax Audit Supervisor

00611.4

Your  
Seattle  
Department of Licenses and Consumer Affairs

Norman B. Rice, Mayor

RECEIVED OMB

MAY 15 1990



M E M O R A N D U M

TO: The Honorable Mark H. Sidran  
Seattle City Attorney

845790

ATTENTION: Jim Pidduck, Assistant City Attorney

VIA: Kwan Wong, Budget Analyst  
Office of Management and Budget

FROM: Dale H. Tiffany, Acting Director *Dale*  
Department of Licenses and Consumer Affairs

DATE: May 9, 1990

SUBJECT: TO ADD TO TITLE 5 OF THE SEATTLE MUNICIPAL CODE, A NEW CHAPTER -  
USE TAX

Please review the enclosed new Chapter on use tax. The new chapter implements a use tax upon the consumer of natural or manufactured gas when the supplier has not been taxed under Chapter 5.48. A memo from the State of Washington, Department of Revenue, dated April 27, 1990, includes an agreement for the collection and administration of the use tax by the State. Authorization for executing this agreement with the State has been included in this new chapter.

We do anticipate an increase in revenue collection from implementing this chapter, but at this time we are unable to estimate what the amount will be.

If you have any questions or need additional information, please call David Heleniak, Tax Audit Supervisor, at 684-5003.

Your review of these amendments is appreciated, as are any recommendations for change.

DHT:dhj  
Enclosures

00509.3

# City of Seattle

Executive Department-Office of Management and Budget

Andrew J. Lofton, Director  
Norman B. Rice, Mayor



May 25, 1990

The Honorable Mark Sidran  
City Attorney  
City of Seattle

Dear Mr. Sidran:

The Mayor is proposing to the City Council that the enclosed legislation be adopted.

REQUESTING

DEPARTMENT: Licenses and Consumer Affairs

SUBJECT:

AN ORDINANCE to add to Title 5 of the Seattle Municipal Code, a new Chapter imposing a use tax upon the consumer of natural or manufactured gas.

Pursuant to the City Council's S.O.P. 100-014, the Executive Department is forwarding this request for legislation to your office for review and drafting.

After reviewing this request and any necessary redrafting of the enclosed legislation, return the legislation to OMB. Any specific questions regarding the legislation can be directed to Mark Sheppard at 684-8080.

Sincerely,

Norman B. Rice  
Mayor

by

ANDREW J. LOFTON  
Budget Director

AL/ms/dcb

Enclosure

cc: Director, DLCA

11,326

COPY RECEIVED

JUN 01 1990

SEATTLE CITY ATTORNEY

D. I. OKAMOTO  
Director  
(206) 753-5540  
FAX (206) 586-3543



STATE OF WASHINGTON  
DEPARTMENT OF REVENUE  
Olympia, Washington 98504-0090 MS-AX-02

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90 MAY -1 PM 2:15

SEATTLE CITY ATTORNEY

Brokered Natural Gas Use Tax

April 27, 1990

*Boyer FY1*

The information below explains Substitute House Bill 1574. The intent of the bill is for cities to receive their full entitlement for use tax. The Department of Revenue will administer the new tax which takes effect July 1, 1990. If you have questions after reading the information which follows, you may contact Julie Japhet at (206) 753-5546.

History

Until 1985, large industrial users of natural gas had no choice but to buy their gas supply from the local distribution company (LDC) serving their plant. All such purchases from the LDC were subject to the state public utility tax plus any city utility tax.

In 1985, the Federal Energy Regulatory Commission (FERC) passed its Rule 436 (subsequently amended by Rule 500). This decision allows major purchasers of natural gas to buy their gas supply directly from producers or brokers in other states. Interstate pipelines and LDC's are then paid a "transportation fee" for delivering the gas to the customer's plant via their pipelines.

The overwhelming majority of such "brokered natural gas" purchases take place out of state. The gas purchase is not paid for by the LDC. These two conditions remove the transaction from both the state and city utility taxes which are taxes on the gross revenue of the gas utility.

Since no other tax applies, these transactions fall into the state use tax which is set at 6.5% plus local additions. The effect of this is an unanticipated windfall to the state at the direct expense of city governments. This has been a particular hardship for smaller cities with large gas customers. However, even major cities such as Seattle and Bellevue have felt the impact.

