

# TITLE 3

## REVENUE AND FINANCE

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### Chapters:

- 3.04 ~~Advance Travel Expense Revolving Fund~~ **Repealed by Ordinance 2398, March 2013.**
- 3.08 Gambling Activities Tax
- 3.12 Sales and Use Tax
- 3.14 Sales and Use Tax for Affordable Housing
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Figure 1 Map of Targeted Residential Area

**CHAPTER 3.04  
ADVANCE TRAVEL EXPENSE REVOLVING  
FUND**

**Sections:**

3.04010 Created

**3.04.010 Created**

This Chapter was repealed by Ordinance 2398, March 2013

**CHAPTER 3.08  
GAMBLING ACTIVITIES TAX**

**Sections:**

- 3.08.010 Statutory Provisions Incorporated by Reference
- 3.08.020 License Required – Nuisance Designated
- 3.08.030 Tax Rates
- 3.08.040 Fundraising Events Allowed – Limitations
- 3.08.050 Administration and Collection of Tax
- 3.08.060 Declarations and Statements Required to be Filed
- 3.08.070 Filing of Application with Finance Director
- 3.08.080 Payment of Tax – Penalty for Late Payments
- 3.08.090 Unlawful Acts Designated – Liability
- 3.08.100 Finance Director – Powers and Duties
- 3.08.110 Enforcement Authority – Access to Financial Records
- 3.08.120 Notification of License Suspension or Revocation
- 3.08.130 List of Licenses to be Kept
- 3.08.140 Review of Gambling Activities by City Council

**3.08.010 Statutory Provisions Incorporated by Reference**

The provisions of Chapter 218, Laws of Washington, 1973 First Extraordinary Session, as amended by Chapters 135 and 155, Laws of Washington, Third Extraordinary Session 1974, are incorporated in total by reference as though fully set forth, and in particular, the definitions as contained in Section 2, Chapter 218, Laws of 1973, First Extraordinary Session, as amended, relating, among others, to “amusement games,” “bingo,” “raffles,” “gambling,” “punchboards,” “pulltabs,” and “social card games.”

*(Ord. 2349 §1, 2011; Ord. 1809 §1 (part), 1997)*

**3.08.020 License Required – Nuisance Designated**

No gambling activity of any kind or nature shall be permitted without a valid, subsisting license issued by the Washington State Gambling Commission as provided by law; and any person, firm or corporation who conducts any such gambling activity without such license shall be guilty of a misdemeanor.

The conducting of any such gambling activity without a license or beyond the scope specified in such license as required under State laws is a common nuisance and shall be subject to abatement by injunction or as otherwise provided by law.

*(Ord. 1809 §1 (part), 1997)*

**3.08.030 Tax Rates**

A. Pursuant to RCW 9.46.110 and RCW 9.46.120, as amended by the Laws of Washington, effective July 27, 1997, there is levied upon all persons, associations and organizations who have been duly licensed by the Washington State Gambling Commission, as authorized by law, the following tax:

1. **Bingo games and raffles:** To conduct or operate any bingo games and raffles, a tax rate of 5% of the gross revenue received therefrom, less the actual amount paid by such person, association or organization for or as prizes.

2. **Amusement game:** To conduct any amusement game, a tax rate of 2% of the gross revenue received therefrom, less the actual amount paid by such person, association or organization for or as prizes.

3. **Punchboards or pulltabs:** For the conduct or operation of any punchboards or pulltabs, a tax rate of 5% of the gross receipts from such activities for commercial stimulant operators (taverns, restaurants, etc.); and a tax rate of 10% on the gross receipts less the amount paid out as prizes for charitable or nonprofit organizations.

4. **Social card games:**

a. For the conduct or operation of any premises or facility used to play social card games, a tax rate of 11% of the gross receipts received therefrom; provided that when the number of card rooms in the City exceeds five, the tax rate shall increase to 15% of the gross receipts received therefrom. Additionally, when the number of card rooms exceeds six, the tax rate shall increase to 20% of the gross receipts received therefrom.

b. For purposes of this provision, an operating business is defined as: a business open to the public and engaged in the business of operating a social card room for a period of 30 days. For purposes of this section, the 30 days are not required to be consecutive days. After the 30 days of operations, which triggers the increased tax rate, the Finance Director or his or her designee, shall notify the social card rooms of the increased rate and that rate shall be paid thereafter by all card rooms in this tax category, starting the financial quarter after notification.

B. *Non-Profit Organizations.*

1. No tax shall be imposed under the authority of TMC Chapter 3.08 on bingo or raffles when such activities or any combination thereof are conducted by any bona fide charitable or nonprofit organization as defined in RCW 9.46.0209, which organization has no paid or management personnel, and has gross income from bingo and raffles, or any combination thereof, not exceeding \$5,000 per year, less the amount paid for or as prizes.

2. The Finance Director may waive the tax due each quarter from a bona fide charitable or nonprofit organization as defined in RCW 9.46.0209. This waiver may occur only if the charitable or nonprofit organization demonstrates by clear and convincing documentation that an amount equal to at least 70% of the tax due the City, as computed pursuant to TMC Section 3.08.030, will be donated to charitable nonprofit organizations serving the City whose purpose is to provide programs or facilities for meeting the basic health, education, welfare, or other needs of the residents of the City. Failure to donate at least 70% of the tax due the City will result in revocation of the waiver and the disqualification of the bona fide charitable or nonprofit organization to receive a waiver for future tax payments.

*(Ord. 2590 §1, 2018; Ord. 2349 §2, 2011; Ord. 1809 §1 (part), 1997)*

**3.08.040 Fundraising Events Allowed – Limitations**

Any and all fundraising events conducted or operated by bona fide charitable or nonprofit organizations as authorized by the Revised Code of Washington, Chapter 9.46 as it now exists or is hereafter amended, are allowed subject to the following limitations:

1. No organization shall be allowed to conduct more than two such events in the City in any one calendar year; and
2. No more than four such events may take place at the same location in the City in any one calendar year.

*(Ord. 1809 §1 (part), 1997)*

**3.08.050 Administration and Collection of Tax**

The administration and collection of tax imposed by this chapter shall be by the Finance Director and in strict pursuance of the rules and regulations as may be adopted by the Washington State Gambling Commission from time to time. The Finance Director shall adopt and publish such rules and regulations as may be reasonably necessary to enable the collection of the tax imposed hereby.

*(Ord. 1809 §1 (part), 1997)*

**3.08.060 Declarations and Statements Required to be Filed**

A. For the purpose of properly identifying the person, association and organization subject to any tax imposed by this chapter, such person, association or organization intending to conduct or operate any gambling activity authorized by the above specified laws, or as the same may be amended hereafter, shall, prior to commencement of any such activity, file with the Finance Director a sworn declaration of intent to conduct or operate such activity, together with a true and correct copy of the license issued by the Washington State Gambling Commission or any renewal or extension of such license or temporary license.

B. Thereafter, for any period covered by such State license or any renewal or extension thereof, any person, association or organization shall, on or before the last day of the month following the end of the quarterly period in which the tax accrued, file with the Finance Director a sworn statement, under penalty of perjury, on a form to be provided and prescribed by the Finance Director for the purpose of ascertaining the tax due for the preceding quarterly period.

C. In addition, any such person, association or organization shall file with the Finance Director copies of any daily, weekly, monthly or other periodic tax statements, financial reports, daily control sheets, daily time sheets, records of attendance, or any other information required to be filed by it to the State of Washington Gambling Commission.

D. The Chief of the Police Department may establish such further and additional reporting requirements of any person, association or organization authorized to conduct gambling activities in the City which are reasonably intended to provide information to the City regarding the conduct of said activities.

*(Ord. 1809 §1 (part), 1997)*

**3.08.070 Filing of Application with Finance Director**

Each person, association, or organization licensed by the Washington State Gambling Commission shall likewise submit to the Finance Director a true and correct copy of any application made to such commission for a license, together with any and all amendments thereof. Such copy shall be submitted at or prior to the filing of the first tax return due under this chapter.

*(Ord. 1809 §1 (part), 1997)*

**3.08.080 Payment of Tax – Penalty for Late Payments**

A. The tax imposed by this chapter shall be due and payable in quarterly installments, and remittance therefor shall accompany each return and be made on or before the last day of the month following the quarterly period in which the tax accrued.

B. If a person subject to this tax fails to pay any tax required by this chapter within 15 days after the due date thereof, there shall be added to such tax a penalty of 10% of the tax per month for each month overdue, which shall be added to the amount of the tax due.

*(Ord. 2349 §3, 2011; Ord. 2323 §3, 2011; Ord. 1809 §1 (part), 1997)*

**3.08.090 Unlawful Acts Designated – Liability**

A. Any person, association or organization that shall fail, neglect or refuse to pay the tax required by this chapter, or that shall willfully disobey any rule or regulation promulgated by the Finance Director under this chapter, shall be guilty of a misdemeanor, and upon conviction thereof shall be punished by imprisonment in the City jail for not more than 90 days or by a fine of not more than \$500.00 or both. Any such fine shall be in addition to any tax and penalties required.

B. All officers, directors and managers of any organization or association conducting gambling activities shall be jointly and severally liable for the payment of said tax penalties and for the payment of any fine imposed under this chapter.

*(Ord. 1809 §1 (part), 1997)*

**3.08.100 Finance Director – Powers and Duties**

The Finance Director or authorized representative shall adopt, publish and enforce such rules and regulations not inconsistent with this chapter as may be necessary to enable the prompt collection of the tax and penalties imposed by this chapter; prescribe and issue the appropriate forms for determination and declaration of the amount of tax to be paid; and have the power to enter into contracts with other municipalities and/or State agencies for the collection of the tax imposed on gambling activities conducted within the City.

*(Ord. 1809 §1 (part), 1997)*

**3.08.110 Enforcement Authority – Access to Financial Records**

A. The Mayor and Chief of Police shall have the power to enter into contracts with other municipalities and/or State agencies for the enforcement of applicable State laws, rules and regulations and City ordinances relating to all gambling activities.

B. It shall be the responsibility of any owner, director and manager of any organization conducting any gambling activity as licensed by the Washington State Gambling Commission and taxed under the provisions of this chapter, to provide access at all reasonable times to all financial records, including bank deposits, invoices, accounts payable and related financial statements, as the Finance Director or his/her authorized representative, or any bona fide law enforcement representative of the City may require in order to determine full compliance with this chapter and all rules and regulations adopted or hereafter adopted by the State of Washington Gambling Commission.

*(Ord. 1809 §1 (part), 1997)*

**3.08.120 Notification of License Suspension or Revocation**

In the event any license issued by the Washington State Gambling Commission is suspended or revoked, then the person, association or organization affected by such suspension or revocation shall immediately notify in writing the Finance Director of such action, together with a true copy of such notice of suspension or revocation.

*(Ord. 1809 §1 (part), 1997)*

**3.08.130 List of Licenses to be Kept**

It shall further be the responsibility of the Finance Director to keep on file a complete and up-to-date list of the licenses issued by the Washington State Gambling Commission, as the same is made available at said office, which information shall include the name, address, type of license and license number of each such licensee.

*(Ord. 1809 §1 (part), 1997)*

**3.08.140 Review of Gambling Activities by City Council**

The propriety of the conduct of gambling and gambling-related activities and the desirability of continuing those activities in the City shall be reviewed by the City Council or by a committee designated by the City Council for such review, at least one time every twelve months.

*(Ord. 1809 §1 (part), 1997)*

## CHAPTER 3.12

### SALES AND USE TAX

#### Sections:

3.12.010	Imposed
3.12.020	Rate
3.12.030	Administration and Collection – Statutory Compliance
3.12.040	Records Inspection
3.12.050	Violation

#### 3.12.010 Imposed

There is imposed a sales or use tax, as the case may be, upon every taxable event as defined in Section 3, Chapter 94, Laws of 1970, First Extraordinary Session, occurring within the City. The tax shall be imposed upon and collected from those persons from whom the State sales or use tax is collected pursuant to Chapters 82.08 and 82.12 RCW.

*(Ord. 611 §1, 1970)*

#### 3.12.020 Rate

The rate of the tax imposed by TMC 3.12.010 shall be ½ of 1% of the selling price or value of the article used, as the case may be. Provided, however, that during such period as there is in effect a sales or use tax imposed by King County, the rate of tax imposed by this chapter shall be 425/1000 of 1%.

*(Ord. 611 §2, 1970)*

#### 3.12.030 Administration and Collection – Statutory Compliance

The administration and collection of the tax imposed by this chapter shall be in accordance with the provisions of Section 6, Chapter 94, Laws of 1970, First Extraordinary Session.

*(Ord. 611 §3, 1970)*

#### 3.12.040 Records Inspection

The City 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. 611 §4, 1970)*

#### 3.12.050 Violation

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 is guilty of a misdemeanor.

*(Ord. 611 §5, 1970)*

## CHAPTER 3.14

### SALES AND USE TAX FOR AFFORDABLE HOUSING

#### Sections:

3.14.010	Imposition of Sales and Use Tax for Affordable Housing
3.14.020	Purpose of Tax
3.14.030	Administration and Collection – Statutory Compliance

#### 3.14.010 Imposition of Sales and Use Tax for Affordable Housing

A. There is imposed a sales and use tax as authorized by Washington State Legislature Chapter 338, Laws of 2019, which shall be codified in Chapter 82.14 RCW, upon every taxable event, as defined in Chapter 82.14 RCW, occurring within the City of Tukwila. The tax shall be imposed upon and collected from those persons from whom the State sales tax or use tax is collected pursuant to Chapter 82.08 and 82.12 RCW.

B. The rate of the tax imposed by TMC Section 3.14.010 shall be 0.0073 percent of the selling price or value of the article used.

C. The tax imposed under TMC Section 3.14.010 shall be deducted from the amount of tax otherwise required to be collected or paid to the Department of Revenue under Chapter 82.08 or 82.12 RCW. The Department of Revenue will perform the collection of such taxes on behalf of the City of Tukwila at no cost to the City.

D. The Department of Revenue will calculate the maximum amount of tax distributions for the City of Tukwila based on the taxable retail sales in the City in State Fiscal Year 2019, and the tax imposed under TMC Section 3.14.010 will cease to be distributed to the City of Tukwila for the remainder of any State Fiscal Year in which the amount of tax exceeds the maximum amount of tax distributions for the City as properly calculated by the Department of Revenue. Distributions to the City of Tukwila that have ceased during a State Fiscal Year shall resume at the beginning of the next State Fiscal Year.

*(Ord. 2613 §2, 2019)*

#### 3.14.020 Purpose of Tax

A. The City may use the moneys collected by the tax imposed under TMC Section 3.14.010 or bonds issued only for the following purposes:

1. Acquiring, rehabilitating, or constructing affordable housing, which may include new units of affordable housing within an existing structure or facilities providing supportive housing services under RCW 71.24.385; and
2. Providing the operations and maintenance costs of new units of affordable or supportive housing; and
3. Providing rental assistance to tenants.



B. The housing and services provided under TMC Section 3.14.020 may only be provided to persons whose income is at or below 60 percent of the median income of the City.

C. In determining the use of funds under TMC Section 3.14.020, the City must consider the income of the individuals and families to be served, the leveraging of the resources made available under TMC Section 3.14.010, and the housing needs within the City.

D. The Finance Director must report annually to the Washington State Department of Commerce, in accordance with the Department's rules, on the collection and use of the revenue from the tax imposed under TMC Section 3.14.010.

E. The tax imposed by the City under TMC Section 3.14.010 will expire 20 years after the date on which the tax is first imposed. The Finance Director shall provide notice to the City Council and the Mayor of the expiration date of the tax each year beginning three years before the expiration date, and shall also promptly notify the City Council and the Mayor of any changes to the expiration date.

*(Ord. 2613 §3, 2019)*

### **3.14.030 Administration and Collection – Statutory Compliance**

The administration and collection of the tax imposed by Chapter 3.14 shall be in accordance with the provisions of Washington State Legislature Chapter 338, Laws of 2019, which shall be codified in Chapter 82.14 RCW.

*(Ord. 2613 §4, 2019)*

**CHAPTER 3.16**  
**ADDITIONAL SALES OR USE TAX**

**Sections:**

- 3.16.010 Imposition of Additional Sales and Use Tax
- 3.16.020 Rate of Tax Imposed
- 3.16.030 Administration and Collection of Tax
- 3.16.040 Consent to Inspection of Records
- 3.16.050 Agreement with Department of Revenue
- 3.16.060 Distribution of Tax Proceeds and Limitation on the Use Thereof
- 3.16.070 Violation – Penalties
- 3.16.080 Severability

**3.16.010 Imposition of Additional Sales and Use Tax**

There is imposed an additional sales or use tax, as the case may be, as authorized by RCW 82.14.030(2), upon every taxable event, as defined in RCW 82.14.020, occurring within the City. The additional tax shall be imposed upon and collected from those persons from whom the State sales or use tax is collected pursuant to RCW Chapters 82.08 and 82.12. This tax is in addition to the sales or use tax imposed by Ordinance No. 611.

*(Ord. 1551 §1, 1989)*

**3.16.020 Rate of Tax Imposed**

The rate of the tax imposed by TMC 3.16.010 shall be 5/10 of 1% of the selling price or value of the article used, as the case may be; provided, however, that in the event the County shall impose a sales and use tax under RCW 82.14.030(2) at a rate equal to or greater than the rate imposed by the City under this section, the County shall receive 15% of the tax imposed by the City under TMC 3.16.010; provided further, that during such period as there is in effect a sales or use tax imposed by the 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 TMC 3.16.010 that amount of revenues equal to 15% of the rate of the tax imposed by the County under RCW 82.14.030(2).

*(Ord. 1551 §2, 1989)*

**3.16.030 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. 1551 §3, 1989)*

**3.16.040 Consent to Inspection of Records**

The City consents to the inspection of such records as are necessary to qualify the City for inspection of records by the Department of Revenue, pursuant to RCW 82.32.330.

*(Ord. 1551 §4, 1989)*

**3.16.050 Agreement with Department of Revenue**

The Mayor is authorized to enter into an agreement with the Department of Revenue for the administration of the tax imposed under this chapter.

*(Ord. 1551 §5, 1989)*

**3.16.060 Distribution of Tax Proceeds and Limitation on the Use Thereof**

The proceeds of the tax imposed in this chapter shall be placed in municipal capital improvement funds, 80%; general fund operations, 10%; and general fund designated ending fund balance, 10%. The general fund designated ending fund balance portion will be applicable to the 1990, 1991, and 1992 budget years and then revert to capital improvement funds.

*(Ord. 1551 §6, 1989)*

**3.16.070 Violation – 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 punished by a fine not to exceed \$5,000 or by imprisonment in jail for a term not exceeding one year or by both such fine and imprisonment.

*(Ord. 1551 §7, 1989)*

**3.16.080 Severability**

If any section, sentence, clause or phrase of this chapter should be held to be invalid or unconstitutional by a court of competent jurisdiction, such invalidity or unconstitutionality shall not affect the validity or constitutionality of any other section, sentence, clause or phrase of this chapter.

*(Ord. 1551 §8, 1989)*

**CHAPTER 3.20**  
**ADMISSIONS AND**  
**ENTERTAINMENT TAX**

**Sections:**

- 3.20.010 Admission Charge – Definitions
- 3.20.020 Admissions Tax Levied
- 3.20.030 Determination of Amount
- 3.20.040 Collection – Remittance to Finance Director
- 3.20.050 Application and Reporting
- 3.20.060 Violations

**3.20.010 Admission Charge – Definitions**

A. “Admission charge,” in addition to its usual meaning, shall include but not be limited to the following:

1. A cover charge or a charge made for use of seats or tables, reserved or otherwise, and similar accommodations.
2. A charge made for rental or use of equipment or facilities for purposes of entertainment or amusement and, where the rental of the equipment or facilities is necessary to the enjoyment of the privilege for which general admission is charged, the combined charge shall be considered as the admission charge.
3. A charge made for entertainment activities or admission to any theater, dance hall, cabaret, adult entertainment cabaret, private club, auditorium, circus, side show, outdoor amusement park or any similar place; and includes equipment to which persons are admitted for purposes of entertainment 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.
4. A sum or money referred to as “a donation” which must be paid before entrance is allowed.
5. “Admission charge” does not include public school activities and other non-profit endeavors.

(Ord. 2080 §1, 2004; Ord. 1733 §1, 1995)

**3.20.020 Admissions Tax Levied**

A. There is hereby levied a 5% tax on admissions for entertainment purposes in the City of Tukwila. Such tax is to continue indefinitely or until amended or repealed by the City Council.

B. *The transfer of admissions tax from the Foster Golf Links Fund to the General Fund shall be waived:* Beginning in the 2019-2020 budget biennium, the City of Tukwila’s General Fund will forego collection of admissions tax from Foster Golf Course until legislative action is taken to reinstate said collection and, further, admissions tax revenues collected by the Foster Golf Course shall be allocated to the Foster Golf Link Fund until legislative action is taken to reallocate such revenues to the General Fund.

(Ord. 2674 §1, 2022; Ord. 2080 §2, 2004; Ord. 1733 §2, 1995)

**3.20.030 Determination of Amount**

A. Amount – The tax here imposed shall be in the amount of 5% on each admission or entertainment charge.

B. Cabarets and similar places – The admission charge to any cabaret, adult entertainment cabaret, 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. A minimum drink or participation cost in lieu of a cover charge is deemed a taxable event.

C. Signs posted – Whenever a charge is made for admission to any place, a sign shall be posted in a conspicuous place on the entrance or ticket office stating that a 5% city admission tax is included in the admission charge.

(Ord. 1733 §3, 1995)

**3.20.040 Collection – Remittance to Finance Director**

A. The tax imposed hereunder shall be collected from the person paying the admission charge at the time the admission charge is paid, and such taxes shall be remitted by the person collecting the tax to the Finance Director in monthly remittances on or before the last day of the month succeeding the end of the monthly period in which the tax is collected or received, and accompanied by such reports as the Finance Director shall require.

B. Any person receiving any payment for admissions shall make out a return upon such forms and setting forth such information as the Finance 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 Finance Director with a remittance for the amount; provided, that the Finance Director may at his discretion require verified annual returns from any person receiving admission payments setting forth such additional information as he may deem necessary to determine correctly the amount of tax collected and payable.

C. If the return provided for herein is not made and transmitted and the tax is not collected and remitted to the City by the last day of the month succeeding the end of the month in which the tax was collected, the Finance Director shall add a penalty of 10% of the tax per month or fraction thereof for each month overdue, which shall be added to the amount of the tax due, and remitted in the same manner.

D. Whenever any theater, circus, show, exhibition, entertainment or amusement makes an admission charge which is subject to the tax herein levied, and the same is of a temporary or transitory nature or there exists a reasonable question of financial responsibility, of which the Finance Director shall be the judge, the report and remittance of the admission tax may be required 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.



**CHAPTER 3.24**  
**CENTRAL TREASURY FUND**

**Sections:**

3.24.010 Established

**3.24.010 Established**

There is hereby established in the City, pursuant to RCW 35.21.085, a special fund to be known as the Central Treasury Fund for payment of salaries, wages, employee benefits, and claims against the City.

*(Ord. 2322 §1, 2011)*

E. Every person liable for the collection and payment of the tax imposed by this chapter shall keep and preserve for a period of five years all unused tickets, ticket manifests, books and all other records from which can be determined the amount of admission tax which he 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 Finance Director or his duly authorized agent.

*(Ord. 1733 §4, 1995)*

**3.20.050 Application and Reporting**

A. Any person conducting or operating any place for entrance to which an admission charge is made shall procure from the City an annual certificate of registration, the fee for which shall be \$1.00, and it shall be posted in a conspicuous place where tickets of admission are sold or the activity occurs. Annual renewals will be provided without a fee.

B. The applicant for a certificate of registration shall furnish the Finance Director with the application, with the name and address of the owner, lessee or the custodian of the premises upon which the amusement is to be conducted; and such owner, lessee or custodian shall be notified of the issuance of such certificate and of his joint liability for collection and remittance of such tax.

C. The Finance Director shall have the power to adopt rules and regulations not inconsistent with the terms of this chapter for carrying out and enforcing the payment, collection and remittance of the tax herein levied; and a copy of the rules and regulations shall be on file and available for public examination in the City Clerk's office.

*(Ord. 1733 §5, 1995)*

**3.20.060 Violations**

A. Violation a misdemeanor – Each violation of or failure to comply with the provisions of this chapter constitutes a separate offense and is a misdemeanor.

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

C. Violators designated – Any person who directly or indirectly performs or omits to perform any act in violation of the provisions of this chapter, or aids or abets the same, whether present or absent, and every person who directly or indirectly counsels, encourages, hires, commands, induces or otherwise procures another to commit such violation is and shall be a principal under the terms of this chapter and may be proceeded against as such.

*(Ord. 1733 §6, 1995)*

**CHAPTER 3.26**  
**BUSINESS AND OCCUPATION TAX**

**Sections:**

- 3.26.010 Purpose
- 3.26.020 Exercise of Revenue License Power
- 3.26.030 Administrative Provisions
- 3.26.040 Definitions
- 3.26.050 Imposition of the Tax – Tax or Fee Levied
- 3.26.070 Multiple Activities Credit When Activities Take Place in One or More Cities with Eligible Gross Receipt Taxes
- 3.26.075 Deductions to Prevent Multiple Taxation of Manufacturing Activities and Prior to January 1, 2008, Transactions Involving More Than One City with An Eligible Gross Receipts Tax
- 3.26.076 Assignment of Gross Income Derived from Intangibles
- 3.26.077 Allocation and Apportionment of Income when Activities Take Place in More than One Jurisdiction
- 3.26.078 Allocation and Apportionment of Printing and Publishing Income when Activities Take Place in More than One Jurisdiction
- 3.26.090 Exemptions
- 3.26.100 Deductions
- 3.26.120 Tax Part of Overhead
- 3.26.130 Severability Clause

**3.26.010 Purpose**

The purpose of this Chapter is to implement Washington Constitution Article XI, Section 12, RCW 35A.11.020, and RCW 35A.82.020, which give municipalities the authority to license for revenue. In the absence of a legal or constitutional prohibition, the City has the power to define taxation categories as they see fit in order to respond to the unique concerns and responsibilities of local government.

*(Ord. 2689 §2, 2022)*

**3.26.020 Exercise of Revenue License Power**

The provisions of this Chapter shall be deemed an exercise of the power of the City 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 licensee or taxpayer to reconfirm tax computation procedures and remain in compliance with the City code.

*(Ord. 2689 §3, 2022)*

**3.26.030 Administrative Provisions**

The administrative provisions contained herein and as codified in TMC Chapter 3.27 shall be fully applicable to the provisions of this Chapter, except as expressly stated to the contrary herein.

*(Ord. 2689 §4, 2022)*

**3.26.040 Definitions**

In construing the provisions of this chapter, the following definitions shall be applied. Words in the singular number shall include the plural, and the plural shall include the singular.

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

B. **“Business and occupation tax”** or **“gross receipts tax”** means a tax imposed on or measured by the value of products, the gross income of the business, or the gross proceeds of sales, as the case may be, and that is the legal liability of the business.

C. **“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; and
2. The manufacturing of articles, substances or commodities.

D. **“Director”** means the Finance Director of the City or any officer, agent or employee of the City designated to act on the Director’s behalf.

E. **“Delivery”** means the transfer of possession of tangible personal property between the seller and the buyer or the buyer’s representative. Delivery to an employee of a buyer is considered delivery to the buyer. Transfer of possession of tangible personal property occurs when the buyer or the buyer’s representative first takes physical control of the property or exercises dominion and control over the property. Dominion and control means the buyer has the ability to put the property to the buyer’s own purposes. It means the buyer or the buyer’s representative has made the final decision to accept or reject the property, and the seller has no further right to possession of the property and the buyer has no right to return the property to the seller, other than under a warranty contract. A buyer does not exercise dominion and control over tangible personal property merely by arranging for shipment of the property from the seller to itself. A buyer’s representative is a person, other than an employee of the buyer, who is authorized in writing by the buyer to receive tangible personal property and take dominion and control by making the final decision to accept or reject the property. Neither a shipping company nor a seller can serve as a buyer’s representative. It is immaterial where the contract of sale is negotiated or where the buyer obtains title to the property. Delivery terms and other provisions of the Uniform Commercial Code (Title 62A RCW) do not determine when or where delivery of tangible personal property occurs for purposes of taxation.

F. **“Digital automated service,” “digital code,”** and **“digital goods”** have the same meaning as in RCW 82.04.192 as now in effect or as may be subsequently amended or recodified.

G. **“Digital products”** means digital goods, digital codes, digital automated services, and the services described in RCW 82.04.050(2)(g) and (6)(b) as now in effect or as may be subsequently amended or recodified.

H. “**Eligible gross receipts tax**” means a tax which:

1. Is imposed on the act or privilege of engaging in business activities within TMC Section 3.26.050; and
2. Is measured by the gross volume of business, in terms of gross receipts and is not an income tax or value added tax; and
3. Is not, pursuant to law or custom, separately stated from the sales price; and
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, whether within or without the State of Washington, and not by a Country, State, Province, or any other non-local jurisdiction above the County level.

I. “**Engaging in business**” means commencing, conducting, or continuing in business, and also the exercise of corporate or franchise powers, as well as liquidating a business when the liquidators thereof hold themselves out to the public as conducting such business.

1. This section sets forth examples of activities that constitute engaging in business in the City, and establishes safe harbors for certain of those activities so that a person who meets the criteria may engage in de minimis business activities in the City without having to register and obtain a business license or pay City business and occupation taxes. The activities listed in this section are illustrative only and are not intended to narrow the definition of “engaging in business” in TMC Section 3.26.040.I. If an activity is not listed, whether it constitutes engaging in business in the City shall be determined by considering all the facts and circumstances and applicable law.

2. Without being all inclusive, any one of the following activities conducted within the City by a person, or its employee, agent, representative, independent contractor, broker or another 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 property, intangible personal property, 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, solid waste, 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.

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

m. Training or recruiting agents, representatives, independent contractors, brokers or others, domiciled or operating on a job in the City, acting on its behalf, or for customers or potential customers.

n. Investigating, resolving, or otherwise assisting in resolving customer complaints.

o. 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.

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

3. If a person, or its employee, agent, representative, independent contractor, broker or another acting on the person’s behalf, engages in no other activities in or with the City but the following, it need not register and obtain a business license and pay tax.

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. This provision does not apply to any board of director member or attendee engaging in business such as a member of a board of directors who attends a board meeting.

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” or “multiple vendor events”. Persons participating at a trade show shall review the City's trade show or multiple vendor event ordinances.

f. Conducting advertising through the mail.

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. Such activities do not include those in TMC Section 3.26.040.I.3.

5. The City expressly intends that engaging in business include any activity sufficient to establish nexus for purposes of applying the tax under the law and the constitutions of the United States and the State of Washington. Nexus is presumed to continue as long as the taxpayer benefits from the activity that constituted the original nexus generating contact or subsequent contacts.

J. **“Extracting”** is the activity engaged in by an extractor and is reportable under the extracting classification.

K. **“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, 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; or persons meeting the definition of farmer.

L. **“Extractor for Hire”** means a person who performs under contract necessary labor or mechanical services for an extractor.

M. **“Gross income of the business”** means the value proceeding or accruing by reason of the transaction of the business 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.

N. **“Gross proceeds of sales”** means the value proceeding or accruing from the sale of tangible personal property, digital goods, digital codes, digital automated services or for other 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.

O. **“Manufacturing”** means the activity conducted by a manufacturer and is reported under the manufacturing classification.

P. **“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 the person's own materials or ingredients any products. When the owner of equipment or facilities furnishes, or sells to the customer prior to manufacture, materials or ingredients equal to less than 20% of the total value of all materials or ingredients that become a part of the finished product, the owner of the equipment or facilities will be deemed to be a processor for hire, and not a manufacturer.

2. “To manufacture” means 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 is produced for sale or commercial or industrial use, and shall include:

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

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

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

d. 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.

3. “To manufacture” shall not include the production of digital goods or the production of computer software if the computer software is delivered from the seller to the purchaser by means other than tangible storage media, including the delivery by use of a tangible storage media where the tangible storage media is not physically transferred to the purchaser.

Q. **“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, non-profit, or otherwise in the United States or any instrumentality thereof.

R. **“Retailing”** means the activity of engaging in making sales at retail and is reported under the retailing classification.

S. **“Retail Service”** shall include the sale of or charge made for personal, business, or professional services including amounts designated as interest, rents, fees, admission, and other service emoluments however designated, received by persons engaging in the following business activities:

1. Amusement and recreation services including but not limited to golf, pool, billiards, skating, bowling, swimming, bungee jumping, ski lifts and tows, basketball, racquet ball, handball, squash, tennis, batting cages, day trips for sightseeing purposes, and others, when provided to consumers. “Amusement and recreation services” also include the provision of related facilities such as basketball courts, tennis courts, handball courts, swimming pools, and charges made for providing the opportunity to dance. The term “amusement and recreation services” does not include instructional lessons to learn a particular activity such as tennis lessons, swimming lessons, or archery lessons.

2. Abstract, title insurance, and escrow services;

3. Credit bureau services;

4. Automobile parking and storage garage services;

5. Landscape maintenance and horticultural services but excluding (i) horticultural services provided to farmers and (ii) 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;

6. Service charges associated with tickets to professional sporting events; and

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

8. The term shall also include the renting or leasing of tangible personal property to consumers and the rental of equipment with an operator.

T. **“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,” “retail sale,” or “retail service.” 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.

U. **“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 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 consumers, other than a sale to a person who presents a resale certificate under RCW 82.04.470 and who:

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

b. 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; or

c. 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; or

d. 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

e. Purchases for the purpose of providing the property to consumers as part of competitive telephone service, as defined in RCW 82.04.065. The term shall include every sale of tangible personal property which is 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 TMC Section 3.26.040.U.1.a, b, c, d, or e following such use.

f. Purchases for the purpose of satisfying the person's obligations under an extended warranty as defined in TMC Section 3.26.040.U.7 if such tangible personal property replaces or becomes an ingredient or component of property covered by the extended warranty without intervening use by such person.

2. “Sale at retail” or “retail sale” also means every sale of tangible personal property to persons engaged in any business activity which is taxable under TMC Section 3.26.050.A.7.

3. “Sale at retail” or “retail sale” shall include the sale of or charge made for tangible personal property consumed and/or for labor and services rendered in respect to the following:

a. 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;

b. 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, and shall also include the sale of services or charges made for the clearing of land and the moving of earth excepting the mere leveling of land used in commercial farming or agriculture;

c. The charge for labor and services rendered in respect to 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 reconveyed by title, possession, or any other means to the original owner;

d. The sale of or charge made for labor and services rendered in respect to the cleaning, fumigating, razing or moving of existing buildings or structures, but shall not include the charge made for janitorial services; and for purposes of this section 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 “janitorial services” does not include painting, papering, repairing, furnace or septic tank cleaning, snow removal or sandblasting;

e. The sale of or charge made for labor and services rendered in respect to automobile towing and similar automotive transportation services, but not in respect to those required to report and pay taxes under chapter 82.16 RCW;

f. The sale of and charge made for the furnishing of lodging and all other services, except telephone business and cable service, 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 month or more constitutes a rental or lease of real property and not a mere license to use or enjoy the same. For the purposes of this subsection, it shall be presumed that the sale of and charge made for the furnishing of lodging for a continuous period of one month or more to a person is a rental or lease of real property and not a mere license to enjoy the same;

g. The installing, repairing, altering, or improving of digital goods for consumers;

h. The sale of or charge made for tangible personal property, labor and services to persons taxable under TMC Section 3.26.040.U.3.a, b, c, d, e, f, and g 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. Nothing contained in this section shall be construed to modify TMC Section 3.26.040.U.1 and nothing contained in TMC Section 3.26.040.U.1 shall be construed to modify this subsection.

4. “Sale at retail” or “retail sale” shall also include the providing of competitive telephone service to consumers.

5. “Sale at retail” or “retail sale”:

a. “Sale at retail” or “retail sale” shall also include the sale of prewritten software other than a sale to a person who presents a resale certificate under RCW 82.04.470, regardless of the method of delivery to the end user. For the purposes of this section, the sale of prewritten computer software includes the sale of or charge made for a key or an enabling or activation code, where the key or code is required to activate prewritten computer software and put the software into use. There is no separate sale of the key or code from the prewritten computer software, regardless of how the sale may be characterized by the vendor or by the purchaser. The term “sale at retail” or “retail sale” does not include the sale of or charge made for:

i. Custom software; or

ii. The customization of prewritten software.

b. The term also includes the charge made to consumers for the right to access and use prewritten computer software, where possession of the software is maintained by the seller or a third party, regardless of whether the charge for the service is on a per use, per user, per license, subscription, or some other basis.

i. The service described in TMC Section 3.26.040.U.5.b includes the right to access and use prewritten software to perform data processing.

ii. For the purposes of TMC Section 3.26.040.U.5.b(i), “data processing” means the systematic performance of operations on data to extract the required information in an appropriate form or to convert the data to usable information. Data processing includes check processing, image processing, form processing, survey processing, payroll processing, claim processing, and similar activities.

6. “Sale at retail” or “retail sale” shall also include the sale of or charge made for labor and services rendered in respect to 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, the State of Washington, 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.

7. “Sale at retail” or “retail sale” shall also include the sale of or charge made for an extended warranty to a consumer. For purposes of this subsection, “extended warranty” means an agreement for a specified duration to perform the replacement or repair of tangible personal property at no additional charge or a reduced charge for tangible personal property, labor, or both, or to provide indemnification for the replacement or repair of tangible personal property, based on the occurrence of specified events. The term “extended warranty” does not include an agreement, otherwise meeting the definition of extended warranty in this subsection, if no separate charge is made for the agreement and the value of the agreement is included in the sales price of the tangible personal property covered by the agreement.

8. “Sale at retail” or “retail sale” shall also include the sale of or charge made for labor and services rendered in respect to 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 created pursuant to chapter 35.82 RCW, 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 (government contracting).

9. “Sale at retail” or “retail sale” shall not include the sale of services or charges made for 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. Nor shall the term include the sale of services or charges made for cleaning up for the United States, or its instrumentalities, radioactive waste and other byproducts of weapons production and nuclear research and development.

10. “Sale at retail” or “retail sale” shall not include the sale of or charge made for labor and services rendered for environmental remedial action.

11. “Sale at retail” or “retail sale” shall also include the following sales to consumers of digital goods, digital codes, and digital automated services:

- a. Sales in which the seller has granted the purchaser the right of permanent use;
- b. Sales in which the seller has granted the purchaser a right of use that is less than permanent;
- c. Sales in which the purchaser is not obligated to make continued payment as a condition of the sale; and
- d. Sales in which the purchaser is obligated to make continued payment as a condition of the sale. A retail sale of digital goods, digital codes, or digital automated services under TMC Section 3.26.040.U.5.b.2 includes any services provided by the seller exclusively in connection with the digital goods, digital codes, or digital automated services, whether or not a separate charge is made for such services. For purposes of this subsection, “permanent” means perpetual or for an indefinite or unspecified length of time. A right of permanent use is presumed to have been

granted unless the agreement between the seller and the purchaser specifies or the circumstances surrounding the transaction suggest or indicate that the right to use terminates on the occurrence of a condition subsequent.

12. “Sale at retail” or “retail sale” shall also include the installing, repairing, altering, or improving of digital goods for consumers.

V. “**Sale at wholesale,**” or “**wholesale sale**” means any sale of tangible personal property, digital goods, digital codes, digital automated services, prewritten computer software, or services described in TMC Section 3.26.040.U.5.b.i, which is not a retail sale, and any charge made for labor and services rendered for persons who are not consumers, in respect to real or personal property and retail services, if such charge is expressly defined as a retail sale or retail service when rendered to or for consumers. Sale at wholesale also includes the sale of telephone business to another telecommunications company as defined in RCW 80.04.010 for the purpose of resale, as contemplated by RCW 35.21.715.

W. “**Taxpayer**” means any “person”, as herein defined, required to have a business license under this chapter or liable for the collection of any tax or fee under this chapter, or who engages in any business or who performs any act for which a tax or fee is imposed by this chapter.

X. “**Value proceeding or accruing**” means the consideration, whether money, credits, rights, or other property expressed in terms of money, a person is entitled to receive or which is 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.

Y. “**Value of products**”

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 of 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 may prescribe rules for the purpose of ascertaining such values.

3. Notwithstanding TMC Section 3.26.040.Y.2 above, the value of a product manufactured or produced for purposes of serving as a prototype for the development of a new or improved product shall correspond to (a) the retail selling price of such new or improved product when first offered for sale; or (b) the value of materials incorporated into the prototype in cases in which the new or improved product is not offered for sale.

Z. **“Wholesaling”** means engaging in the activity of making sales at wholesale, and is reported under the wholesaling classification.

*(Ord. 2689 §5, 2022)*

**3.26.050 Imposition of the Tax – Tax or Fee Levied**

A. Except as provided in TMC Section 3.26.050.B, there is hereby levied upon and shall be collected from every person a tax for the act or privilege of engaging in business activities within the City, whether the person’s office or place of business be within or without the City. 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:

1. 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 within the City for sale or for commercial or industrial use, multiplied by the rate of 0.085%. 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.

2. Upon every person engaging within the City in business as a manufacturer, as to such persons the amount of the tax with respect to such business shall be equal to the value of the products, including by-products, manufactured within the City, multiplied by the rate of 0.085%. The measure of the tax is the value of the products, including by-products, so manufactured, regardless of the place of sale or the fact that deliveries may be made to points outside the City.

3. Upon every person engaging within the City in the business of making sales at wholesale, 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 0.085%.

4. Upon every person engaging within the City in the business of making sales at retail, 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 0.05%.