	<u>Use Tax</u>	<u>Public Utility</u>
State	6.5%	3.852%
Local	1.6% (max)	6.000% (max)
Total	8.1%	9.852%

The natural gas industry, the large industrial customers, the Department of Revenue and the cities agreed to a plan to return the tax structure to the same situation prior to FERC 436 via Senate House Bill (SHB) 1574.

SHB 1574 created a special category for state and city use tax applicable to only brokered gas transactions. The tax rate for each tax is set to equal the equivalent utility tax; i.e., the state brokered gas use tax will always be equal to the state public utility tax rate and the city brokered gas use tax will always be equal to the city utility tax.

As an additional benefit to the state, the natural gas LDC's have agreed to file quarterly reports with DOR as to the specific customers purchasing brokered natural gas. Prior to this reporting mechanism, DOR has been unable to collect a substantial portion of the existing use tax since it was unaware of the gas customers that are using this option.

The effect of SHB 1574 is to return the lost revenue to the cities, facilitate the state's collection of the taxes it is rightfully due and clarify the tax liability of the LDC's and their major customers.

#### Parameters

The city use tax for brokered natural gas is to be imposed at the same rate in effect for the tax on natural gas businesses under RCW 35.21.870. The effective date for this new law is July 1, 1990. Resolutions, or ordinances, should probably be timed to be effective as of July 1, 1990, which is the date that SHB 1574 becomes effective.

#### Administration Contract

The collection and administration of this law is to be performed by the Department of Revenue. A contract is enclosed which includes a fee of 2.0%. The tax will be collected through the use of quarterly returns. The Department plans to transfer monies to the State Treasurer on a monthly basis for those months in which monies are received.

Deadline

The ordinance, or resolution, and the signed administration contract should be sent to the Department by July 1, 1990. The address is:

Department of Revenue  
Miscellaneous Tax Division, MS: AX-02  
General Administration Building  
Olympia, WA 98504  
Attn: Bill Chamberland

Known Consumers

We have received from the gas companies a list of consumers that have had brokered natural gas delivered during the last year or two. After reviewing the service addresses, we found companies in the cities listed below. These cities are not guaranteed revenue from this tax, nor are other cities precluded from revenue from this tax. These are just the cities of record for the last couple of years.

Cities with Brokered Natural Gas Customers in the Recent Past

Algona	Pullman
Bellevue	Renton
Camas	Seattle
Cheney	Spokane
College Place	Tacoma
Connell	Tukwilla
Everett	Tumwater
Ferndale	Vancouver
Kent	Walla Walla
Medical Lake	Washougal
Millwood	Wenatchee
Othello	Yakima

AGREEMENT BETWEEN THE STATE OF WASHINGTON, DEPARTMENT OF REVENUE  
AND THE CITY OF \_\_\_\_\_ REGARDING ADMINISTRATION AND  
COLLECTION OF LOCAL NATURAL GAS USE TAX

THIS AGREEMENT, Made this \_\_\_\_\_ day of \_\_\_\_\_, 199\_\_\_\_,  
by and between the State of Washington, Department of Revenue,  
hereinafter referred to as the Department, and the above  
designated city, hereinafter referred to as the city, WITNESSETH:

WHEREAS, The Legislature of the State of Washington has by  
chapter 384, Laws of 1989, authorized cities to impose a local  
natural gas use tax, and

WHEREAS, It is provided in section 2 of said act by  
reference to RCW 82.14.050, that any city imposing a local  
natural gas use tax by ordinance shall, prior to the effective  
date thereof, contract with the Department for the administration  
and collection of said tax, and

WHEREAS, The city has by ordinance, a copy of which is  
attached hereto, elected to impose a natural gas use tax  
commencing on the first day of \_\_\_\_\_, 199\_\_\_\_.