5. Upon every person engaging within the City in the business of making sales of retail services; as to such persons, the amount of tax with respect to such business shall be equal to the gross proceeds of sales multiplied by the rate of 0.05%.

6. Upon every person engaging within the City in the business of (i) printing, (ii) both printing and publishing newspapers, magazines, periodicals, books, music, and other printed items, (iii) publishing newspapers, magazines and periodicals, (iv) extracting for hire, and (v) processing for hire; 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 0.085%.

7. 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 0.085%. 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, producing royalties or commissions, and persons engaged in the business of rendering any type of service which does not constitute a sale at retail, a sale at wholesale, or a retail service.

B. The gross receipts tax imposed in this section shall not apply to any person whose gross proceeds of sales, gross income of the business, and value of products, including by-products, as the case may be, from all activities conducted within the City during any calendar year is equal to or less than \$750,000.

*(Ord. 2689 §6, 2022)*

**3.26.070 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 or more subsections of TMC Section 3.26.050 shall be taxable under each applicable subsection.

B. Notwithstanding anything to the contrary herein, 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.

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 (a) with respect to the manufacturing of the products sold in the City, and (b) 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. 2689 §7, 2022)*

### **3.26.075 Deductions to Prevent Multiple Taxation of Manufacturing Activities and Prior to January 1, 2008, Transactions Involving More Than One City With An Eligible Gross Receipts Tax**

**A. Amounts subject to an eligible gross receipts tax in another city that also maintains nexus over the same activity.** For taxes due prior to January 1, 2008, a taxpayer that is subject to an eligible gross receipts tax on the same activity in more than one jurisdiction may be entitled to a deduction as follows:

1. A taxpayer that has paid an eligible gross receipts tax, with respect to a sale of goods or services, to a jurisdiction in which the goods are delivered or the services are provided may deduct an amount equal to the gross receipts used to measure that tax from the measure of the tax owed to the City.

2. Notwithstanding the 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 shall assign those gross receipts to the jurisdiction where the person is domiciled (its headquarters is located).

3. A taxpayer that has paid an eligible gross receipts tax on the privilege of accepting or executing a contract with another city may deduct an amount equal to the contract price used to measure the tax due to the other city from the measure of the tax owed to the City.

**B. Person manufacturing products within and without.** A person manufacturing products within the City using products manufactured by the same person 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 to the other jurisdiction with respect to manufacturing such products.

*(Ord. 2689 §8, 2022)*

### **3.26.076 Assignment of Gross Income Derived from Intangibles**

Gross income derived from the sale of intangibles such as royalties, trademarks, patents, or goodwill shall be assigned to the jurisdiction where the person is domiciled (its headquarters is located).

*(Ord. 2689 §9, 2022)*

### **3.26.077 Allocation and Apportionment of Income when Activities Take Place in More than One Jurisdiction**

Effective January 1, 2024, gross income, other than persons subject to the provisions of chapter 82.14A RCW, shall be allocated and apportioned as follows:

A. Gross income derived from all activities other than those taxed as service or royalties under TMC Section 3.26.050.A.7. shall be allocated to the location where the activity takes place.

B. In the case of sales of tangible personal property, the activity takes place where delivery to the buyer occurs.

C. In the case of sales of digital products, the activity takes place where delivery to the buyer occurs. The delivery of digital products will be deemed to occur at:

1. The seller's place of business if the purchaser receives the digital product at the seller's place of business;

2. If not received at the seller's place of business, the location where the purchaser or the purchaser's donee, designated as such by the purchaser, receives the digital product, including the location indicated by instructions for delivery to the purchaser or donee, known to the seller;

3. If the location where the purchaser or the purchaser's donee receives the digital product is not known, the purchaser's address maintained in the ordinary course of the seller's business when use of this address does not constitute bad faith;

4. If no address for the purchaser is maintained in the ordinary course of the seller's business, the purchaser's address obtained during the consummation of the sale, including the address of a purchaser's payment instrument, if no other address is available, when use of this address does not constitute bad faith; and

5. If no address for the purchaser is obtained during the consummation of the sale, the address where the digital good or digital code is first made available for transmission by the seller or the address from which the digital automated service or service described in RCW 82.04.050 (2)(g) or (6)(b) was provided, disregarding for these purposes any location that merely provided the digital transfer of the product sold.

D. If none of the methods in TMC Section 3.26.077.C for determining where the delivery of digital products occurs are available after a good faith effort by the taxpayer to apply the methods provided in TMC Section 3.26.077.C.1 through TMC Section 3.26.077.C.5, then the City and the taxpayer may mutually agree to employ any other method to effectuate an equitable allocation of income from the sale of digital products. The taxpayer will be responsible for petitioning the City to use an alternative

method under TMC Section 3.26.077.D. The City may employ an alternative method for allocating the income from the sale of digital products if the methods provided in TMC Section 3.26.077.C.1 through TMC Section 3.26.077.C.5 are not available and the taxpayer and the City are unable to mutually agree on an alternative method to effectuate an equitable allocation of income from the sale of digital products.

E. For purposes of TMC Section 3.26.077.C.1 through TMC Section 3.26.077.C.5, the following definitions apply:

1. “Digital automated services,” “digital codes,” and “digital goods” have the same meaning as in RCW 82.04.192;

2. “Digital products” means digital goods, digital codes, digital automated services, and the services described in RCW 82.04.050(2)(g) and (6)(c); and

3. “Receive” has the same meaning as in RCW 82.32.730.

F. Gross income derived from activities taxed as services and other activities taxed under TMC Section 3.26.050.A.7 shall be apportioned to the City by multiplying apportionable income by a fraction, the numerator of which is the payroll factor plus the service income factor and the denominator of which is two.

1. The payroll factor is a fraction, the numerator of which is the total amount paid in the City during the tax period by the taxpayer for compensation and the denominator of which is the total compensation paid everywhere during the tax period. Compensation is paid in the City if:

a. The individual is primarily assigned within the City;

b. The individual is not primarily assigned to any place of business for the tax period and the employee performs 50% or more of his or her service for the tax period in the City; or

c. The individual is not primarily assigned to any place of business for the tax period, the individual does not perform 50% or more of his or her service in any city and the employee resides in the City.

2. The service income factor is a fraction, the numerator of which is the total service income of the taxpayer in the City during the tax period, and the denominator of which is the total service income of the taxpayer everywhere during the tax period. Service income is in the City if the customer location is in the City.

3. Gross income of the business from engaging in an apportionable activity must be excluded from the denominator of the service income factor if, in respect to such activity, at least some of the activity is performed in the City, and the gross income is attributable under TMC Section 3.26.077.F.2 to a city or unincorporated area of a county within the United States or to a foreign country in which the taxpayer is not taxable. For purposes of TMC Section 3.26.077.F.3, “not taxable” means that the taxpayer is not subject to a business activities tax by that city or county within the United States or by that foreign country, except that a taxpayer is taxable in a city or county within the United States or in a foreign country in which it would be deemed to have a substantial nexus with the city or county within the United States

or with the foreign country under the standards in RCW 35.102.050 regardless of whether that city or county within the United States or that foreign country imposes such a tax.

4. If the allocation and apportionment provisions of TMC Section 3.26.077.F do not fairly represent the extent of the taxpayer's business activity in the City, the taxpayer may petition for or the tax administrator may require, in respect to all or any part of the taxpayer's business activity, if reasonable:

a. Separate accounting;

b. The exclusion of any one or more of the factors;

c. The inclusion of one or more additional factors that will fairly represent the taxpayer's business activity in the City; or

d. The employment of any other method to effectuate an equitable allocation and apportionment of the taxpayer's income.

5. The party petitioning for, or the tax administrator requiring, the use of any method to effectuate an equitable allocation and apportionment of the taxpayer's income pursuant to TMC Section 3.26.077.F.4 must prove by a preponderance of the evidence:

a. That the allocation and apportionment provisions of this TMC Section 3.26.077.F do not fairly represent the extent of the taxpayer's business activity in the City; and

b. That the alternative to such provisions is reasonable.

c. The same burden of proof shall apply whether the taxpayer is petitioning for, or the tax administrator is requiring, the use of an alternative, reasonable method to effectuate an equitable allocation and apportionment of the taxpayer's income.

6. If the tax administrator requires any method to effectuate an equitable allocation and apportionment of the taxpayer's income, the tax administrator cannot impose any civil or criminal penalty with reference to the tax due that is attributable to the taxpayer's reasonable reliance solely on the allocation and apportionment provisions of TMC Section 3.26.077.F.

7. A taxpayer that has received written permission from the tax administrator to use a reasonable method to effectuate an equitable allocation and apportionment of the taxpayer's income shall not have that permission revoked with respect to transactions and activities that have already occurred unless there has been a material change in, or a material misrepresentation of, the facts provided by the taxpayer upon which the tax administrator reasonably relied in approving a reasonable alternative method.

G. The definitions in this subsection apply throughout this section.

1. **“Apportionable income”** means the gross income of the business taxable under the service classifications of a city's gross receipts tax, including income received from activities outside the City if the income would be taxable under the service classification if received from activities within the City, less any exemptions or deductions available.

2. **“Business activities tax”** means a tax measured by the amount of, or economic results of, business activity



conducted in a city or county within the United States or within a foreign country. The term includes taxes measured in whole or in part on net income or gross income or receipts. “Business activities tax” does not include a sales tax, use tax, or a similar transaction tax, imposed on the sale or acquisition of goods or services, whether or not denominated on a gross receipts tax or a tax imposed on the privilege of doing business.

3. **“Compensation”** means wages, salaries, commissions, and any other form of remuneration paid to individuals for personal services that are or would be included in the individual’s gross income under the federal Internal Revenue Code.

4. **“Customer”** means a person or entity to whom the taxpayer makes a sale or renders services or from whom the taxpayer otherwise receives gross income of the business.

5. **“Customer location”** means the following:

a. For a customer not engaged in business, if the service requires the customer to be physically present, where the service is performed.

b. For a customer not engaged in business, if the service does not require the customer to be physically present:

(1) The customer’s residence; or

(2) If the customer’s residence is not known, the customer’s billing/mailling address.

c. For a customer engaged in business:

(1) Where the services are ordered from;

(2) At the customer’s billing/mailling address if the location from which the services are ordered is not known; or

(3) At the customer’s commercial domicile if none of the above are known.

6. **“Individual”** means any individual who, under the usual common law rules applicable in determining the employer-employee relationship, has the status of an employee of that taxpayer.

7. **“Primarily assigned”** means the business location of the taxpayer where the individual performs his or her duties.

8. **“Service-taxable income”** or **“service income”** means gross income of the business subject to tax under either the service or royalty classification.

9. **“Tax period”** means the calendar year during which tax liability is accrued. If taxes are reported by a taxpayer on a basis more frequent than once per year, taxpayers shall calculate the factors for the previous calendar year for reporting in the current calendar year and correct the reporting for the previous year when the factors are calculated for that year, but not later than the end of the first quarter of the following year.

H. Assignment or apportionment of revenue under this section shall be made in accordance with and in full compliance with the provisions of the interstate commerce clause of the United States Constitution where applicable.

*(Ord. 2689 §10, 2022)*

### 3.26.078 Allocation and Apportionment of Printing and Publishing Income when Activities Take Place in More than One Jurisdiction

Notwithstanding RCW 35.102.130, gross income from the activities of printing, and of publishing newspapers, periodicals, or magazines, shall be allocated to the principal place in this state from which the taxpayer’s business is directed or managed. As used in this section, the activities of printing, and of publishing newspapers, periodicals, or magazines, have the same meanings as attributed to those terms in RCW 82.04.280(1) by the Department of Revenue. Until January 1, 2034, these activities include those for which the exemption in RCW 82.04.759 applies.

*(Ord. 2727 §1, 2023; Ord. 2689 §11, 2022)*

### 3.26.090 Exemptions

A. **Gross receipts taxed under other Tukwila Municipal Code 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 TMC Chapter 3.50 (Utility Tax) or TMC Chapter 3.08 (Gambling Activities Tax).

B. **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.

C. **Insurance business.** This chapter shall not apply to amounts received by any person who is an insurer or their appointed insurance producer upon which a tax based on gross premiums is paid to the state pursuant to RCW 48.14.020, 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.

D. **Employees.**

1. This chapter shall not apply to any person in respect to the person’s employment in the capacity as an employee or servant as distinguished from that of an independent contractor. For the purposes of this subsection, the definition of employee shall include those persons that are defined in the Internal Revenue Code, as hereafter amended.

2. A booth renter is an independent contractor for purposes of this chapter.

E. **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. This chapter shall also not apply to amounts received for the rental of real estate if the rental income is derived from a contract to rent for a continuous period of 30 days or longer.

F. **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.

G. **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 82.38.020 and exempt under RCW 82.38.280, 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.

H. **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 exempt in RCW 66.08.120.

I. **Casual and isolated sales.** This chapter shall not apply to the gross proceeds derived from casual or isolated sales.

J. **Accommodation sales.** This chapter shall not apply to sales for resale by persons regularly engaged in the business of making retail 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 the vendor in the acquisition of the article and (2) the sale is made as an accommodation to the buyer to enable the buyer to fill a bona fide existing order of a customer or is made within 14 days to reimburse in kind a previous accommodation sale by the buyer to the seller.

K. **Taxes collected as trust funds.** This chapter shall not apply to amounts collected 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.

L. **Nonprofit organizations.** This chapter shall not apply to entities that are exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, except retail sales.

M. **Businesses operating as a public card room.** This chapter shall not apply to entities operating “public card rooms,” as defined in WAC 230-15-001.

N. **Amateur/Professional/Semi-professional sports teams.** This chapter shall not apply to amateur, professional or semi-professional sports teams or clubs operating in the City primarily engaged in participating in live sporting events, such as baseball, basketball, football, hockey, soccer, and jai alai games, before a paying audience. These teams or clubs may or may not operate their own arena, stadium, or other facility for presenting these events.

O. **Adult family homes.** This chapter shall not apply to adult family homes which are licensed as such under chapter 70.128 RCW, or which are specifically exempt from licensing under the rules of the Washington State Department of Social and Health Services.

P. **Health maintenance organization, health care service contractor, certified health plan.** This chapter shall 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 chapter 48.44 RCW and health maintenance organizations under chapter 48.46 RCW and does not apply to health care services directly delivered by the employees of a health maintenance organization under chapter 48.46 RCW.

Q. **International banking facilities.** This chapter shall not apply to the gross receipts of an international banking facility. As used in this section, an “international banking facility” means:

1. 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 in this state, and which is incorporated and doing business under the laws of the United States or of this state; or

2. A United States branch or agency of a foreign bank; or

3. An Edge corporation organized under Section 25(a) of the Federal Reserve Act, 12 United States Code 611-631; or

4. 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 601-604 (a), that includes only international banking facility time deposits as defined in 12 CFR 204.8(a)(2) and international banking facility extensions of credit as defined in 12 CFR 204.8(a)(3).

R. **Real estate brokers and associated brokers, agents, or salesmen.** This chapter shall 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 and occupation tax imposed under this chapter 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.

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

T. The City of Tukwila is exempt from the tax levied by this chapter.

U. **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.

V. **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. “Agricultural product” does not include cannabis or cannabis products as defined in RCW 69.50.101.

W. **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.

X. **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. 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.

Y. **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 chapter 71A.22 RCW or to the business activities of nonprofit organizations from the operation of sheltered workshops. For the purposes of this section, "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 persons with disabilities 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 persons with disabilities.

Z. **Nonprofit organizations – Credit and debt services.** This chapter shall 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 subsection (Z)(1), (Z)(2), or (Z)(3) of this section.

AA. **Nonprofit organizations that are guarantee agencies, issue debt, or provide guarantees for student loans.** This chapter shall not apply to gross income received by nonprofit organizations exempt from federal income tax under section 501(c)(3) of the internal revenue code, as hereafter 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.

*(Ord. 2727 §2, 2023; Ord. 2689 §12, 2022)*

### 3.26.100 Deductions

In computing the business and occupation tax imposed under this chapter, there may be deducted from the measure of tax the following items:

A. **Receipts from 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 delivered by the seller to the buyer or the buyer's representative at a location outside the State of Washington.

B. **Cash discount taken by purchaser.** In computing tax, there may be deducted from the measure of tax the cash discount amounts 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.

C. **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.

D. **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.

E. **Receipts from the Sale of Tangible Personal Property and Retail Services Delivered Outside the City but Within Washington.** Effective January 1, 2024, amounts included in the gross receipts reported on the tax return derived from the sale of tangible personal property delivered to the buyer or the buyer's representative outside the City but within the State of Washington may be deducted from the measure of tax under the retailing, retail services, or wholesaling classification.

F. **Professional employer services.** In computing the tax, a professional employer organization may deduct from the calculation of gross income the gross income of the business derived from performing professional employer services that is equal to the portion of the fee charged to a client that represents the actual cost of wages and salaries, benefits, workers' compensation, payroll taxes, withholding, or other assessments paid to or on behalf of a covered employee by the professional employer organization under a professional employer agreement.

**G. Interest on investments or loans secured by mortgages or deeds of trust.** In computing tax, to the extent permitted by Chapter 82.14A RCW, 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. Compensation from public entities for health or social welfare services.** 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, "employee benefit plan" includes the military benefits program authorized in 10 USC Sec. 1071 et seq., as amended, or amounts payable pursuant thereto.

**I. Membership fees and certain service fees by nonprofit youth organization.** 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.

For purposes of this subsection (I), "nonprofit youth organization" means a nonprofit organization engaged in character building of youth which is exempt from property tax under RCW 84.36.030.

**J. Initiation fees, dues, and certain charges received by nonprofit organization.** In computing tax, a nonprofit organization may deduct 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 nonprofit kindergartens; and

8. Endowment funds.

This subsection (J) 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 graduated 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.

**K. Artistic and cultural organizations.** In computing tax, there may be deducted from the measure of tax those amounts received by artistic or cultural organizations, as defined in this chapter, 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;

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.

**L. 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.

**M. 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.

**N. 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 64.32.010; 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.

2. For the purposes of this subsection “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 subsection:

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 country 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;

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.

O. **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 tax by radio and television broadcasters amounts representing the following:

1. Advertising agencies’ fees when such fees or allowances are shown as 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 may issue a rule that provides detailed guidance as to how these deductions are to be calculated.

*(Ord. 2727 §3, 2023; Ord. 2689 §13, 2022)*

### **3.26.120 Tax Part of 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 such taxes or fees shall be levied upon, and collectible from, the person engaging in the business activities herein designated and that such taxes or fees shall constitute a part of the cost of doing business of such persons.

*(Ord. 2689 §14, 2022)*

### **3.26.130 Severability Clause**

If any provision of this chapter or its application to any person or circumstance is held invalid, the remainder of the chapter or the application of the provision to other persons or circumstances shall not be affected.

*(Ord. 2689 §15, 2022)*



**CHAPTER 3.27**  
**BUSINESS AND OCCUPATION TAX**  
**ADMINISTRATIVE PROVISIONS**

**Sections:**

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**3.27.010 Purpose**

The purpose of this Chapter is to provide for the administrative procedures for the Business and Occupation Tax as codified in TMC Chapter 3.26, setting administrative fees and prescribing penalties for noncompliance with the provisions of this chapter.

*(Ord. 2689 §17, 2022)*

**3.27.015 Application of Chapter Stated**

The provisions of this Chapter shall apply with respect to the taxes imposed under TMC Chapter 3.26 and under other titles, chapters, and sections in such manner and to such extent as indicated in each such title, chapter or section.

*(Ord. 2689 §18, 2022)*

**3.27.020 Definitions**

For purposes of this Chapter, the definitions contained in TMC Chapter 3.26 shall apply equally to the provisions of this chapter unless the term is defined otherwise in this chapter. In addition, the following definitions shall apply:

A. **"Reporting period"** means:

1. A one-month period beginning the first day of each calendar month (monthly); or
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).

B. **"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.

C. **"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.

D. **"Tax year"** or **"taxable year"** means the calendar year.  
*(Ord. 2689 §19, 2022)*

**3.27.021 Definitions – References to Chapter 82.32 RCW**

Where provisions of Chapter 82.32 RCW are incorporated in TMC Section 3.27.090 of this Title, "Department" as used in the RCW shall refer to the "Director" as defined in TMC Section 3.26.040.D and "warrant" as used in the RCW shall mean "citation or criminal complaint."

*(Ord. 2689 §20, 2022)*

**3.27.025 Registration/License Requirements**

No person shall engage in any business or conduct any business activity without first obtaining a valid current business registration as required by TMC 5.04.015.

*(Ord. 2689 §21, 2022)*

**3.27.040 When Due and Payable – Reporting Periods – Monthly, Quarterly, and Annual Returns – Threshold Provisions or Relief from Filing Requirements – 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 this chapter shall be due and payable in quarterly installments. 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. Effective January 1, 2024, tax payments are due on or before the time as provided in RCW 82.32.045(1), (2), and (3).

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 complete and true.

C. Tax returns must be filed and returned by the due date whether or not any tax is owed.

D. *Minimum threshold and nonreporting status.*

1. For purposes of the tax imposed by TMC Chapter 3.26, any person whose value of products, gross proceeds of sales, or gross income of the business, subject to tax after all allowable deductions, is equal to or less than \$750,000 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.

2. Notwithstanding subsection (D)(1) of this section, the Director may assign a nonreporting status and relieve any person of the requirement to file returns if the person's value of products, gross proceeds of sales, or gross income of the business subject to tax after allowable deductions does not exceed \$750,000 per calendar year.

E. A taxpayer that 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 the taxpayer is engaged in business activity.

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 City or Federal legal holiday, in which case the last day of such period shall be the next succeeding day which is neither a Saturday, Sunday, or City or Federal legal holiday.

G. If any taxpayer fails, neglects or refuses to make a 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 the Director's 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. 2727 §4, 2023; Ord. 2689 §22, 2022)*

**3.27.050 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 that 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 remittances from any taxpayer. A return or remittance which 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 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 penalties and interest owing, and then 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 \$25.00 for checks of \$50.00 or less and \$40.00 for checks over \$50.00 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 charge) 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. 2689 §23, 2022)*

**3.27.060 Records to be Preserved – Examination – Estoppel to Question Assessment**

Every person liable for any fee or tax imposed by this chapter shall keep and preserve, for a period of 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 books, records, papers, invoices, vendor lists, inventories, stocks of merchandise, and other data including federal income tax and state tax returns and reports shall be open for examination at any time by the Director or its duly authorized agent. Every person’s business premises shall be open for inspection or examination by the Director or a duly authorized agent.

A. If a person does not keep the necessary books and records within the City, it shall be sufficient if such person (a) produces within the City such books and records as may be required by the Director, or (b) 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.

B. Any person who fails, or refuses a Department request, to provide or make available records, or to allow inspection or examination of the business premises, shall be forever barred from questioning in any court action, the correctness of any assessment of taxes made by the City for any period for which such records have not been provided, made available or kept and preserved, or in respect of which inspection or examination of the business premises has been denied. 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 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. 2689 §24, 2022)*

**3.27.070 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 that 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. 2689 §25, 2022)*

**3.27.080 Public Work Contracts – Payment of Fee and Tax Before Final Payment for Work**

The Director may, before issuing any final payment to any person performing any public work contract for the City, require such person to pay in full all license fees or taxes due under this title 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. 2689 §26, 2022)*

**3.27.090 Underpayment of Tax, Interest, or Penalty - Interest**

A. If, upon examination of any returns, or from other information obtained by the Director, it appears that a tax or penalty less than that properly due has been paid, the Director shall assess the additional amount found to be due and shall add thereto interest on the tax only. The Director shall notify the person by mail of the additional amount, which shall become due and shall be paid within 30 days from the date of the notice, or within such time as the Director may provide in writing.

B. For tax periods after December 31, 2004 the Director shall compute interest in accordance with RCW 82.32.050 as it now exists or as it may be amended.

C. If TMC Section 3.27.090.B is held to be invalid, then the provisions of RCW 82.32.050 existing at the effective date of this ordinance shall apply.

*(Ord. 2689 §27, 2022)*

**3.27.095 Time in Which Assessment May Be Made**

The Director shall not assess, or correct an assessment for additional taxes, penalties, or interest due more than four years after the close of the calendar year in which they were incurred, except that the Director may issue an assessment:

A. 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 10 years prior to the close of the calendar year in which the person was contacted in writing by the Director;

B. Against a person that has committed fraud or who misrepresented a material fact; or

C. Against a person that has executed a written waiver of such limitations.

*(Ord. 2689 §28, 2022)*



**3.27.100 Over Payment 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 TMC Section 3.27.100.B, no refund or credit shall be made for taxes, penalties, or interest paid more than 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 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 or warrants 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 TMC Section 3.27.100.C, upon the filing with the Director a certified copy of the order or judgment of the court.

*(Ord. 2689 §29, 2022)*

**3.27.110 Late Payment – Disregard of Written Instructions – Evasion - Penalties**

A. If payment of any tax due on a return to be filed by a taxpayer is not received by the Director by the due date, the Director shall add a penalty in accordance with RCW 82.32.090(1), as it now exists or as it may be amended.

B. If the Director determines that any tax has been substantially underpaid as defined in RCW 82.32.090(2), there shall be added a penalty in accordance with RCW 82.32.090(2), as it now exists or as it may be amended.

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 in accordance with RCW 82.32.090(3), as it now exists or as it may be amended.

D. If the Director finds that a person has engaged in any business or performed any act upon which a tax is imposed under this title and that person has not obtained from the Director a license as required by City of Tukwila, the Director shall impose a penalty in accordance with RCW 82.32.090(4), as it now exists or as it may be amended. No penalty shall be imposed under TMC Section 3.27.110.D if the person who has engaged in business without a license obtains a license prior to being notified by the Director of the need to be licensed.

E. 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

in accordance with RCW 82.32.090(5), as it now exists or as it may be amended.

F. 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 in accordance with RCW 82.32.090(5), as it now exists or as it may be amended.

G. The penalties imposed under TMC Section 3.27.110.A through E can each be imposed on the same tax found to be due. This subsection does not prohibit or restrict the application of other penalties authorized by law.

H. 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.

I. For the purposes of this section, "return" means any document a person is required by the City of Tukwila 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.

J. If incorporation of future changes to RCW 82.32.090 into the Tukwila Municipal Code is deemed invalid, then the provisions of RCW 82.32.090 existing at the time this ordinance is effective shall apply.

*(Ord. 2689 §30, 2022)*

**3.27.120 Cancellation of Penalties**

A. The Director may cancel any penalties imposed under TMC Section 3.27.110.A 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 the taxpayer's 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 TMC Section 3.27.120.C.

B. A request for cancellation of penalties must be received by the Director within 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 in TMC Section 3.27.110.A one time if a person:

1. Is not currently licensed and filing returns,
2. Was unaware of its responsibility to file and pay tax,

and

3. Obtained business licenses and filed past due tax returns within 30 days after being notified by the Department.

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

*(Ord. 2689 §31, 2022)*

**3.27.130 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 10 days thereafter, make a return and pay the tax due.

B. Any person who becomes a successor shall become 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: a) 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 b) more than 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 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. 2689 §32, 2022)

**3.27.140 Administrative Appeal**

A. *Correction of tax.* Any person, except one who has failed to comply with TMC Section 3.27.060, aggrieved by the amount of the tax, penalty, or interest assessed by the Director pursuant to this chapter, or by the denial of a refund by the Director, may request a correction and conference for review of the assessment or denial of a refund. Such request must be made within 30 calendar days from the date on which such person was issued notice of the assessment or refund denial, or within the period covered by an extension of the due date granted by the Director. The request for correction must state the grounds for the request, including a detailed explanation of why the amount of the tax determined to be due by the Director was incorrect. Interest and penalties shall continue to accrue during the Director’s review of a request for a correction, except to the extent that the Director later determines that a tax assessment was too high or the delay in issuing a determination is due to unreasonable delays caused by the Director. The Director shall make a final determination regarding the assessment or refund denial and shall notify the taxpayer of the Director’s determination within 60 days after the conference, unless otherwise notified in writing by the Director. Such determination shall be subject to appeal pursuant to subsection (B) of this section. If no request for correction is filed within the time period provided herein, the assessment covered by such notice shall become final and immediately due and payable, and no appeal to the hearing examiner shall be allowed.

B. *Appeal.* The appellant, if aggrieved by the decision of the Director issued under subsection A of this section, may then appeal to the City Hearing Examiner within 30 calendar days of the date the administrative decision is mailed to the appellant. If no appeal is filed within the time period provided herein, the assessment covered by such notice shall become final and immediately due and payable. No refund request may be made for the audit period covered in that assessment. Failure to follow the appeal procedures in this section shall preclude the taxpayer’s right to appeal.

The notice of appeal must be accompanied by an Appeal Fee in the amount of \$300 and must contain the following information in writing:

1. The name and address of the taxpayer;
2. A statement identifying the determination of the Director from which the appeal is taken;
3. A statement setting forth the grounds upon which the appeal is taken and identifying specific errors the Director is alleged to have made in making the determination; and
4. A statement identifying the requested relief from the determination being appealed.

C. Upon timely filing of a notice of appeal, the Director shall schedule a hearing on the appeal before the City’s Hearing Examiner. The hearing shall be conducted no later than 30 days from the date of the notice of appeal, unless an extension is agreed to by the appellant or otherwise ordered by the Hearing Examiner for good cause shown. Notice of the hearing and the appeal shall be given to the appellant by certified mail at least five days prior to the date of the hearing.

D. The hearing shall be governed by the City of Tukwila Hearing Examiner’s procedural rules. The hearing shall be de novo. The decision of the City’s Hearing Examiner or other hearing body shall be based upon a preponderance of the evidence. The burden of proof shall be on the appellant. The Hearing Examiner or other hearing body may affirm, reverse or modify the Director’s decision.

E. Within 20 business days, excluding holidays recognized by the City of Tukwila, from the date of the hearing on an appeal under this section, the Hearing Examiner shall issue a written decision which shall set forth the reasons therefor.

F. Interest and/or penalties shall continue to accrue on all unpaid amounts, in accordance with TMC 3.27.090 and 3.27.110, notwithstanding the fact that an appeal has been filed. If the hearing examiner determines that the taxpayer is owed a refund, such refund amount shall be paid to the taxpayer in accordance with TMC 3.27.100.

(Ord. 2727 §5, 2023; Ord. 2689 §33, 2022)



**3.27.145 Judicial Review of Administrative Appeal Decision**

After first exhausting the right of administrative appeal set forth in this chapter, the taxpayer or the City may obtain judicial review of the hearing examiner’s administrative decision by applying for a writ of review in the King County superior court, in accordance with the procedure set forth in Chapter 7.16 RCW, other applicable law, and court rules, within 21 calendar days of the date of the decision of the hearing examiner. The City shall have the same right of review from the administrative decision of the hearing examiner as does a taxpayer. The decision of the hearing examiner shall be final and conclusive unless review is sought in compliance with this section.

*(Ord. 2727 §6, 2023)*

**3.27.150 Hardship Appeal Procedure**

The Director shall develop a financial hardship appeal procedure by January 1, 2024.

*(Ord. 2689 §34, 2022)*

**3.27.160 Stakeholder Involvement**

The City shall develop a stakeholder committee that includes members of the business community to advise the Director and City on the long-term financial sustainability of the City. This effort shall include a review of the appropriate levels of taxation of businesses within the City and will culminate before the 2025-2026 Biennial Budget process to inform the Council of any recommended changes to revenue sources for the coming biennium.

*(Ord. 2689 §35, 2022)*

**3.27.170 Review and Reporting Provisions**

A. The City shall undertake a regular review of the Business and Occupation Tax as codified in TMC Chapter 3.26. During the 2023-2024 biennium, this review will occur through the stakeholder process identified in TMC Section 3.27.160. Beginning in the 2025-2026 biennium, the review shall occur in odd-numbered years to inform the budget process that commences the following year.

B. The Director and Police Chief shall provide quarterly reports to the Council on public safety funding associated with the Business and Occupation Tax.

*(Ord. 2689 §36, 2022)*

**3.27.180 Director to Make Rules**

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

*(Ord. 2726 §7, 2023)*

**3.27.190 Ancillary Allocation Authority of Director**

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

1. To conduct an audit or joint audit of a taxpayer by using an auditor employed by the City of Tukwila, another city, or a contract auditor, provided, that such contract auditor’s pay is not in any way based upon the amount of tax assessed;

2. To allocate or apportion in a manner that fairly reflects the gross receipts earned from activities conducted within the respective cities 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.

3. 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. 2726 §8, 2023)*

**3.27.200 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 about a change in the taxpayer’s address.

*(Ord. 2726 §9, 2023)*

**3.27.210 Tax Declared Additional**

The tax and any applicable fee levied herein shall be additional to any license fee or tax imposed or levied under any law or any other ordinance of the city of Tukwila except as herein otherwise expressly provided.

*(Ord. 2726 §10, 2023)*

**3.27.220 Public Disclosure – Confidentiality – Information Sharing**

A. For purposes of this section:

1. “Disclose” means to make known to any person in any manner whatever a return or tax information.

2. “Return” means a tax or information return or claim for refund required by, or provided for or permitted under, the Tukwila Municipal Code, which is filed with the Director, on behalf of, or with respect to a person, and any amendment or supplement thereto, including supporting schedules, attachments, or lists that are supplemental to, or part of, the return so filed;

3. “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;

d. Other data received by, recorded by, prepared by, or provided to the City with respect to the determination or the existence, or possible existence, of liability, or the amount thereof, of a person under Chapter 3.26 TMC for a tax, penalty, interest, fine, forfeiture, or other imposition, or offense. However, data, material, or documents that do not disclose information related to a specific or identifiable taxpayer do not constitute tax information under this section. Nothing in this chapter requires any person possessing data, material, or documents made confidential and privileged by this section to delete information from such data, material, or documents so as to permit its disclosure.

3. "City agency" means every city office, department, division, bureau, board, commission, or other city agency.

4. "Taxpayer identity" means the taxpayer's name, address, telephone number, registration number, or any combination thereof, or any other information disclosing the identity of the taxpayer.

B. Returns and tax information are confidential and privileged, and except as authorized by this section, neither the director nor any other person may disclose any return or tax information.

C. This section does not prohibit the Director from:

1. Disclosing such return or tax information in a civil or criminal judicial proceeding or an administrative proceeding:

a. In respect of any tax imposed under Chapter 3.26 TMC if the taxpayer or its officer or other person liable under this title is a party in the proceeding; or

b. In which the taxpayer about whom such return or tax information is sought and another state agency are adverse parties in the proceeding;

2. Disclosing, subject to such requirements and conditions as the Director prescribes by rules adopted pursuant to TMC 3.27.180, such return or tax information regarding a taxpayer to such taxpayer or to such person or persons as that taxpayer may designate in a request for, or consent to, such disclosure, or to any other person, at the taxpayer's request, to the extent necessary to comply with a request for information or assistance made by the taxpayer to such other person. However, tax information not received from the taxpayer must not be so disclosed if the Director determines that such disclosure would compromise any investigation or litigation by any federal, state, or local government agency in connection with the civil or criminal liability of the taxpayer or another person, or that such disclosure would identify a confidential informant, or that such disclosure is contrary to any agreement entered into by the City that provides for the reciprocal exchange of information with other government agencies which agreement requires confidentiality with respect to such information unless such information is required to be disclosed to the taxpayer by the order of any court;

3. Publishing statistics so classified as to prevent the identification of particular returns or reports or items thereof;

4. Disclosing such return or tax information, for official purposes only, to the mayor or city attorney, or to any city agency, or to any member of the city council or their authorized designees dealing with matters of taxation, revenue, trade, commerce, the control of industry, or the professions;

5. Permitting the city's records to be audited and examined by the proper state officer, his or her agents, and employees;

6. Disclosing any such return or tax information to a peace officer as defined in RCW 9A.04.110 or county prosecuting attorney, for official purposes. The disclosure may be made only in response to a search warrant, subpoena, or other court order, unless the disclosure is for the purpose of criminal tax enforcement. A peace officer or county prosecuting attorney who receives the return or tax information may disclose that return or tax information only for use in the investigation and a related court proceeding, or in the court proceeding for which the return or tax information originally was sought or where otherwise allowed to be disclosed under this section;

7. Disclosing any such return or tax information to the proper officer of the Internal Revenue Service of the United States, the Canadian government or provincial governments of Canada, or to the proper officer of the tax department of any state or city or town or county, for official purposes, but only if the statutes of the United States, Canada or its provincial governments, or of such other state or city or town or county, as the case may be, grants substantially similar privileges to the proper officers of the city;

8. Disclosing any such return or tax information to the United States Department of Justice, including the Bureau of Alcohol, Tobacco, Firearms and Explosives, the Department of Defense, the Immigration and Customs Enforcement and the Customs and Border Protection Agencies of the United States Department of Homeland Security, the United States Coast Guard, the Alcohol and Tobacco Tax and Trade Bureau of the United States Department of Treasury, and the United States Department of Transportation, or any authorized representative of these federal agencies or their successors, for official purposes;

9. Publishing or otherwise disclosing the text of a written determination designated by the director as a precedent pursuant to RCW 82.32.410;

10. Disclosing, in a manner that is not associated with other tax information, the taxpayer name, entity type, business address, mailing address, revenue tax registration numbers and the active/closed status of such registrations, state or local business license registration identification and the active/closed status and effective dates of such licenses, reseller permit numbers and the expiration date and status of such permits, North American Industry Classification System or Standard Industrial Classification code of a taxpayer, and the dates of opening and closing of business. Except that this subsection may not be construed as giving authority to the city or any recipient to give,

sell, or provide access to any list of taxpayers for any commercial purpose;

11. Disclosing such return or tax information that is also maintained by another Washington State or local governmental agency as a public record available for inspection and copying under the provisions of Chapter 42.56 RCW or is a document maintained by a court of record and is not otherwise prohibited from disclosure;

12. Disclosing such return or tax information to the United States Department of Agriculture, or successor department or agency, for the limited purpose of investigating food stamp fraud by retailers;

13. Disclosing to a financial institution, escrow company, or title company, in connection with specific real property that is the subject of a real estate transaction, current amounts due the city for a filed tax warrant, judgment, or lien against the real property;

14. Disclosing to a person against whom the director has asserted liability as a successor under TMC 3.27.130 return or tax information pertaining to the specific business of the taxpayer to which the person has succeeded;

15. Disclosing real estate excise tax affidavit forms filed under Chapter 3.60 TMC in the possession of the city, including real estate excise tax affidavit forms for transactions exempt or otherwise not subject to tax;

16. Disclosing such return or tax information to the court or hearing examiner in respect to the city's application for a subpoena if there is probable cause to believe that the records in possession of a third party will aid the director in connection with its official duties under this title or a civil or criminal investigation.

D. The Director may disclose return or taxpayer information to a person under investigation or during any court or administrative proceeding against a person under investigation as provided in this subsection (D).

1. The disclosure must be in connection with the Director's official duties under TMC Title 3, or a civil or criminal investigation. The disclosure may occur only when the person under investigation and the person in possession of data, materials, or documents are parties to the return or tax information to be disclosed. The Director may disclose return or tax information such as invoices, contracts, bills, statements, resale or exemption certificates, or checks. However, the Director may not disclose general ledgers, sales or cash receipt journals, check registers, accounts receivable/payable ledgers, general journals, financial statements, expert's workpapers, income tax returns, state tax returns, tax return workpapers, or other similar data, materials, or documents.

2. Before disclosure of any tax return or tax information under this subsection (D), the Director must, through written correspondence, inform the person in possession of the data, materials, or documents to be disclosed. The correspondence must clearly identify the data, materials, or documents to be disclosed. The Director may not disclose any tax return or tax information under this subsection (D) until the time period allowed

in subsection (D)(3) of this section has expired or until the court has ruled on any challenge brought under subsection (D)(3) of this section.

3. The person in possession of the data, materials, or documents to be disclosed by the director has 20 days from the receipt of the written request required under subsection (D)(2) of this section to petition the superior court of the county in which the petitioner resides for injunctive relief. The court must limit or deny the request of the Director if the court determines that:

a. The data, materials, or documents sought for disclosure are cumulative or duplicative, or are obtainable from some other source that is more convenient, less burdensome, or less expensive;

b. The production of the data, materials, or documents sought would be unduly burdensome or expensive, taking into account the needs of the director, the amount in controversy, limitations on the petitioner's resources, and the importance of the issues at stake; or

c. The data, materials, or documents sought for disclosure contain trade secret information that, if disclosed, could harm the petitioner.

4. The Director must reimburse reasonable expenses for the production of data, materials, or documents incurred by the person in possession of the data, materials, or documents to be disclosed.

5. Requesting information under subsection (D)(2) of this section that may indicate that a taxpayer is under investigation does not constitute a disclosure of tax return or tax information under this section.

E. Service of a subpoena issued by the court or by a hearing examiner does not constitute a disclosure of return or tax information under this section. Notwithstanding anything else to the contrary in this section, a person served with a subpoena issued by the court or by the hearing examiner may disclose the existence or content of the subpoena to that person's legal counsel.

F. Any person acquiring knowledge of any return or tax information in the course of his or her employment with the City and any person acquiring knowledge of any return or tax information as provided under subsection (4), (5), (6), (7), (8), (9), or (11) of this section, who discloses any such return or tax information to another person not entitled to knowledge of such return or tax information under the provisions of this section, is guilty of a misdemeanor. If the person guilty of such violation is an officer or employee of the state, such person must forfeit such office or employment and is incapable of holding any public office or employment in this city for a period of two years thereafter.