NOW, THEREFORE, To effectuate section 2 of the  
aforementioned act, the parties hereto agree as follows:

1. The Department shall exclusively perform all functions  
incident to the administration and collection of the taxes  
imposed by the said ordinance, other than criminal prosecutions.
2. The Department shall retain from the taxes so collected  
the amount of two percent thereof as expenses of administration  
and collection. Said amount shall be subject to review during  
October of each year.
3. The remainder of said taxes so collected shall be  
deposited by the Department in the local sales and use tax  
account under the custody of the State Treasurer.
4. In carrying out its administration and collection duties  
hereunder, the Department shall, insofar as the same are  
applicable, apply the administrative provisions contained in  
chapters 82.02 and 82.32 RCW, and the Department's rules and  
regulations promulgated pursuant to RCW 82.32.300, as the same  
exist or may hereafter be amended. The Department shall adopt  
additional rules and regulations, in accordance with the State  
Administrative Procedure Act, to facilitate the administration  
and collection of the local taxes as it may deem necessary or  
desirable.

5. The Department shall perform its duties hereunder so that as far as possible the local natural gas use tax adopted by the city shall be administered and collected in a manner which is as consistent and uniform as possible with the state natural gas use tax and facilitates the imposition of the local natural gas use tax upon individual taxable events simultaneously with the imposition of the state natural gas use tax.

6. The city shall have the right from time to time to examine the records of the Department as they concern taxpayers subject to the aforementioned ordinance.

7. The allocation of local natural gas use tax collections among the various cities and counties will be sent by the Department to the State Treasurer within 60 days after the close of the first quarter for which the tax is imposed and thereafter on a monthly basis.

8. All refunds and credits for local natural gas use tax made by the Department shall be charged to the city.

9. The Department shall require redistribution to the affected cities, of any tax, penalty and interest distributed to a city other than the city entitled thereto. Such redistribution shall not be made as to amounts originally distributed earlier than three quarterly periods prior to the quarterly period in which the Department obtains knowledge of the improper distribution.

10. This agreement shall take effect on the \_\_\_\_\_ day of \_\_\_\_\_, 199\_\_\_\_, and shall thereafter be automatically renewed on December 31 of each year unless one of the parties gives written notice of termination on or before November 1 of each such year.

11. In witness whereof the parties hereto have affixed their signature the day and year first above written.

DEPARTMENT OF REVENUE  
STATE OF WASHINGTON

By \_\_\_\_\_  
Director

[CITY]

By \_\_\_\_\_  
Title

(3) The tax levied in 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 \*RCW 82.16.020(1)(b) with respect to the gas for which exemption is sought under this subsection.

(4) There shall be a credit against the tax levied under this section in an amount equal to any tax paid by:

(a) The person who sold the gas to the consumer when that tax is a gross receipts tax similar to that imposed pursuant to \*RCW 82.16.020(1)(b) by another state with respect to the gas for which a credit is sought under this subsection; or

(b) The person consuming the gas upon which a use tax similar to the tax imposed by this section was paid to another state with respect to the gas for which a credit is sought under this subsection.

(5) The use tax hereby imposed shall be paid by the consumer to the department.

(6) There is imposed a reporting requirement on the person who delivered the gas to the consumer to make a quarterly report to the department. Such report shall contain the volume of gas delivered, name of the consumer to whom delivered, and such other information as the department shall require by rule.

(7) The department may adopt rules under chapter 34.05 RCW for the administration and enforcement of \*\*sections 1 through 6 of this act. [1989 c 384 § 3.]

Reviser's note: \*(1) 1989 c 302 § 204 affected subsection numbering of RCW 82.16.020. The correct reference for gas distribution businesses is now RCW 82.16.020(1)(c).

\*\* (2) "Sections 1 through 6 of this act" consists of section 1, an intent section quoted after RCW 82.12.022, the enactment of RCW 82.14.230, 82.12.022, 82.08.026, and 82.12.023, and the 1989 c 384 amendment to RCW 82.14.030, respectively.

Intent—1989 c 384: "Due to a change in the federal regulations governing the sale of brokered natural gas, cities have lost significant revenues from the utility tax on natural gas. It is therefore the intent of the legislature to adjust the utility and use tax authority of the state and cities to maintain this revenue source for the municipalities and provide equality of taxation between intrastate and interstate transactions." [1989 c 384 § 1.]

Effective date—1989 c 384: "This act shall take effect July 1, 1990." [1989 c 384 § 7.]

**82.12.022 Natural or manufactured gas—Use tax imposed.** (Effective July 1, 1990.) (1) There is hereby levied and there shall be collected from every person in this state a use tax for the privilege of using natural gas or manufactured gas within this state as a consumer.