*(Ord. 2726 §11, 2023)*

**3.27.230 Tax Constitutes Debt**

Any applicable fee or tax due and unpaid under this chapter, and all interest and penalties thereon, shall constitute a debt to the city of Tukwila 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. 2727 §12, 2023)*

**3.27.240 Unlawful Actions – Violations – Penalties**

A. It shall be unlawful for any person subject to the tax, fee, or registration provisions of this chapter:

1. To violate or fail to comply with any of the provisions of this chapter or any lawful rule or regulation adopted by the director;
2. To make any false statement on any license or registration application or tax return;
3. To aid or abet any person in any attempt to evade payment of a license, or fee, or tax;
4. To fail to appear or testify in response to a subpoena;
5. To testify falsely in any investigation, audit, or proceeding conducted pursuant to this chapter.

B. Violation of any of the provisions of this chapter is a gross misdemeanor. Any person convicted of a violation of this chapter may be punished by a fine not to exceed \$1,000, imprisonment not to exceed one year, or both fine and imprisonment. Penalties or punishments provided in this chapter shall be in addition to all other penalties provided by law.

C. Any person, or officer of a corporation, convicted of continuing to engage in business after the revocation of a registration certificate shall be guilty of a gross misdemeanor and may be punished by a fine not to exceed \$5,000, or imprisonment not to exceed one year, or both fine and imprisonment.

*(Ord. 2727 §13, 2023)*

**3.27.245 Suspension or Revocation of Business License**

The Director shall have the power and authority to suspend or revoke any license issued under the provisions of TMC 5.04 if the licensee has failed to comply with the provisions of this chapter and Chapter TMC 3.26 (business and occupation tax). Such suspension or revocation shall follow the same procedure as provided in TMC 5.04.110 and TMC 5.04.112.

*(Ord. 2727 §14, 2023)*

**3.27.250 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 this chapter for any taxable period(s). Upon approval of such agreement, evidenced by execution thereof by the director and 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. 2727 §15, 2023)*

**3.27.255 Charge-off of Uncollectible Taxes**

The Director may charge off any tax, penalty, or interest that is owed by a taxpayer, if the Director reasonably 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. 2727 §16, 2023)*

**3.27.260 Severability**

If any provision of this chapter or its application to any person or circumstance is held invalid, the remainder of the chapter or the application of the provision to other persons or circumstances shall not be affected.

*(Ord. 2689 §37, 2022)*

**CHAPTER 3.30  
BUDGET PROCESS**

**Sections:**

- 3.30.010 Establishment of a Two-Year Fiscal Biennium Budget
- 3.30.020 Mid-Biennial Review

**3.30.010 Establishment of a Two-Year Fiscal Biennium Budget**

The City Council approved the establishment of a two-year biennium budget for the City of Tukwila, beginning January 1, 2009. The 2009-2010 Biennial Budget and all subsequent budgets are adopted under the provisions of RCW Chapter 35A.34.

*(Ord. 2205 §1, 2009)*

**3.30.020 Mid-Biennial review**

Pursuant to RCW Chapter 35A.34, the City Council shall provide for a mid-biennial review, and modification shall occur no sooner than eight months after the start, nor later than the conclusion of the first year of the biennium. The Mayor shall prepare a proposed budget modification and shall provide for publication of notice of hearings consistent with publication of notices for adoption of other City ordinances. Such proposal shall be submitted to the City Council and shall be a public record and be available to the public. A public hearing shall be advertised at least once and shall be held at a City Council meeting no later than the first Monday in December and may be considered from time to time. At such a hearing or thereafter, the Council may consider a proposed ordinance to carry out such modifications, which such ordinance shall be subject to other provisions of RCW Chapter 35A.34.

*(Ord. 2205 §2, 2009)*

**CHAPTER 3.32  
BUDGET PROVISIONS**

**Sections:**

- 3.32.010 Transfers
- 3.32.020 Salary Increase
- 3.32.050 Emergency Procurement

**3.32.010 Transfers**

Pursuant to RCW 35A.33.120, transfers within a department or division of the separate funds of the annual budget shall be by formal motion of the City Council.

*(Ord. 2245 §1, 2009)*

**3.32.020 Salary Increase**

No salary shall be increased above the amount provided therefor in the annual budget and specified in the adopted salary plan of the City. Salaries may be increased subsequent to salary plan changes formally approved by the City Council.

*(Ord. 2245 §1, 2009)*

**3.32.050 Emergency Procurement**

The Mayor or City Administrator is hereby authorized to waive competitive bidding requirements in the event of an emergency, as defined by RCW 39.04.280(3). Such an emergency will be declared in writing by the Mayor or City Administrator. The City Council will meet within two weeks following the award of the contract to consider adoption of a resolution certifying that the emergency situation existed and for approval of the procurement.

*(Ord. 2245 §1, 2009)*



**CHAPTER 3.34  
RESERVE POLICY**

**Sections:**

3.34.010 Reserve Policy

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**3.34.010 Reserve Policy**

This Chapter was repealed by Ordinance 2382, October 2012

**CHAPTER 3.36  
DONATIONS, DEVISES AND BEQUESTS**

**Sections:**

3.36.010 Generally

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**3.36.010 Generally**

In accordance with RCW 35.21.100, the Mayor and the City Council are authorized to accept by resolution money or property donated, devised, or bequeathed to the City and carry out the terms of the donation, devise, or bequest on behalf of the City. If no terms or conditions are attached to the donation, devise, or bequest, the City will expend or use it for any municipal purpose.

*(Ord. 1075, 1978)*

**CHAPTER 3.40**  
**LODGING TAX**

4. The Department of Revenue is authorized to prescribe and utilize such forms and reporting procedures as the Department may deem necessary and appropriate.

*(Ord. 1826 §4, 1998)*

**Sections:**

- 3.40.010 Special Excise Tax Imposed
- 3.40.020 Definitions Adopted
- 3.40.030 Special Revenue Fund Created.
- 3.40.040 Administration, Collection
- 3.40.050 Violation, Penalties Designated

**3.40.050 Violation, Penalties Designated**

It is unlawful for any person, firm, or corporation to violate or fail to comply with any of the provisions of this chapter. Every person convicted of a violation of any provision of this chapter shall be punished by a fine in a sum not to exceed \$500.00. Each day of violation shall be considered a separate offense.

*(Ord. 1826 §5, 1998)*

**3.40.010 Imposed**

There is hereby created a special excise tax of 1% on the sale of or charge made for the furnishing of lodging that is subject to tax under Chapter 82.08 RCW. The tax imposed under Chapter 82.08 RCW applies to the sale of or charge made for the furnishing of lodging by a hotel, rooming house, tourist court, motel, or trailer camp, and the granting of any similar license to use real property, as distinguished from the renting or leasing of real property. It shall be presumed that the occupancy of real property for a continuous period of one month or more constitutes a rental or lease of real property and not a mere license to use or enjoy the same.

*(Ord. 1826 §1, 1998)*

**3.40.020 Definitions Adopted**

The definitions of “selling price,” “seller,” “buyer,” “consumer,” and all other definitions as are now contained in RCW 82.08.010, and subsequent amendments thereto, are adopted as the definitions for the tax levied in this chapter.

*(Ord. 1826 §2, 1998)*

**3.40.030 Special Revenue Fund Created**

There is created a special revenue fund (Hotel/Motel Tax No. 101) in the City and all taxes collected under this chapter shall be placed in this fund to be used solely for the purpose of paying all or any part of the cost of tourist promotion, acquisition of tourism-related facilities, or operation of tourism-related facilities or to pay for any other uses as authorized in Chapter 67.28 RCW, as now or hereafter amended.

*(Ord. 1826 §3, 1998)*

**3.40.040 Administration, Collection**

For the purposes of the tax levied in this chapter:

1. The Department of Revenue is designated as the agent of the City for the purposes of collection and administration of the tax.
2. The administrative provisions contained in RCW 82.08.050 through 82.08.070 and in Chapter 82.32 RCW shall apply to administration and collection of the tax by the Department of Revenue.
3. All rules and regulations adopted by the Department of Revenue for the administration of Chapter 82.08 RCW are adopted by reference.

**CHAPTER 3.44****MOTOR VEHICLE INTOXICATION FUND****Sections:**

- 3.44.010 Created  
3.44.020 Deposits from Forfeitures  
3.44.030 Provisions Adopted by Reference
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**3.44.010 Created**

There is created and established a special fund to be entitled "Motor Vehicle Intoxication Fund," Revenue Fund Account 603/389.00, and the City Treasurer is authorized and directed to establish and maintain such fund, pursuant to and in compliance with Chapter 130, Laws of 1974, 3<sup>rd</sup> Extraordinary Session, and pursuant to the rules and regulations issued or to be issued by the State of Washington Treasurer and Court Administrator.

*(Ord. 862 §1, 1974)*

**3.44.020 Deposits from Forfeitures**

There shall be deposited into said fund, for remittance to the State Treasury, a penalty assessment in the minimum amount of 25% of, and which shall be in addition to, any fine, bail forfeiture, or costs on all offenses involving a violation of any State statute or City or County ordinance relating to driving a motor vehicle while under the influence of intoxicating liquor or being in actual physical control of a motor vehicle while under the influence of intoxicating liquor; and said fund shall be used for the exclusive benefit of the department for driver service programs and for a statewide alcohol safety action program, or any other similar program designed primarily for the rehabilitation or control of traffic offenders, as aforesaid. Furthermore, any such penalty assessment as hereinabove described shall be included by the court in any pronouncement of sentence.

*(Ord. 862 §2, 1974)*

**3.44.030 Provisions Adopted by Reference**

The applicable provision of Sections 1, 2 and 3 of Chapter 130, laws of 1974, 3<sup>rd</sup> Extraordinary Session, are hereby incorporated and made a part hereof as if fully set forth.

*(Ord. 862 §3, 1974)*

**CHAPTER 3.48  
COMMERCIAL PARKING TAX**

**Sections:**

- 3.48.010 Definitions
- 3.48.020 Exemptions
- 3.48.030 Local Option Transportation Tax Imposed
- 3.48.040 Tax in Addition to Other License Fees or Taxes
- 3.48.050 Exempt Vehicles
- 3.48.060 Taxes Collected by Business Operators
- 3.48.070 Late Penalty
- 3.48.080 Use of Fund
- 3.48.090 Liability and Reporting
- 3.48.100 Violation/Penalty
- 3.48.110 Appeal Procedure

**3.48.010 Definitions**

The following definitions shall apply throughout this chapter:

1. *“Commercial parking business”* means the ownership, lease, operation or management of a commercial parking lot in which fees are charged for parking.

2. *“Commercial parking”* means any transaction or arrangement whereby a vehicle is parked and a fee is charged for parking or allowing the vehicle to be parked.

Commercial parking shall include instances where a fee is charged specifically for the parking of a vehicle. This shall include any business which uses part or all of its area to park vehicles for a fee where no other service, lodging or business is being provided or conducted in conjunction with the parking of the vehicle.

Commercial parking shall also include instances such as when a guest of a hotel, motel or other lodging establishment is allowed to park or leave his/her vehicle before or after his or her lodging or business stay there so that, for a fee, the guest’s vehicle is parked at the hotel, motel or other lodging establishment during days when the guest is no longer staying there.

*(Ord. 2586 §3, 2018)*

**3.48.020 Exemptions**

The following exemptions to the commercial parking tax are allowed:

1. **Local employee parking**, with parking spaces provided or reserved for use by an employee who works within the City, where the employee parks his or her vehicle in connection with his or her employment, without regard to whether arrangements or payment for the parking is made by the employee or by his or her employer.

2. **Apartments and condominiums**, where parking is provided in conjunction with arrangements for residential living spaces.

3. **Offices, retail establishments, warehouses and industrial buildings**, where parking is provided in association with tenant arrangements for the use of such facilities.

*(Ord. 2586 §4, 2018)*

**3.48.030 Local Option Transportation Tax Imposed**

There is hereby levied a special local option transportation tax to be imposed in connection with commercial parking businesses within the City.

1. For commercial parking businesses operated by nonprofit organizations on City-owned property, the tax shall be imposed at the rate of 5% of the gross revenues generated by non-exempt commercial parking charges and fees.

2. For all other commercial parking businesses, the tax shall be imposed at the rate of 8% of the gross revenues generated by non-exempt commercial parking charges and fees effective January 1, 2019, and then as follows:

January 1, 2020: 11% of the gross revenues generated by non-exempt commercial parking charges and fees

January 1, 2021: 15% of the gross revenues generated by non-exempt commercial parking charges and fees

*(Ord. 2586 §5, 2018)*

**3.48.040 Tax in Addition to Other License Fees or Taxes**

The tax levied under this chapter shall be in addition to any license fee or tax imposed or levied under any law, statute or ordinance whether imposed or levied by the City, State or other governmental entity or political subdivision.

*(Ord. 2586 §6, 2018)*

**3.48.050 Exempt Vehicles**

The tax shall not be levied on vehicles with official State disabled person decals, government vehicles which are exempt from tax, and tax-exempt carpool vehicles.

*(Ord. 2586 §7, 2018)*

**3.48.060 Taxes Collected by Business Operators**

Taxes imposed herein shall be collected by the operators of the commercial parking businesses, and shall be due and payable to the City in monthly installments. The operators of the commercial parking businesses shall remit to the City the local option transportation taxes collected on or before the last day of the month following the month during which the taxes were collected. The City shall be authorized to review and inspect financial records involving activities of businesses which are taxable by this tax, at least quarterly each year.

*(Ord. 2586 §8, 2018)*

**3.48.070 Late Penalty**

If a Commercial Parking Business subject to this tax fails to pay any tax required by this chapter within 15 days after the due date thereof, there shall be added to such tax a penalty of 10% of the tax per month for each month overdue, which shall be added to the amount of the tax due.

*(Ord. 2586 §9, 2018)*

**3.48.080 Use of Fund**

All revenues, assessments and other charges generated and collected as local option transportation taxes shall be placed in the City's 104 Bridge and Arterial Street Fund, to be used for transportation purposes within the Transportation Element of the Tukwila Comprehensive Plan, in accordance with RCW 82.80.070; and to be used for administration of the tax, including those activities of the City in keeping and tracking records, financial reports and other documents, reviewing filings and compiling reports by commercial parking businesses, and other activities involved in collection and enforcement of the tax.

*(Ord. 2586 §10, 2018)*

**3.48.090 Liability and Reporting**

A. All officers, directors and managers of any organization or association operating a Commercial Parking Business, including owners and lessees of a parking facility used for Commercial Parking, shall be jointly and severally liable for the payment of said tax, penalties, and any fine imposed under this chapter

B. The Finance Director shall have the power to adopt rules and regulations not inconsistent with the terms of this chapter for carrying out and enforcing the payment, collection and remittance of the tax herein levied; and a copy of the rules and regulations shall be on file and available for public examination in the City of Tukwila Finance Department.

*(Ord. 2586 §11, 2018)*

**3.48.100 Violation/Penalty**

It is unlawful for any person, firm or corporation engaged in a Commercial Parking Business to fail or refuse to collect and remit parking taxes as required by the provisions of this chapter or to gain for himself or herself some advantage or benefit from the tax, whether direct or indirect. Any such violation shall constitute a misdemeanor and shall be punishable by a fine not to exceed \$1,000 and/or by imprisonment not exceeding 90 days. Any such fine shall be in addition to any tax and penalties required.

*(Ord. 2586 §12, 2018)*

**3.48.110 Appeal Procedure**

A. Any person aggrieved by the calculation of the tax determined to be due to the City pursuant to this chapter may appeal to the Finance Director or his/her designee from such determination by filing a written notice of appeal with the City Clerk within 20 calendar days from the date on which such person was given notice of the tax. The notice of appeal must state the grounds for appeal, including a detailed explanation of why the amount of the tax was incorrect. The Finance Director or designee shall review the basis for the appeal and may request clarification from the appellant. After the review is complete, the Finance Director or designee shall issue an administrative decision that may sustain or modify the amount of tax owed. Notice of the administrative decision shall be sent to the appellant by certified mail within 10 days of issuance.

B. The appellant, if aggrieved by the decision of the Finance Director or designee, may then appeal to the City Hearing Examiner within 20 calendar days of the date the administrative decision is mailed to the appellant. The notice of appeal must state the grounds for appeal, including a detailed explanation of why the administrative decision is incorrect. The notice of appeal must be accompanied by an Appeal Fee in accordance with the fee schedule adopted by resolution of the City Council.

C. Upon timely filing of a notice of appeal, the Finance Director shall schedule a hearing on the appeal before the City's Hearing Examiner. The hearing shall be conducted no later than 30 days from the date of the notice of appeal, unless an extension is agreed to by the appellant or otherwise ordered by the Hearing Examiner for good cause shown. Notice of the hearing and the appeal shall be given to the appellant by certified mail at least five days prior to the date of the hearing.

D. The hearing shall be governed by the City of Tukwila Hearing Examiner's procedural rules. The hearing shall be de novo. The decision of the City's Hearing Examiner or other hearing body shall be based upon a preponderance of the evidence. The burden of proof shall be on the appellant. The Hearing Examiner or other hearing body may affirm, reverse or modify the Finance Director's decision.

E. Within 20 business days, excluding holidays recognized by the City of Tukwila, from the date of the hearing on an appeal under this section, the Hearing Examiner shall issue a written decision which shall set forth the reasons therefor.

*(Ord. 2586 §13, 2018)*



**CHAPTER 3.50  
UTILITY TAX**

**Sections:**

3.50.010	Utility Tax
3.50.020	Use and Accountability of Tax Proceeds
3.50.030	Definitions
3.50.040	Occupations Subject to Tax – Amount
3.50.050	Tax Year
3.50.060	Exceptions and Deductions
3.50.070	Monthly Installments
3.50.080	Taxpayer’s Records
3.50.090	Failure to Make Returns or to Pay the Tax in Full
3.50.100	Penalty for Delinquent Payment
3.50.110	Overpayment of Tax
3.50.120	Noncompliance – Penalty
3.50.130	Appeal
3.50.140	Finance Director to Make Rules
3.50.150	Tax relief

**3.50.010 Utility Tax**

The tax provided for in this chapter shall be known as the “utility tax,” and is levied upon the privilege of conducting an electric energy, natural or manufactured gas, telephone, or cable television business within the City of Tukwila effective February 1, 2003.

*(Ord. 1998 §1, 2002)*

**3.50.020 Use and Accountability of Tax Proceeds**

All revenues collected pursuant to this chapter shall be deposited into the General Fund, and shall be used for the funding of City services or capital requirements as the Council shall direct through its annual budget process.

*(Ord. 1998 §2, 2002)*

**3.50.030 Definitions**

As used in this chapter, unless the context or subject matter clearly requires otherwise, the words or phrases defined in this section shall have the indicated meanings.

1. “Cable television services” means the transmission of video programming and associated non-video signals to subscribers together with subscriber interaction, if any, which is provided in connection with video programming.

2. “Cellular telephone service” means any two-way voice and data telephone or similar communications system based in whole or in substantial part on wireless radio communications, including cellular mobile service, and which is not subject to regulation by the Washington State Utilities and Transportation Commission. Cellular mobile service includes other wireless radio communications services including specialized mobile radio, personal communications services, and any other evolving wireless radio communications technology that accomplishes a purpose substantially similar to cellular mobile service. Cellular

telephone service is included within the definition of “telephone business” for the purposes of this chapter.

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

4. “Finance Director” means the Finance Director of the City of Tukwila, Washington, or his or her designee.

5. “Gross income” means the value proceeding or accruing from the performance of the particular business involved, including gross proceeds of sales, compensation for the rendition of services, and receipts (including all sums earned or charged, whether received or not) by reason of investment in the business engaged in (excluding rentals, 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), all without any deduction on account of the cost of property sold, the cost of materials used, labor costs, taxes, interest or discount paid, delivery costs or any expenses whatsoever, and without any deduction on account of losses.

6. “Pager service” means service provided by means of an electronic device which has the ability to send or receive voice or digital messages transmitted through the local telephone network, via satellite or any other form of voice or data transmission. “Pager service” is included within the definition of “telephone business” for the purposes of this chapter.

7. “Person” means any person, firm, corporation, association, or entity of any type engaged in a business subject to taxation under this chapter.

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

*(Ord. 1998 §3, 2002)*

**3.50.040 Occupations Subject to Tax – Amount**

There is levied upon, and shall be collected from a person because of certain business activities engaged in or carried on in the City of Tukwila, taxes in the amount to be determined by the application of rates given against gross income as follows:

1. Upon a person engaged in or carrying on the business of selling, furnishing, or transmitting electric energy, a tax equal to 4% for the calendar years 2003 and 2004; 5% for the calendar years 2005 and 2006; and 6% for the calendar years 2007 and beyond, of the total gross income from such business in the City during the period for which the tax is due;

2. Upon a person engaged in or carrying on the business of selling, furnishing, or transmitting gas, whether natural or manufactured, a tax equal to 4% for the calendar years 2003 and 2004; 5% for the calendar years 2005 and 2006; and 6% for the calendar years 2007 and beyond, of the total gross income from such business in the City during the period for which the tax is due;

3. Upon a person engaged in or carrying on any telephone business a tax equal to 4% for the calendar years 2003 and 2004; 5% for the calendar years 2005 and 2006; and 6% for the calendar years 2007 and beyond, of the total gross income, including income from intrastate long distance toll service, from such business in the City during the period for which the tax is due;

4. Upon a person engaged in or carrying on the business of selling, furnishing or transmitting cable television service, a tax equal to 4% for the calendar years 2003 and 2004; 5% for the calendar years 2005 and 2006; and 6% for the calendar years 2007 and beyond, of the total gross income from such business in the City during the period for which the tax is due.