(2) The tax shall be levied and collected in an amount equal to the value of the article used by the taxpayer multiplied by the rate in effect for the public utility tax on gas distribution businesses under \*RCW 82.16.020(1)(b). The "value of the article used" does not include any amounts that are paid for the hire or use of a gas distribution business as defined in RCW 82.16.010(7) in transporting the gas subject to tax under this subsection if those amounts are subject to tax under that chapter.

(2) Credit shall be allowed, in accordance with rules of the department, against the taxes imposed in this chapter for any petroleum product tax paid to another state with respect to the same petroleum product. The amount of the credit shall not exceed the tax liability arising under this chapter with respect to that petroleum product. For the purpose of this subsection:

- (a) "Petroleum product tax" means a tax:
- (i) That is imposed on the act or privilege of possessing petroleum products, and that is not generally imposed on other activities or privileges; and
  - (ii) That is measured by the value of the petroleum product, in terms of wholesale value or other terms, and in the determination of which the deductions allowed would not constitute the tax an income tax or value added tax.
- (b) "State" means (i) a state of the United States other than Washington, or any political subdivision of such other state, (ii) the District of Columbia, and (iii) any foreign country or political subdivision thereof.

**NEW SECTION. Sec. 19.** The sum of four hundred thousand dollars, or as much thereof as may be necessary, is appropriated from the pollution liability reinsurance program trust account to the Washington pollution liability reinsurance program for the biennium ending June 30, 1991, to carry out the purposes of this act.

**NEW SECTION. Sec. 20.** If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

**NEW SECTION. Sec. 21.** Sections 1 through 13 of this act constitute a new chapter in Title 70 RCW. Sections 14 through 18 of this act shall constitute a new chapter in Title 82 RCW.

**NEW SECTION. Sec. 22.** This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and shall take effect immediately, except sections 14 through 19 of this act shall take effect July 1, 1989.

Passed the House April 20, 1989.

Passed the Senate April 19, 1989.

Approved by the Governor May 13, 1989.

Filed in Office of Secretary of State May 13, 1989.

## CHAPTER 384

[Substitute House Bill No. 1574]

## NATURAL AND MANUFACTURED GAS—TAXATION

AN ACT Relating to the taxation of utilities and natural gas; amending RCW 82.14.030; adding a new section to chapter 82.14 RCW; adding new sections to chapter 82.12 RCW; adding a new section to chapter 82.08 RCW; creating a new section; and providing an effective date.

Be it enacted by the Legislature of the State of Washington:

**NEW SECTION. Sec. 1.** Due to a change in the federal regulations governing the sale of brokered natural gas, cities have lost significant revenues from the utility tax on natural gas. It is therefore the intent of the legislature to adjust the utility and use tax authority of the state and cities to maintain this revenue source for the municipalities and provide equality of taxation between intrastate and interstate transactions. ~~RCW 82.14.030~~

**NEW SECTION. Sec. 2.** A new section is added to chapter 82.14 RCW to read as follows:

(1) The governing body of any city, while not required by legislative mandate to do so, may, by resolution or ordinance for the purposes authorized by this chapter, fix and impose on every person a use tax for the privilege of using natural gas or manufactured gas in the city as a consumer.

(2) The tax shall be imposed in an amount equal to the value of the article used by the taxpayer multiplied by the rate in effect for the tax on natural gas businesses under RCW 35.21.870 in the city in which the article is used. The "value of the article 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 RCW 35.21.870.

(3) 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 RCW 35.21.870 with respect to the gas for which exemption is sought under this subsection.

(4) There shall be a credit against the tax levied under this section in an amount equal to any tax paid by:

(a) The person who sold the gas to the consumer when that tax is a gross receipts tax similar to that imposed pursuant to RCW 35.21.870 by another state with respect to the gas for which a credit is sought under this subsection; or

(b) The person consuming the gas upon which a use tax similar to the tax imposed by this section was paid to another state with respect to the gas for which a credit is sought under this subsection.

(5) The use tax hereby imposed shall be paid by the consumer. The administration and collection of the tax hereby imposed shall be pursuant to RCW 82.14.050.

NEW SECTION. Sec. 3. A new section is added to chapter 82.12 to read as follows:

(1) There is hereby levied and there shall be collected from every person in this state a use tax for the privilege of using natural gas or manufactured gas within this state as a consumer.

(2) The tax shall be levied and collected in an amount equal to the value of the article used by the taxpayer multiplied by the rate in effect for the public utility tax on gas distribution businesses under RCW 82.16.020(1)(b). The "value of the article used" does not include any amounts that are paid for the hire or use of a gas distribution business as defined in RCW 82.16.010(7) in transporting the gas subject to tax under this subsection if those amounts are subject to tax under that chapter.

(3) The tax levied in 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 RCW 82.16.020(1)(b) with respect to the gas for which exemption is sought under this subsection.

(4) There shall be a credit against the tax levied under this section in an amount equal to any tax paid by:

(a) The person who sold the gas to the consumer when that tax is a gross receipts tax similar to that imposed pursuant to RCW 82.16.020(1)(b) by another state with respect to the gas for which a credit is sought under this subsection; or

(b) The person consuming the gas upon which a use tax similar to the tax imposed by this section was paid to another state with respect to the gas for which a credit is sought under this subsection.

(5) The use tax hereby imposed shall be paid by the consumer to the department.

(6) There is imposed a reporting requirement on the person who delivered the gas to the consumer to make a quarterly report to the department. Such report shall contain the volume of gas delivered, name of the consumer to whom delivered, and such other information as the department shall require by rule.

(7) The department may adopt rules under chapter 34.05 RCW for the administration and enforcement of sections 1 through 6 of this act.

NEW SECTION. Sec. 4. A new section is added to chapter 82.08 to read as follows:

The tax levied by RCW 82.08.020 shall not apply to sales of natural or manufactured gas.

NEW SECTION. Sec. 5. A new section is added to chapter 82.12 to read as follows:

The tax levied by RCW 82.12.020 shall not apply in respect to the use of natural or manufactured gas.

Sec. 6. Section 4, chapter 94, Laws of 1970 ex. sess. as amended by section 17, chapter 49, Laws of 1982 1st ex. sess. and RCW 82.14.030 are each amended to read as follows:

(1) The governing body of any county or city while not required by legislative mandate to do so, may, by resolution or ordinance for the purposes authorized by this chapter, fix and impose a sales and use tax in accordance with the terms of this chapter. Such tax shall be collected from those persons who are taxable by the state pursuant to chapters 82.08 and 82.12 RCW, upon the occurrence of any taxable event within the county or city as the case may be: PROVIDED, That except as provided in section 2 of this act, this sales and use tax shall not apply to natural or manufactured gas. The rate of such tax imposed by a county shall be five-tenths of one percent of the selling price (in the case of a sales tax) or value of the article used (in the case of a use tax). The rate of such tax imposed by a city shall not exceed five-tenths of one percent of the selling price (in the case of a sales tax) or value of the article used (in the case of a use tax): PROVIDED, HOWEVER, That in the event a county shall impose a sales and use tax under this subsection, the rate of such tax imposed under this subsection by any city therein shall not exceed four hundred and twenty-five one-thousandths of one percent.

(2) Subject to the enactment into law of the 1982 amendment to RCW 82.02.020 by section 5, chapter 49, Laws of 1982 1st ex. sess., in addition to the tax authorized in subsection (1) of this section, the governing body of any county or city may by resolution or ordinance impose an additional sales and use tax in accordance with the terms of this chapter. Such additional tax shall be collected upon the same taxable events upon which the tax imposed under subsection (1) of this section is levied. The rate of such additional tax imposed by a county shall be up to five-tenths of one percent of the selling price (in the case of a sales tax) or value of the article used (in the case of a use tax). The rate of such additional tax imposed by a city shall be up to five-tenths of one percent of the selling price (in the case of a sales tax) or value of the article used (in the case of a use tax): PROVIDED HOWEVER, That in the event a county shall impose a sales and use tax under this subsection at a rate equal to or greater than the rate imposed under this subsection by a city within the county, the county shall receive fifteen percent of the city tax: PROVIDED FURTHER, That in the event that the county shall impose a sales and use tax under this subsection at a rate which is less than the rate imposed under this subsection by a city within the county, the county shall receive that amount of revenues from the city tax equal to fifteen percent of the rate of tax imposed by the county under this subsection. The authority to impose a tax under this subsection is

intended in part to compensate local government for any losses from the phase-out of the property tax on business inventories.