5. In addition to the automatic annual review of the Financial Planning Model, the City Council will review the need for scheduled rate changes for 2005 and again for 2007.

*(Ord. 1998 §4, 2002)*

**3.50.050 Tax Year**

The tax year for purposes of this utility tax shall commence February 1, 2003 and end December 31, 2003, and thereafter shall commence on January 1 and end on December 31 each year.

*(Ord. 1998 §5, 2002)*

**3.50.060 Exceptions and Deductions**

There is excepted and deducted from the total gross income upon which the tax is computed:

1. That part of the total gross income derived from business which the City is prohibited from taxing under the constitution or laws of the United States and the constitution or laws of the State of Washington.

2. Income derived from that portion of network telephone service, as defined in RCW 82.04.065, which represents 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; or charges for network telephone service that is purchased for the purpose of resale.

3. Adjustments made to a billing or customer account in order to reverse a billing or charge that was not properly a debt of the customer.

4. Cash discounts allowed and actually granted to customers of the taxpayer during the tax year.

5. Uncollectible debts written off the taxpayer's books during the tax year. If subsequently collected, the income shall be reported for the period in which collected.

*(Ord. 1998 §6, 2002)*

**3.50.070 Monthly Installments**

The tax imposed by TMC 3.50.040 shall be due and payable in monthly installments, and remittance therefore shall be made on or before the last day of the month following the end of the monthly period in which the tax is accrued. Annual returns for smaller entities may be allowed upon written approval from the Finance Director. On or before said due date, the taxpayer shall file with the Finance Director a written return upon such form and setting forth such information as the Finance Director shall reasonably require relating to the accurate computation and collection of this tax, together with the payment of the amount.

*(Ord. 1998 §7, 2002)*

**3.50.080 Taxpayer's Records**

Each taxpayer shall keep records reflecting the amount of the taxpayer's gross income on sales and services within the City, and such records shall be open at all reasonable times for the inspection of the Finance Director or his designee to verify information provided on any utility tax return, or to determine whether such return is required to be filed.

*(Ord. 1998 §8, 2002)*

**3.50.090 Failure to Make Returns or to Pay the Tax in Full**

If a taxpayer fails, neglects, or refuses to make his return as and when required by this chapter, the Finance Director is authorized to determine the amount of the tax payable under provisions of TMC 3.50.040, and to notify such taxpayer of the amount so determined. The amount so fixed shall thereupon be the tax and be immediately due and payable, together with penalty and interest. Delinquent taxes, including any penalties, are subject to an interest charge of 12% per year on the unpaid balance from the date any such taxes became due as provided in TMC 3.50.070.

*(Ord. 1998 §9, 2002)*

**3.50.100 Penalty for Delinquent Payment**

If a person subject to this tax fails to pay any tax required by this chapter within 15 days after the due date thereof, there shall be added to such tax a penalty of 10% of the amount of such tax. Any tax due under this chapter that is unpaid and all penalties thereon shall constitute a debt to the City and may be collected by court proceedings, which remedy shall be in addition to all other remedies.

(Ord. 1998 §10, 2002)

**3.50.110 Overpayment of Tax**

Money paid to the City through error, or otherwise not in payment of the tax imposed by this chapter, or in excess of such tax, shall, upon discovery, be credited against any tax due or to become due from such taxpayer hereunder, provided however, that overpayments extending beyond one year prior to notification of the City shall not be refunded. If such taxpayer has ceased doing business in the City, any such overpayment shall be refunded to the taxpayer.

(Ord. 1998 §11, 2002)

**3.50.120 Noncompliance – Penalty**

A. No person subject to this chapter shall fail or refuse to file tax returns or to pay tax when due, nor shall any person make a false statement or representation in, or in connection with, any such tax return, or otherwise violate or refuse to comply with this chapter or with any rule promulgated pursuant to TMC 3.50.140.

B. In addition to the interest and delinquent filing penalties set forth above, a willful violation of or failure to comply with this chapter is a civil infraction, subject to a fine of up to \$250 for each day that a violation continues.

(Ord. 1998 §12, 2002)

**3.50.130 Appeal**

A taxpayer aggrieved by the amount of the tax, penalties, interest, or civil infraction fine determined to be due by the Finance Director or his designee, under the provisions of this chapter, may appeal such determination to the City of Tukwila's City Administrator or his or her designee.

(Ord. 1998 §13, 2002)

**3.50.140 Finance Director to Make Rules**

The Finance Director shall have the power to adopt and enforce rules and regulations not inconsistent with this chapter or with the law for the purposes of carrying out the provisions thereof.

(Ord. 1998 §14, 2002)

**3.50.150 Tax Relief**

A. *Provision* – The Finance Director will develop and propose to the Council a utility tax relief program for the City's senior and disabled low-income residents.

B. *Utility tax annual rebate program established* – A utility tax annual rebate program is established for senior and disabled low-income residents in accordance with the eligibility criteria and guidelines described in TMC 3.50.150C. The first period covered under this program is February 1, 2003 – December 31, 2003, and then every calendar year thereafter.

C. *Utility tax annual rebate for electricity and gas services.* For electricity and natural gas services, eligible Tukwila households may apply annually to receive a utility tax rebate. To qualify for utility tax annual rebate from electric and gas services, a household must:

1. Be a household residing in Tukwila.

2. Every person 62 years of age or older (if married, then either spouse) or every person totally and permanently disabled residing in a separately metered dwelling and who is paying directly for such separately billed service either as owner, purchaser or renter and whose individual disposable income if a single person, or whose combined disposable income (as defined in RCW 84.36.383), if a married couple, from all sources is less than \$32,000 per year, shall receive an annual utility tax rebate on their electric and natural gas energy bills. Every such person shall file with the Finance Department their affidavit that he or she is qualified to receive the rebate. Such affidavits are to contain information as required by the Finance Director in order to establish eligibility. Each affidavit will also include an unqualified promise to inform the City of any changes in financial condition that would disqualify the person for the rebate. The Finance Director may require affidavits on an annual basis if deemed necessary.

D. *Administration* – The Finance Director shall adopt rules and procedures for the filing of reimbursement claims, and for the administration of the utility tax annual rebate program.

(Ord. 1999 §1 & §2, 2002; Ord. 1998 §15, 2002)

**CHAPTER 3.51**  
**SOLID WASTE UTILITY TAX**

**Sections:**

- 3.51.010 Solid Waste Utility Tax
- 3.51.020 Use and Accountability of Tax Proceeds
- 3.51.030 Definitions
- 3.51.040 Occupations Subject to Tax – Amount
- 3.51.050 Tax Year
- 3.51.060 Exceptions and Deductions
- 3.51.070 Monthly Installments
- 3.51.080 Taxpayer’s Records
- 3.51.090 Failure to Make Returns or to Pay the Tax in Full
- 3.51.100 Penalty for Delinquent Payment
- 3.51.110 Overpayment of Tax
- 3.51.120 Noncompliance – Penalty
- 3.51.130 Appeal
- 3.51.140 Finance Director to Make Rules

**3.51.010 Solid Waste Utility Tax**

The tax provided for in this chapter shall be known as the “solid waste utility tax,” and is levied upon the privilege of conducting a solid waste collection business within the City of Tukwila, effective October 1, 2009.

*(Ord. 2250 §1, 2009)*

**3.51.020 Use and Accountability of Tax Proceeds**

1. All revenues collected pursuant to this chapter shall be deposited into the General Fund, and shall be used for the funding of City services or capital requirements as the City Council shall direct through its biennial budget process.

a. The revenues shall be used as follows:

(1) 6% shall remain in the General Fund and may be used for any City purpose.

(2) The remaining revenues will be dedicated to road maintenance and road related projects.

2. In addition to the automatic annual review of the Financial Planning Model, the City Council will review the need for rate or other changes as part of the biennial budget process.

3. The City Council shall periodically reconsider the need for a Solid Waste Utility Tax given current economic conditions.

*(Ord. 2609 §1, 2019; Ord. 2250 §2, 2009)*

**3.51.030 Definitions**

As used in this chapter, unless the context or subject matter clearly requires otherwise, the words or phrases defined in this chapter shall have the indicated meanings.

1. “*Solid waste*” means all putrescible and nonputrescible solid and semi-solid wastes, including but not limited to, garbage, rubbish, ashes, industrial wastes, swill, sewage sludge, demolition and construction waste, abandoned vehicles or parts thereof, and recyclable materials.

2. “*Solid waste collection business*” means every person who receives solid waste or recyclable materials for transfer, storage, or disposal, including but not limited to, all collection services, public or private solid waste disposal sites, transfer stations, and similar operations.

3. “*Person*” means any person, firm, corporation, association, or entity of any type engaged in a business subject to taxation under this ordinance.

4. “*Finance Director*” means the Finance Director of the City of Tukwila, Washington, or his or her designee.

5. “*Gross income*” means the value proceeding or accruing from the performance of the particular business involved, including gross proceeds of sales, compensation for the rendition of services, and receipts (including all sums earned or charged, whether received or not) by reason of investment in the business engaged in (excluding rentals, 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), all without any deduction on account of the cost of property sold, the cost of materials used, labor costs, taxes, interest or discount paid, delivery costs or any expenses whatsoever, and without any deduction on account of losses.

6. “*Residential customers*” means any customer of the solid waste collection provider for residential type customers of single-family residential structures, including mobile homes and duplexes, tri-plexes and four-plexes where each residential unit is billed individually, except that the term does not include multiple-unit residences with five or more attached or unattached units billed collectively.

7. “*Non-residential customers*” means any customer other than those identified as a “residential customer.”

*(Ord. 2250 §3, 2009)*



**3.51.040 Occupations Subject to Tax – Amount**

A. There is levied upon, and shall be collected from a person because of certain business activities engaged in or carried on in the City of Tukwila, taxes in the amount to be determined by the application of rates given against gross income as follows:

B. Upon a person engaged in or carrying on the business of providing solid waste collection service, a tax equal to 6% of the total gross income from such business from all customers in the City, except residential customers, during the period for which the tax is due. On November 1, 2019, said tax rate shall increase to 11%, and shall then increase to 16% effective July 1, 2020.

*(Ord. 2609 §2, 2019; Ord. 2250 §4, 2009)*

**3.51.050 Tax Year**

The tax year for purposes of this solid waste utility tax shall commence on January 1 and end on December 31 each year, except for the following tax periods which constitute separate tax periods: November 1, 2019 to June 30, 2020, and July 1, 2020 to December 31, 2020.

*(Ord. 2609 §3, 2019; Ord. 2250 §5, 2009)*

**3.51.060 Exceptions and Deductions**

There is excepted and deducted from the total gross income upon which the tax is computed:

1. That part of the total gross income derived from business which the City is prohibited from taxing under the constitution or laws of the United States and the constitution or laws of the State of Washington.

2. Adjustments made to a billing or customer account in order to reverse a billing or charge that was not properly a debt of the customer.

3. Cash discounts allowed and actually granted to customers of the taxpayer during the tax year.

4. Uncollectible debts written off the taxpayer's books during the tax year. If subsequently collected, the income shall be reported for the period in which collected.

5. Gross income derived from residential customers.

*(Ord. 1998 §6, 2002)*

**3.51.070 Monthly Installments**

The tax imposed by TMC 3.51.040 shall be due and payable in monthly installments, and remittance therefor shall be made on or before the last day of the month following the end of the monthly period in which the tax is accrued. Annual returns for smaller entities may be allowed upon advance written approval from the Finance Director. On or before said due date, the taxpayer shall file with the Finance Director a written return upon such form and setting forth such information as the Finance Director shall reasonably require relating to the accurate computation and collection of this tax, together with the payment of the amount.

*(Ord. 1998 §7, 2002)*

**3.51.080 Taxpayer's Records**

Each taxpayer shall keep records reflecting the amount of the taxpayer's gross income on sales and services within the City, and such records shall be open at all reasonable times for the inspection of the Finance Director or his or her designee to verify information provided on any utility tax return or to determine whether such return is required to be filed.

*(Ord. 2250 §8, 2009)*

**3.51.090 Failure to Make Returns or to Pay the Tax in Full**

If a taxpayer fails, neglects, or refuses to make his, her or its return as and when required by this chapter, the Finance Director is authorized to determine the amount of the tax payable under provisions of TMC 3.51.040, and to notify such taxpayer of the amount so determined. The amount so fixed shall thereupon be the tax and be immediately due and payable, together with penalty and interest. Delinquent taxes, including any penalties, are subject to an interest charge of 12% per year on the unpaid balance from the date any such taxes became due as provided in TMC 3.51.070.

*(Ord. 2250 §9, 2009)*

**3.51.100 Penalty for Delinquent Payment**

If a person subject to this tax fails to pay any tax required by this chapter within 15 days after the due date thereof, there shall be added to such tax a penalty of 10% of the amount of such tax. Any tax due under this chapter that is unpaid and all interest and penalties thereon shall constitute a debt to the City. The City may, at its discretion, pursuant to Chapter 19.16 RCW, use a collection agency to collect such taxes, interest and penalties owed or assessed, or it may seek collection by court proceedings, which remedies shall be in addition to all other remedies.

*(Ord. 2250 §10 2009)*

**3.51.110 Overpayment of Tax**

Money paid to the City through error or otherwise not in payment of the tax imposed by this chapter, or in excess of such tax shall, upon discovery, be credited against any tax due or to become due from such taxpayer hereunder, provided however, that overpayments extending beyond one year prior to notifying the City shall not be refunded. If such taxpayer has ceased doing business in the City, any such overpayment shall be refunded to the taxpayer.

*(Ord. 2250 §11, 2009)*



**3.51.120 Noncompliance – Penalty**

A. No person subject to this chapter shall fail or refuse to file tax returns or to pay tax when due, nor shall any person make a false statement or representation in or in connection with any such tax return, or otherwise violate or refuse to comply with this chapter or with any rule promulgated pursuant to TMC 3.51.140.

B. In addition to the interest and delinquent filing penalties set forth above, a willful violation of or failure to comply with this chapter is a civil infraction, subject to a cumulative fine of up to \$250 for each day that a violation continues. All penalties imposed under this chapter shall constitute a debt to the City. The city may, at its discretion, pursuant to Chapter 19.16 RCW, use a collection agency to collect taxes, interest, and penalties owed or assessed pursuant to this chapter, or the City may seek collection by court proceedings, which remedies shall be in addition to all other remedies.

*(Ord. 2250 §12, 2009)*

**3.51.130 Appeal**

A taxpayer aggrieved by the amount of the tax, penalties, interest, or civil infraction fine determined to be due by the Finance Director or his or her designee under the provisions of this chapter may appeal such determination to the City of Tukwila’s City Administrator or his or her designee. Taxpayers shall be required to remit the amounts determined to be due under this chapter prior to filing an appeal.

*(Ord. 2250 §13, 2009)*

**3.51.140 Finance Director to Make Rules**

The Finance Director shall have the power to adopt and enforce rules and regulations not inconsistent with this chapter or with the law for the purposes of carrying out the provisions thereof.

*(Ord. 2250 §14, 2009)*

**CHAPTER 3.52  
CONTINGENCY FUND**

**Sections:**

3.52.010 Established

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**3.52.010 Established**

A special fund to be known as the Contingency Fund is established in the City pursuant to RCW 35.33.145 for the uses and purposes set forth in the aforesaid statute and subject to the limitations set forth therein.

*(Ord. 659 §2, 1971)*

**CHAPTER 3.54  
CITY UTILITY TAX**

**Sections:**

3.54.010	City Utility Tax
3.54.020	Definitions
3.54.030	Tax Rate and Collections
3.54.040	Tax Year
3.54.050	Exceptions and Deductions
3.54.060	Finance Director to Make Rules

**3.54.010 City Utility Tax**

There is hereby imposed a tax to be levied on and after December 31, 2008, against and upon the gross earnings of the water, sewer and surface water utility funds and on all water, sewer and surface water utilities at the rates set forth in this chapter. The tax shall, however, be subordinate to any payments required to be made by any of said utility funds from said gross earnings into any fund or funds heretofore or hereafter created for the payment of and interest on revenue bonds of the City heretofore or hereafter issued.

*(Ord. 2258 §1, 2009)*

**3.54.020 Definitions**

As used in this chapter, unless the context or subject matter clearly requires otherwise, the words or phrases defined in this section shall have the indicated meanings.

1. “*Finance Director*” means the Finance Director of the City of Tukwila, Washington, or his or her designee.
2. “*Gross earnings*” means the consideration, whether money, credits, rights or property expressed in terms of money, proceeding or accruing by reason of the transaction of business and includes gross proceeds of sales, compensation for rendition of services, gains realized from interest, rents, royalties, fees, commissions, dividends and other emoluments, however designated, all without any deduction on account of cost of property sold, materials used, labor, interest, losses, discount and any other expense whatsoever.
3. “*Sewer service*” means any connection to the City sewer system and shall be further defined by customer class.
4. “*Surface water service*” means any connection to the City surface water or storm drainage system and shall be further defined by customer class.
5. “*Water service*” means any connection to the City water system and shall be further defined by customer class.

*(Ord. 2258 §2, 2009)*

**3.54.030 Tax Rate and Collections**

A. There is levied upon water, sewer and surface water utilities, taxes in the amount to be determined by the application of rates given against gross earnings as follows:

1. Upon the City water, sewer and surface water utility funds, a tax equal to 10% of the total gross revenue from such business from all customers in the City during the period for which the tax is due. Such tax shall be effective from May 1, 2010 through December 31, 2027.

2. **Collection of City Utility Tax.** The City utility tax is calculated monthly, after the close of the month, and will be collected for each of the twelve months in years 2022 through 2027, unless such utility tax collection is earlier terminated or further extended by ordinance.

*(Ord. 2669 §1, 2022; Ord. 2258 §3, 2009)*

**3.54.040 Tax Year**

The tax year for purposes of this water, sewer and surface water utility tax shall commence December 31, 2008 and thereafter shall commence on January 1 and end on December 31 each year.

*(Ord. 2258 §4, 2009)*

**3.54.050 Exceptions and Deductions**

In computing the gross earnings tax due under the provisions of this chapter, there shall be deducted from the measure of the tax the following items:

1. Uncollected accounts, if the books of the utility are on an accrual basis as distinguished from a cash basis.
2. Amounts received through contemplated or actual condemnation proceedings or in account of any federal, state or local public works project.
3. Amounts received as compensation or reimbursement for damages to or protection of any property of the utility.
4. Contributions for or in aid of construction.
5. Amounts collected as sales tax.
6. Amounts received from surcharge to water rates charged outside-City-limits users for system improvements necessary to meet City standards.

*(Ord. 2258 §5, 2009)*

**3.54.060 Finance Director to Make Rules**

The Finance Director shall have the power to adopt and enforce rules and regulations not inconsistent with this chapter or with the law for the purposes of carrying out the provisions thereof.

*(Ord. 2258 §,6 2009)*

**CHAPTER 3.56**

**REAL ESTATE EXCISE TAX – REET 1**

**Sections:**

- 3.56.010 Imposition of Real Estate Excise Tax.
- 3.56.020 Taxable Events
- 3.56.030 Consistency with State Tax
- 3.56.040 Distribution of Tax Proceeds and Limiting the Use Thereof
- 3.56.050 Seller's Obligation
- 3.56.060 Lien Provisions
- 3.56.070 Notation of Payment
- 3.56.080 Date Payable
- 3.56.090 Excessive and Improper Payments.

**3.56.010 Imposition of Real Estate Excise Tax**

There is imposed a tax of ¼ of 1% of the selling price on each sale of real property within the corporate limits of this City.

*(Ord. 1400 §1, 1986)*

**3.56.020 Taxable Events**

Taxes imposed in this chapter shall be collected from persons who are taxable by the State under RCW Chapter 82.45 and WAC Chapter 458-61 upon the occurrence of any taxable event within the corporate limits of the City.

*(Ord. 1400 §2, 1986)*

**3.56.030 Consistency with State Tax**

The taxes imposed in this chapter shall comply with all applicable rules, regulations, laws and court decisions regarding real estate excise taxes as imposed by the State under RCW Chapter 82.45 and WAC Chapter 458-61. The provisions of those chapters to the extent they are not inconsistent with this chapter, shall apply as though fully set forth in this chapter.

*(Ord. 1400 §3, 1986)*

**3.56.040 Distribution of Tax Proceeds and Limiting the Use Thereof**

A. The County treasurer shall place 1% of the proceeds of the taxes imposed in this chapter in the County current expense fund to defray costs of collection.

B. The remaining proceeds from City taxes imposed herein shall be distributed to the City on a monthly basis, and shall be placed by the Finance Director in the Land Acquisition, Recreation and Park Development Fund (301), and may be used in conjunction with any project within this fund. Tax proceeds collected pursuant to this chapter may also be placed by the Finance Director into the Public Safety Plan Fund (305) or the City Facilities Fund (306), provided the tax funds placed therein are used only for projects that are a part of the City's Public Safety Plan.

C. This section shall not limit the existing authority of this City to impose special assessments on property benefited thereby in the manner prescribed by law.

D. The City Council shall review the distribution of the tax proceeds three years from the date of the passage of this chapter.

*(Ord. 2561 §1, 2017; Ord. 1400 §4, 1986)*

**3.56.050 Seller's Obligation**

The taxes imposed in this chapter are the obligation of the seller and may be enforced through the action of debt against the seller or in the manner prescribed for the foreclosure of mortgages.

*(Ord. 1400 §5, 1986)*

**3.56.060 Lien Provisions**

The taxes imposed in this chapter and any interest or penalties thereon are the specific lien upon each piece of real property sold from the time of sale or until the tax is paid, which lien may be enforced in the manner prescribed for the foreclosure of mortgages. Resort to one course of enforcement is not an election not to pursue the other.

*(Ord. 1400 §6, 1986)*

**3.56.070 Notation of Payment**

The taxes imposed in this chapter shall be paid to and collected by the treasurer of the county within which is located the real property which was sold. The county treasurer shall act as agent for the City within the county imposing the tax. The county treasurer shall cause a stamp evidencing satisfaction of the lien to be affixed to the instrument of sale or conveyance prior to its recording or to the real estate excise tax affidavit in the case of used mobile home sales. A receipt issued by the county treasurer for the payment of the tax imposed in this chapter shall be evidence of the satisfaction of the lien imposed in TMC 3.56.060, and may be recorded in the manner prescribed for recording satisfactions or mortgages. No instrument of sale or conveyance evidencing a sale subject to the tax may be accepted by the county recorder for filing or recording until the tax is paid and the stamp affixed thereto; in case the tax is not due on the transfer, the instrument shall not be accepted until suitable notation of this is made on the instrument by the county treasurer.

*(Ord. 1400 §7, 1986)*

**3.56.080 Date Payable**

The tax imposed under this chapter shall become due and payable immediately at the time of sale and, if not so paid within 30 days thereafter, shall bear interest at the rate of 1% per month from the time of sale until the date of payment.

*(Ord. 1400 §8, 1986)*

**3.56.090 Excessive and Improper Payments**

If, upon written application by a taxpayer to the county treasurer for a refund, it appears a tax has been paid in excess of the amount actually due or upon a sale or other transfer declared to be exempt, such excess amount or improper payment shall be refunded by the county treasurer to the taxpayer; provided, that no refund shall be made unless the State has first authorized the refund of an excessive amount or an improper amount paid, unless such improper amount was paid as a result of a miscalculation. Any refund made shall be withheld from the next monthly distribution to the City.

*(Ord. 1400 §9, 1986)*

**CHAPTER 3.60**

**REAL ESTATE EXCISE TAX – REET 2**

**Sections:**

- 3.60.010 Imposition of an Additional Real Estate Excise Tax
- 3.60.020 Taxable Events
- 3.60.030 Consistency with State Tax
- 3.60.040 Distribution of Tax Proceeds and Limiting the Use Thereof
- 3.60.050 Seller's Obligation
- 3.60.060 Lien Provisions
- 3.60.070 Notation of Payment
- 3.60.080 Date Payable
- 3.60.090 Excessive and Improper Payments

**3.60.010 Imposition of an Additional Real Estate Excise Tax**

There is hereby imposed a tax of ¼ of 1% of the selling price on each sale of real property within the corporate limits of this City, pursuant to RCW 82.46.035.

*(Ord. 1855 §1, 1999)*

**3.60.020 Taxable Events**

Taxes imposed herein shall be collected from persons who are taxable by the state under Chapter P RCW upon the occurrence of any taxable event within the corporate limits of the City.

*(Ord. 1855 §2, 1999)*

**3.60.030 Consistency with State Tax**

The taxes imposed herein shall comply with all applicable rules, regulations, laws and court decisions regarding real estate excise taxes as imposed by the state under Chapter 82.45 RCW. The provisions of this chapter, to the extent it is not inconsistent with TMC Chapter 3.60, shall apply as though fully set forth herein.

*(Ord. 1855 §3, 1999)*

**3.60.040 Distribution of Tax Proceeds and Limiting the Use Thereof**

A. The County Treasurer shall place 1% of the proceeds of the taxes imposed herein in the county current expense fund to defray costs of collection.

B. The remaining proceeds from City taxes imposed herein shall be distributed to the City on a monthly basis, and shall be placed by the Finance Director in the appropriate capital or debt service fund which meets the City's existing capital needs.

C. This section shall not limit the existing authority of this City to impose special assessments on property benefited thereby in the manner prescribed by law.

*(Ord. 1855 §4, 1999)*

**3.60.050 Seller's Obligation**

The taxes imposed herein are the obligation of the seller and may be enforced through the action of debt against the seller or in the manner prescribed for the foreclosure of mortgages.

*(Ord. 1855 §5, 1999)*

**3.60.060 Lien Provisions**

The taxes imposed herein and any interest or penalties thereon are the specific lien upon each piece of real property sold from the time of sale or until the tax is paid, which lien may be enforced in the manner prescribed for the foreclosure of mortgages. Resort to one course of enforcement is not an election not to pursue the other.

*(Ord. 1855 §6, 1999)*

**3.60.070 Notation of Payment**

The taxes imposed herein shall be paid to and collected by the Treasurer of the county within which is located the real property which was sold. The County Treasurer shall act as agent for the City within the county imposing the tax. The County Treasurer shall cause a stamp evidencing satisfaction of the lien to be affixed to the instrument of sale or conveyance prior to its recording or to the real estate excise tax affidavit in the case of used mobile home sales. A receipt issued by the County Treasurer for the payment of the tax imposed herein shall be evidence of the satisfaction of the lien imposed in TMC 3.60.060 and may be recorded in the manner prescribed for recording satisfactions or mortgages. No instrument of sale or conveyance evidencing a sale subject to the tax may be accepted by the County Recorder for filing or recording until the tax is paid and the stamp affixed thereto; in case the tax is not due on the transfer the instrument shall not be accepted until suitable notation of this is made on the instrument by the County Treasurer.

*(Ord. 1855 §7, 1999)*

**3.60.080 Date Payable**

The tax imposed hereunder shall become due and payable immediately at the time of sale and, if not so paid within thirty days thereafter, shall bear interest at the rate of 1% per month from the time of sale until the date of payment.

*(Ord. 1855 §8, 1999)*

**3.60.090 Excessive and Improper Payments**

If, upon written application by a taxpayer to the County Treasurer for a refund, it appears a tax has been paid in excess of the amount actually due or upon a sale or other transfer declared to be exempt, such excess amount or improper payment shall be refunded by the County Treasurer to the taxpayer; PROVIDED, that no refund shall be made unless the state has first authorized the refund of an excessive amount or an improper amount paid, unless such improper amount was paid as a result of a miscalculation. Any refund made shall be withheld from the next monthly distribution to the City.

*(Ord. 1855 §9, 1999)*



**CHAPTER 3.62**  
**NATURAL OR**  
**MANUFACTURED GAS USE TAX**

**Sections:**

- 3.62.010 Use Tax Imposed
- 3.62.020 Rate of Use Tax Imposed
- 3.62.030 Administration and Collection of Tax
- 3.62.040 Consent to Inspection of Records
- 3.62.050 Authorizing Execution of Contract for Administration
- 3.62.060 Penalties

**3.62.010 Use Tax Imposed**

There is imposed a use tax for the purposes authorized by Chapter 82, RCW and as specifically authorized by RCW 82.14.230, for the privilege of using natural gas or manufactured gas in the City as a consumer. The use tax is applied to bulk purchases of gas (brokered), which are allowed to be purchased by certain businesses in the State of Washington. The use tax shall be imposed and collected from those consumers from whom the State use tax is collected pursuant to Chapter 82.14 RCW.

*(Ord. 2000 §2 (part), 2002)*

**3.62.020 Rate of Use Tax Imposed**

A. 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 the natural gas businesses imposed in Tukwila under RCW 35.21.870 and Tukwila Municipal Code Section 3.62. 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 chapter, if those amounts are subject to tax under RCW 82.14.230, if those amounts are subject to tax under RCW 35.21.870, and Tukwila Municipal Code Section 3.62.

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 RCW 35.21.870, with respect to the gas for which exemption is sought under RCW 82.14.230.

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

1. 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 RCW 82.14.230; or

2. The person consuming the gas upon which a use tax similar to the tax imposed by RCW 82.14.230 was paid to another state, with respect to the gas for which a credit is sought under RCW 82.14.230.

*(Ord. 2000 §2 (part), 2002)*

**3.62.030 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. The tax imposed shall be paid by the consumer.

*(Ord. 2000 §2 (part), 2002)*

**3.62.040 Consent to Inspection of Records**

The City 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. 2000 §2 (part), 2002)*

**3.62.050 Authorizing Execution of Contract for Administration**

The Finance Director is authorized to enter into a contract with the Department of Revenue for the administration of this tax.

*(Ord. 2000 §2 (part), 2002)*

**3.62.060 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 \$500.00 or imprisoned for not more than six months, or be punished by both such fine and imprisonment.

*(Ord. 2000 §2 (part), 2002)*

**CHAPTER 3.64**  
**LOCAL IMPROVEMENT**  
**GUARANTY FUND**

**Sections:**

- 3.64.010 Created
- 3.64.020 Tax Levy
- 3.64.030 Payment of Defaulted Bond, Coupon or Warrant
- 3.64.040 Interest – Balance Establishment
- 3.64.050 Interest From Bank Deposits – LID Fund Surplus
- 3.64.060 Liability

**3.64.010 Created**

In accordance with RCW 35.54, the City establishes and creates a fund for the purpose of guaranteeing, to the extent of such fund, the payment of its bonds and warrants issued to pay for any local improvement ordered in any local improvement districts in the City created subsequent to the effective date of the ordinance codified herein. This fund shall be known and designated as “Local Improvement Guaranty Fund.”

*(Ord. 323 §1, 1961)*

**3.64.020 Tax Levy**

There shall be levied, from time to time as other taxes are levied, such sums as may be necessary to meet the financial requirements of the Local Improvement Guaranty Fund created in this chapter; and wherever the City has paid out of this Guaranty Fund any sum on account for principal and interest on a local improvement bond or warrant hereunder guaranteed, the City, as trustee for such Fund, shall be subrogated to all the rights of the holder of the bond, interest coupon, or warrant so paid; and the proceeds thereof, or of the underlying assessments, shall become a part of the Fund.

*(Ord. 323 §2, 1961)*

**3.64.030 Payment of Defaulted Bond, Coupon or Warrant**

Whenever any interest coupon, bond or warrant guaranteed under the provisions of the laws of the State in pursuance of which the ordinance codified herein is passed shall be in default, the City Clerk shall be and is authorized and directed, upon the presentation and delivery of the defaulted bond, coupon or warrant, to execute, sign and deliver to the person or persons presenting the same, in the order of their presentation; and the treasurer shall honor and pay a warrant on the Local Improvement Guaranty Fund in such amount as may be necessary to pay in full any such coupon, bond or warrant with any interest that may be due thereon. Any defaulted coupon, bond or warrant received by the City Clerk under the provisions of this chapter shall be held for the benefit of the Local Improvement Guaranty Fund.

*(Ord. 323 §3, 1961)*

**3.64.040 Interest – Balance Establishment**

Warrants drawing interest at a rate not to exceed 6% shall be issued, as other warrants are issued by the City against the Local Improvement Guaranty Fund, to meet any liability accruing against it; and for the purpose of maintaining such Fund the City shall, at the time of making its annual budget and tax levy, provide for the levying of a sum sufficient, with the other resources of the Fund, to pay warrants so issued during the preceding fiscal year, and to establish such balance therein as the City Council may, from time to time, determine to maintain therein; provided, that the levy in any one year shall not exceed 5% of the outstanding obligations guaranteed by the Fund.

*(Ord. 323 §4, 1961)*

**3.64.050 Interest from Bank Deposits – LID Fund Surplus**

The City Treasurer is authorized and directed to pay into the Local Improvement Guaranty Fund all interest received from bank deposits of the fund, as well as any surplus remaining in any local improvement district fund guaranteed under said State laws after the payment of all outstanding bonds or warrants payable primarily out of the local improvement district fund.

*(Ord. 323 §5, 1961)*

**3.64.060 Liability**

Neither the owner nor the holder of any bond, interest coupon, or warrant issued against a local improvement fund after May 1, 1961 shall have any claim therefor against the City, except for payment from the special assessments made for the improvement for which the bond or warrant was issued, and except as against the Local Improvement Guaranty Fund created in this chapter; and the City shall not be liable to any holder or owner of such bond, interest coupon, or warrant for any loss to the Guaranty Fund occurring in the lawful operation thereof by the City. The remedy of the holder or owner of a bond or warrant in case of nonpayment shall be confined to the enforcement of the assessment and to the Guaranty Fund. A copy of RCW 35.45.070, the provisions of which are included in this section, shall be plainly written, printed or engraved on each bond issued and guaranteed hereunder.

*(Ord. 323 §6, 1961)*

**CHAPTER 3.68**  
**BOND REGISTRATION**

**Sections:**

- 3.68.010 Findings
- 3.68.020 Definitions
- 3.68.030 Registration System – Adopted
- 3.68.040 Statement of Transfer Restrictions

**3.68.010 Findings**

The City Council finds that it is in the City's best interest to establish a system of registering the ownership of the City's bonds and obligations in the manner permitted by law.

*(Ord. 1338 §2, 1984)*

**3.68.020 Definitions**

The following words shall have the following meanings when used in this chapter:

1. "Bond" or "bonds" shall have the meaning defined in section 2(1), chapter 167, Laws of 1983, as the same may be from time to time amended.
2. "City" means the City of Tukwila, Washington.
3. "Fiscal agencies" means the duly appointed fiscal agencies of the State of Washington serving as such at any given time.
4. "Obligation" or "obligations" shall have the meaning defined in section 2(3), chapter 167, Laws of 1983, as the same from time to time may be amended.
5. "Registrar" is the person or persons designated by the City to register ownership of bonds or obligations under this chapter.

*(Ord. 1338 §1, 1984)*

**3.68.030 Registration System – Adopted**

The City adopts the following system of registering the ownership of its bonds and obligations:

1. *Registration Requirement* – All bonds and obligations offered to the public, having a maturity of more than one year and issued by the City after June 30, 1983, on which the interest is intended to be exempt from federal income taxation, shall be registered as to both principal and interest as provided in this chapter.
2. *Method of Registration* – The registration of all City bonds and obligations required to be registered shall be carried out either by:
  - a. A book entry system of recording the ownership of the bond or obligation on the books of the City or the fiscal agencies, whether or not a physical instrument is issued; or

b. By recording the ownership of the bond or obligation and requiring as a condition of the transfer of ownership of any bond or obligation the surrender of the old bond or obligation and either the reissuance of the old bond or obligation or the issuance of a new bond or obligation to the new owners.

No transfer of any bond or obligation subject to registration requirements shall be effective until the name of the new owner and the new owner's mailing address, together with such other information deemed appropriate by the registrar, shall be recorded on the books of the registrar.

3. *Denominations* – Except as may be provided otherwise by the ordinance authorizing their issuance, registered bonds or obligations may be issued and reissued in any denomination up to the outstanding principal amount of the bonds or obligations of which they are a part. Such denominations may represent all or a part of a maturity or several maturities and on reissuance may be in smaller amounts than the individual denominations for which they are reissued.

4. *Appointment of Registrar* – Unless otherwise provided in the ordinance authorizing the issuance of registered bonds or obligations, the City Finance Director shall be the registrar for all registered interest-bearing warrants, installment contracts, interest-bearing leases and other registered bonds or obligations not usually subject to trading, and the fiscal agencies shall be the registrar for all other City bonds and obligations.

5. *Duties of Registrar*

a. The registrar shall serve as the City's authenticating trustee, transfer agent, registrar and paying agent for all registered bonds and obligations for which he, she, or the finance institution serves as registrar, and shall comply fully with all applicable federal and State laws and regulations respecting the carrying out of those duties.

b. The rights, duties, responsibilities and compensation of the registrar shall be prescribed in each ordinance authorizing the issuance of the bonds or obligations, which rights, duties, responsibilities and compensation shall be embodied in a contract executed by the Mayor and the registrar, except in instances where the fiscal agencies serve as registrar, the City adopts by reference the contract between the State Finance Committee of the State of Washington and the fiscal agencies in lieu of executing a separate contract and prescribing by ordinance the rights, duties, obligations and compensation of the registrar. When the Finance Director serves as registrar, a separate contract shall not be required.

c. In all cases when the registrar is not the fiscal agencies and the obligation is assignable, the ordinance authorizing the issuance of the registered bonds or obligations shall specify the terms and conditions of:

- (1) Making payments of principal and interest;
- (2) Printing any physical instruments, including the use of identifying numbers or other designation;
- (3) Specifying record and payment dates;
- (4) Determining denominations;

(5) Establishing the manner of communicating with the owners of the bonds or obligations;

(6) Establishing the methods of receipting for the physical instruments for payment of principal, the destruction of such instruments and the certification of such destruction;

(7) Registering or releasing security interests, if any; and

(8) Such other matters pertaining to the registration of the bonds or obligations authorized by such ordinance as the City may deem to be necessary or appropriate.

*(Ord. 1338 §3, 1984)*

**3.68.040 Statement of Transfer Restrictions**

Any physical instrument issued or executed by the City subject to registration under this chapter shall state on its face that the principal of and interest on the bonds or obligations shall be paid only to the owner thereof registered as such on the books of the registrar as of the record date defined in the instrument and to no other person, and that such instrument, either principal or interest, may not be assigned except on the books of the registrar.

*(Ord. 1338 §4, 1984)*

**CHAPTER 3.72**

**BUILDING AND LAND ACQUISITION FUND**

**Sections:**

- 3.72.010 Created
  - 3.72.020 Budgeting or Accounting Entity
  - 3.72.030 Activities – Purposes
- 

**3.72.010 Created**

There is created within the City a fund to be known as the “Building and Land Acquisition Fund.”

*(Ord. 654 §1, 1970)*

**3.72.020 Budgeting or Accounting Entity**

The Fund shall be the budgeting or accounting entity authorized for the specific activities and purposes mentioned in TMC 3.72.030.

*(Ord. 654 §2, 1970)*

**3.72.030 Activities – Purposes**

The specific activities and purposes of the Fund are for the acquisition of land; the development of lands; the construction of buildings and structures other than buildings all for municipal purposes as determined by the City Council.

*(Ord. 654 §3, 1970)*

**CHAPTER 3.76**

**WATER SYSTEM CUMULATIVE RESERVE FUND**

**Sections:**

- 3.76.010 Established
  - 3.76.020 Accumulation and Expenditure of Moneys
  - 3.76.030 Moneys to be Budgeted by City
- 

**3.76.010 Established**

There is established within the City a Cumulative Reserve Fund for the renewal and replacement of existing plant and equipment for the existing water system.

*(Ord. 1192 §1, 1980)*

**3.76.020 Accumulation and Expenditure of Moneys**

The moneys in this Fund shall be accumulated and expenditures of these funds shall be determined and approved by the City Council.

*(Ord. 1192 §2, 1980)*

**3.76.030 Moneys to be Budgeted by City**

This Fund shall accumulate moneys as budgeted by the City.

*(Ord. 1192 §3, 1980)*



**CHAPTER 3.80**  
**EQUIPMENT RENTAL AND**  
**REPLACEMENT FUND**

**Sections:**

- 3.80.010 Established
- 3.80.020 Purpose of Fund
- 3.80.030 Sources of Revenue
- 3.80.040 Rental Rates
- 3.80.050 Administration
- 3.80.060 Reporting and Review

**3.80.010 Established**

The fund is to be known as the Equipment Rental and Replacement (ER&R) Fund, pursuant to RCW 35.21.088, for the purpose of operations, supplies, repairs, maintenance, and replacement of the City’s vehicles and related equipment.

*(Ord. 2427 §2, 2013)*

**3.80.020 Purpose of Fund**

The purpose of the Equipment Rental and Replacement Fund shall be for the control, operation, and maintenance of the City’s fleet equipment, and for the rental of such equipment to the various City departments at rates sufficient to meet the costs of operation and to provide funds for acquisition and replacement of covered equipment. Equipment in the ER&R Fund must have a replacement value of at least \$5,000. All City vehicles will be included, as well as other equipment that meets the value threshold and requires maintenance by the Public Works Department’s Fleet Division.

*(Ord. 2427 §3, 2013)*

**3.80.030 Sources of Revenue**

A. The Equipment Rental and Replacement Fund shall obtain its funding by any of the following:

1. Direct appropriation in the biennial budget;
2. Budget transfer made by ordinance from other funds of the City;
3. From proceeds received from the rental of any equipment owned by the fund to other departments, offices, or funds of the City. This shall include transfers from other funds or direct payment of amounts received for the use of such equipment on reimbursable projects performed by the City;
4. From the sale of any equipment in the ER&R Fund.