NEW SECTION. Sec. 7. This act shall take effect July 1, 1990.

Passed the House April 18, 1989.

Passed the Senate April 13, 1989.

Approved by the Governor May 13, 1989.

Filed in Office of Secretary of State May 13, 1989.

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### CHAPTER 385

[House Bill No. 2060]

#### HORSE RACING INDUSTRY—WORKERS' COMPENSATION COVERAGE

AN ACT Relating to the horse racing industry; amending RCW 51.16.140, 51.32.073, and 67.16.020; adding a new section to chapter 51.16 RCW; adding a new section to chapter 67.16 RCW; creating a new section; and declaring an emergency.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. Sec. 1. A new section is added to chapter 51.16 RCW to read as follows:

(1) The department shall assess premiums, under the provisions of this section, for certain horse racing employments licensed in accordance with chapter 67.16 RCW. This premium assessment shall be for the purpose of providing industrial insurance coverage for employees of trainers licensed under chapter 67.16 RCW, including but not limited to exercise riders, pony riders, and grooms, and including all on or off track employment. For the purposes of sections 1 through 5 of this act a hotwalker shall be considered a groom. The department may adopt rules under chapter 34.05 RCW to carry out the purposes of this section, including rules providing for alternative reporting periods and payment due dates for coverage under this section. The department rules shall ensure that no licensee licensed prior to the effective date of this act shall pay more than the assessment fixed at the basic manual rate.

(2) The department shall compute industrial insurance premium rates on a per license basis, which premiums shall be assessed at the time of each issuance or renewal of the license for owners, trainers, and grooms in amounts established by department rule for coverage under this section. Premium assessments shall be determined in accordance with the requirements of this title, except that assessments shall not be experience rated and shall be fixed at the basic manual rate. However, rates may vary according to differences in working conditions at major tracks and fair tracks.

(3) For the purposes of paying premiums and assessments under this section and making reports under this title, individuals licensed as trainers by the Washington horse racing commission shall be considered employers. The premium assessment for a groom's license shall be paid by the trainer

28508  
City of Seattle

**STATE OF WASHINGTON - KING COUNTY**

—ss.

No.

**Affidavit of Publication**

The undersigned, on oath states that he is an authorized representative of The Daily Journal of Commerce, a daily newspaper, which newspaper is a legal newspaper of general circulation and it is now and has been for more than six months prior to the date of publication hereinafter referred to, published in the English language continuously as a daily newspaper in Seattle, King County, Washington, and it is now and during all of said time was printed in an office maintained at the aforesaid place of publication of this newspaper. The Daily Journal of Commerce was on the 12th day of June, 1941, approved as a legal newspaper by the Superior Court of King County.

The notice in the exact form annexed, was published in regular issues of The Daily Journal of Commerce, which was regularly distributed to its subscribers during the below stated period. The annexed notice, a

ORD: 11560

was published on  
07/18/90

The amount of the fee charged for the foregoing publication is the sum of \$ \_\_\_\_\_, which amount has been paid in full

*M. S. [Signature]*  
Subscribed and sworn to before me on  
JUL 18 1941  
*Valerio [Signature]*

Notary Public for the State of Washington,  
residing in Seattle

# City of Seattle

## ORDINANCE 113100

AN ORDINANCE imposing a use tax upon the consumer of certain natural or manufactured gas, providing for its administration, and adding a new Chapter 5.68 to the Seattle Municipal Code.

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. There is hereby added to the Seattle Municipal Code a new Chapter 5.68, entitled "Use Tax--Natural or Manufactured Gas", as follows:

### 5.68.010 Imposition of Use Tax.

Effective July 1, 1990, 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 and three-tenths percent (6.3%) of the value of the gas used as authorized by RCW 82.14.230.

### 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 Section 5.48.050(C).

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 Section 5.48.050(C) 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.

### 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.

### 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.

### 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.

Section 2. Execution of the agreement authorized by Section 5.68.050 pursuant to the authority and prior to the effective date of this ordinance is hereby ratified and confirmed.