B. The funds included in the Equipment Rental Fund for the origination of the system were detailed in City of Tukwila Ordinance No. 1309, as well as calculations related to valuations of the existing equipment at the time of the creation of the Equipment Rental Fund.

*(Ord. 2427 §4, 2013)*

**3.80.040 Rental Rates**

A. The administrator of the ER&R Fund or designee shall establish a schedule of reasonable rental rates and other charges sufficient to cover the maintenance, operation, and replacement of the equipment. The rates shall take into consideration the costs of operating supplies, maintenance expenses, insurance, depreciation, and other direct and indirect costs. There shall be a contingency for the purpose of adding additional equipment and replacement of old equipment, including shop and administrative equipment and other items that may be reasonable or necessary in the operation of the ER&R Fund.

B. The annual equipment replacement charge will be determined by dividing estimated years of life into the estimated purchase price and charging the home unit on a monthly basis. Shared equipment may be charged on a pro rata share basis.

C. Replacement exceptions occur when the replacement item is over 10 percent of the estimated cost. The home unit is then responsible to fund the difference or, if an addition to the fleet is proposed, the home unit will fund the entire initial purchase. Departments will also have the ability to set aside funds for future purchases, enhancing the ability to plan for additional capital equipment fleet requirements. These processes will be accomplished through the ER&R transfer procedures.

*(Ord. 2427 §5, 2013)*

**3.80.050 Administration**

The Public Works Department will maintain the assigned equipment and provide the detailed records for the equipment replacement plan. All labor, materials, repairs, replacements and other costs will flow through this system and provide the basis for reporting. In addition, because this is a proprietary fund, it will be maintained in a manner similar to the Water and Sewer Funds. Reconciliation with the Finance Department will occur annually by the last day of February, following the close of the fiscal year.

*(Ord. 2427 §6, 2013)*

**3.80.060 Reporting and Review**

An equipment replacement plan will be approved in each adopted budget. Criteria for replacement will vary depending on fleet management best practices, type of equipment, and meeting the operational needs of the home unit.

*(Ord. 2427 §7, 2013)*

**CHAPTER 3.84**  
**FEDERAL SHARED REVENUE FUND**

**Sections:**

3.84.010 Established

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**3.84.010 Established**

There is hereby created and established a special fund No. 199, to be designated as the “Federal Shared Revenue Fund,” into which fund entitlements received from federal revenue sharing disbursements shall be placed, and from which disbursements and transfers to City departments shall be made in accordance with federal statutes, Treasury Department regulations, and Division of Municipal Corporation directives.

*(Ord. 754 §1, 1973)*

**CHAPTER 3.90**

**MULTI-FAMILY RESIDENTIAL PROPERTY TAX EXEMPTION**

**Sections:**

3.90.010	Purpose
3.90.020	Definitions
3.90.030	Residential Targeted Area – Criteria – Designation – Recession
3.90.040	Tax Exemption for Multi-Family Housing in Residential Targeted Areas Authorized
3.90.050	Project Eligibility
3.90.060	Application Procedure – Fee
3.90.070	Application Review – Issuance of Conditional Certificate – Denial – Appeal
3.90.080	Extension of Conditional Certificate
3.90.090	Final Certificate – Application – Issuance – Denial – Appeal
3.90.100	Annual Certification
3.90.110	Appeals to the Hearing Examiner
3.90.120	Reporting

**3.90.010 Purpose**

The purposes of this chapter are:

1. To encourage increased residential opportunities, including affordable housing opportunities, and to stimulate the construction of new multi-family housing within the Southcenter area.

2. To accomplish the planning goals required under the Washington State Growth Management Act, chapter 36.70A RCW, and the King County Countywide Planning Policies as implemented by the City’s Comprehensive Plan.

*(Ord. 2707 §2, 2023; Ord. 2462 §3, 2014)*

**3.90.020 Definitions**

A. “Administrator” shall mean the Economic Development Administrator of the City of Tukwila or his/her designee.

B. “Affordable housing” means residential housing that is rented by a person or household whose monthly housing costs, including utilities other than telephone, do not exceed 30 percent of the household's monthly income. For the purposes of housing intended for owner occupancy, “affordable housing” means residential housing that is within the means of low- or moderate-income households.

C. “Household” means a single person, family, or unrelated persons living together.

D. “Low-income household” means a single person, family, or unrelated persons living together whose adjusted income is at or below 80 percent of the median family income, adjusted for family size, for the county where the project is located, as reported by the United States Department of Housing and Urban Development.

E. “Moderate-income household” means a single person, family, or unrelated persons living together whose adjusted income is more than 80 percent but is at or below 115 percent of the median family income, adjusted for family size, for the county where the project is located, as reported by the United States Department of Housing and Urban Development.

F. “Multi-family housing” means a building having four or more dwelling units not designed or used as transient accommodations and not including hotels and motels. Multi-family units may result from new construction or rehabilitation or conversion of vacant, underutilized, or substandard buildings to multi-family housing.

G. “Owner” means the property owner of record.

H. “Owner occupied” means a residential unit that is rented for fewer than 30 days per calendar year.

I. “Permanent residential occupancy” means multi-family housing that is either owner occupied or rented for periods of at least one month.

J. “Residential targeted area” means the area within the boundary as designated by TMC Section 3.90.030.

K. “Urban Center” means a compact, identifiable district where urban residents may obtain a variety of products and services. An urban center must contain:

1. Several existing or previous, or both, business establishments that may include but are not limited to shops, offices, banks, restaurants, governmental agencies;

2. Adequate public facilities including streets, sidewalks, lighting, transit, domestic water, and sanitary sewer systems; and

3. A mixture of uses and activities that may include housing, recreation, and cultural activities in association with either commercial or office or both uses.

*(Ord. 2707 §3, 2023; Ord. 2462 §4, 2014)*

**3.90.030 Residential Targeted Area — Criteria — Designation — Recession**

A. The boundaries of the residential targeted area are the Tukwila Urban Center zone and the Tukwila South Overlay zone, as shown in **Figure 3-1**.

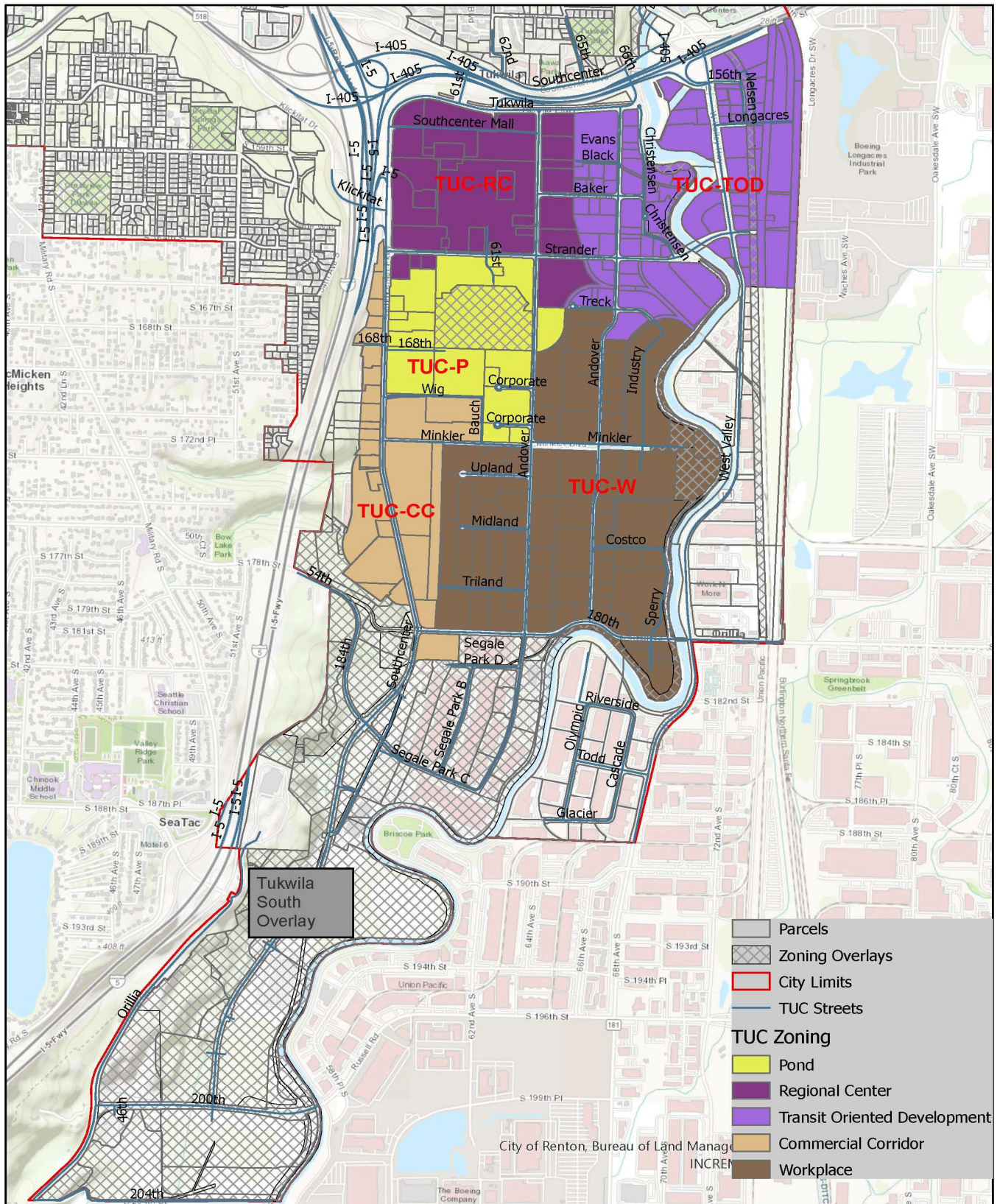
B. If a part of any legal lot is within the residential targeted area, then the entire lot shall be deemed to lie within such residential targeted area.

*(Ord. 2707 §4, 2023; Ord. 2462 §5, 2014)*



Figure 3-1: Map of Targeted Residential Area

# Southcenter Residential Targeted Area



**3.90.040 Tax Exemption for Multi-Family Housing in Residential Targeted Areas Authorized**

A. **Duration of Exemption.** The value of improvements qualifying under this chapter will be exempt from ad valorem property taxation, as follows:

1. For 8 successive years beginning January 1 of the year immediately following the calendar year of issuance of the certificate of tax exemption; or

2. For 12 successive years beginning January 1 of the year immediately following the calendar year of issuance of the certificate of tax exemption, if the property otherwise qualifies for the exemption under Chapter 84.14 RCW and meets the conditions in this subsection. For the property to qualify for the 12-year exemption under this subsection, the applicant must commit to renting or selling at least 20 percent of the multi-family housing units as affordable housing units to low- and moderate-income households. In the case of the projects intended exclusively for owner occupancy, the minimum requirement of this subsection may be satisfied solely through housing affordable to moderate-income households.

B. **Limits of Exemption.**

1. The property tax exemption does not apply to the value of land or to the value of non-housing-related improvements not qualifying under RCW 84.14.

2. This chapter does not apply to increases in assessed valuation made by the assessor on non-qualifying portions of building and value of land, nor to increases made by lawful order of the King County Board of Equalization, the Department of Revenue, or King County, to a class of property throughout the county or specific area of the county to achieve uniformity of assessment of appraisal required by law.

3. The property tax exemption only applies to the value of improvements used for permanent residential occupancy.

*(Ord. 2462 §6, 2014)*

**3.90.050 Project Eligibility**

A. To be eligible for exemption from property taxation under this chapter, the residential units must satisfy all of the following criteria:

1. The units must be located in the residential targeted area.

2. The units must be within a residential or mixed-use structure containing at least four dwelling units.

3. The units must have an average size of at least 500 square feet per unit.

4. A minimum of 15 percent of the units must be at least 900 square feet and contain at least two bedrooms.

5. The units must be designed and used for permanent residential occupancy made available to residents of all ages to promote workforce housing.

6. Each unit must have its own private bathroom and private kitchen. Residential projects that utilize common kitchens and/or common bathrooms are not eligible.

7. The entire property shall comply with all applicable zoning requirements, land use regulations, environmental requirements, building codes and fire code requirements, as outlined in the Tukwila Municipal Code.

8. The units must be constructed and receive a certificate of occupancy after this ordinance takes effect

9. The units must be completed within 3 years from the date of issuance of the conditional certificate of acceptance of tax exemption by the City, or within authorized extension of this time limit.

B. In addition to the requirements listed in TMC Section 3.90.050 (A), residential units that request the 12-year property tax exemption, as permitted by TMC Section 3.90.040 (A)(2), must also satisfy the following requirements:

1. The mix and configuration of housing units (e.g., studio, one-bedroom, two-bedroom, etc.) used to meet the requirement for affordable units under TMC Section 3.90.050 shall be substantially proportional to the mix and configuration of the total housing units in the project.

2. For owner-occupied projects, the contract with the City required under TMC Section 3.90.070 shall identify which units meet the affordability criteria..

*(Ord. 2665 §1, 2021; Ord. 2462 §7, 2014)*

**3.90.060 Application Procedure — Fee**

A. The owner of property applying for exemption under this chapter shall submit an application to the Administrator, on a form established by the Administrator. The owner shall verify the contents of the application by oath or affirmation. The application shall contain the following information:

1. A brief written description of the project, including phasing if applicable, that states which units are proposed for the exemption and whether the request is for 8 or 12 years.

2. Preliminary schematic site and floor plans of the multi-family units and the structure(s) in which they are proposed to be located.

3. A table of all units in the project listing unit number, square footage, unit type (studio, one bedroom, etc.), and indicating those proposed for the exemption.

4. If applicable, information describing how the applicant will comply with the affordability requirements in TMC Sections 3.90.040 and 3.90.050.

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

6. Any other information deemed necessary or useful by the Administrator.



B. At the time of application under this section, the applicant shall pay to the City an initial application fee of \$1,000 or as otherwise established by ordinance or resolution. If the application is denied, the City may retain that portion of the application fee attributable to its own administrative costs and refund the balance to the applicant.

C. The complete application shall be submitted any time before, but no later than, the date the certificate of occupancy is issued under Title 16 of the Tukwila Municipal Code.

D. The City will no longer accept applications after December 31, 2028, or if the total number of proposed units in pending and approved applications exceeds 800.

*(Ord. 2707 §5, 2023; Ord. 2665 §2, 2021; Ord. 2538 §1, 2017; Ord. 2462 §8, 2014)*

**3.90.070 Application Review — Issuance of Conditional Certificate — Denial — Appeal**

A. The Administrator shall approve or deny an application under this chapter within 90 days of receipt of the complete application. The Administrator shall use the criteria listed in TMC Chapter 3.90 and Chapter 84.14 RCW to review the proposed application. If the application is approved, the owner shall enter into a contract with the City regarding the terms and conditions of the project and eligibility for exemption under this Chapter. The Mayor shall be the authorized signatory to enter into the contract on behalf of the City. Following execution of the contract, the Administrator shall issue a conditional certificate of acceptance of tax exemption. The certificate must contain a statement by the Administrator that the property has complied with the required finding indicated in RCW 84.14.060. The conditional certificate shall expire 18 months from the date of approval if the applicant has not submitted a complete building permit application (as determined by the City) and shall expire 3 years from the date of approval unless an extension is granted as provided in this chapter.

B. If the application is denied, the Administrator shall issue a Notice of Denial stating in writing the reasons for the denial and send the Notice of Denial to the applicant's last known address within 10 days of the denial.

C. An applicant may appeal the Administrator's notice of denial of the application to the City Council by filing a notice of appeal with the City Clerk within 30 days of receipt of the Administrator's notice of denial and paying a fee of \$500 or as otherwise established by ordinance or resolution. The appellant shall provide a statement regarding the basis for the appeal. The closed record appeal before the City Council shall be based upon the record before the Administrator, and the Administrator's decision shall be upheld unless the applicant can show that there is no substantial evidence on the record to support the Administrator's decision. The City Council decision on appeal is final.

*(Ord. 2707 §6, 2023; Ord. 2462 §9, 2014)*

**3.90.080 Extension of Conditional Certificate**

The conditional certificate may be extended by the Administrator for a period not to exceed 24 consecutive months. The applicant shall submit a written request stating the grounds for the extension, together with a fee as established by ordinance or resolution. The Administrator may grant an extension if the Administrator determines that:

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

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

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

*(Ord. 2462 §10, 2014)*

**3.90.090 Final Certificate — Application — Issuance — Denial — Appeal**

A. After completion of construction as provided in the contract between the owner and the City, after issuance of a certificate of occupancy and prior to expiration of the conditional certificate of exemption, the applicant may request a final certificate of tax exemption. The applicant shall file with the Administrator such information as the Administrator 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 multi-family housing unit, including phasing if applicable, 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 3-year period or any approved extension.

4. If applicable, information on the applicant's compliance with the affordability requirements in TMC Sections 3.90.040 and 3.90.050.

B. Within 30 days of receipt of all materials required for a final certificate, the Administrator shall determine whether the completed work is consistent with the application and contract approved by the Mayor and is qualified for limited exemption under Chapter 84.14 RCW, and which specific improvements completed meet the requirements of this chapter and the required findings of RCW 84.14.060.

C. If the Administrator determines that the project has been completed in accordance with TMC Section 3.90.090 (A), the City shall file a final certificate of tax exemption with the assessor within 10 days of the expiration of the 30-day period provided under TMC Section 3.90.090 (B).

D. The Administrator 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 TMC Section 3.90.070 and such other document(s) as will identify such terms and

conditions of eligibility for exemption under this chapter as the Administrator deems appropriate for recording, including requirements under this chapter relating to affordability of units.

E. The Administrator shall notify the applicant in writing that the City will not file a final certificate if the Administrator determines that the project was not completed within the required 3-year period or any approved extension, or was not completed in accordance with TMC Section 3.90.090 (B); or if the Administrator determines that the owner's property is not otherwise qualified under this chapter or if the owner and the Administrator cannot agree on the allocation of the value of the improvements allocated to the exempt portion of rehabilitation improvements, new construction and multi-use new construction.

F. The applicant may appeal the City's decision to not file a final certificate of tax exemption to the City's Hearing Examiner within 30 days of issuance of the Administrator's notice as outlined in TMC Section 3.90.110.

*(Ord. 2462 §11, 2014)*

**3.90.100 Annual Certification**

A. A residential unit or units that receive a tax exemption under this chapter shall continue to comply with the contract and the requirements of this chapter in order to retain its property tax exemption.

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

1. A statement of occupancy and vacancy of the multi-family 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.
4. If applicable, information demonstrating the owner's compliance with the affordability requirements of TMC Sections 3.90.040 and 3.90.050, including:
  - a. The total monthly rent or total sale amount of each unit; and
  - b. The income of each renter household at the time of initial occupancy and the income of each initial purchaser of owner-occupied units at the time of purchase for each of the units receiving a tax exemption.
5. The value of the tax exemption for the project.
6. Any additional information requested by the City in regard to the units receiving a tax exemption (pursuant to meeting any reporting requirements under Chapter 84.14 RCW).

C. Failure to submit the annual declaration may result in cancellation of the tax exemption pursuant to this section.

D. For the duration of the exemption granted under this chapter, the property shall have no violation of applicable zoning requirements, land use regulations, building codes, fire codes, and housing codes contained in the Tukwila Municipal Code for which the designated City department shall have issued a Notice and Order and that is not resolved within the time period for compliance provided in such Notice and Order.

E. For owner-occupied affordable units, in addition to any other requirements in this Chapter, the affordable owner-occupied units must continue to meet the income eligibility requirements of TMC Section 3.90.040. In the event of a sale of an affordable owner-occupied unit to a household other than an eligible household, or at a price greater than prescribed in the contract referenced in TMC Section 3.90.070, the property tax exemption for that affordable owner-occupied unit shall be canceled pursuant to this section.

F. For property with renter-occupied dwelling units, in addition to any other requirements in this chapter, the affordable renter-occupied units must continue to meet the income eligibility requirements of TMC Section 3.90.040. In the event of a rental of an affordable renter-occupied unit to a household other than an eligible household, or at a rent greater than prescribed in the contract referenced in TMC Section 3.90.040, the property tax exemption for the property shall be canceled pursuant to this section.

G. If the owner converts the multi-family housing to another use, the owner shall notify the Administrator and the County Assessor within 60 days of the change in use. Upon such change in use, the tax exemption shall be canceled pursuant to this section.

H. The Administrator shall cancel the tax exemption for any property or individual unit that no longer complies with the terms of the contract or with the requirements of this chapter. Upon cancellation, additional taxes, interest and penalties shall be imposed pursuant to state law. Upon determining that a tax exemption shall be canceled, the Administrator shall notify the property owner by certified mail, return receipt requested. The property owner may appeal the determination by filing a notice of appeal within 30 days of the date of notice of cancellation, specifying the factual and legal basis for the appeal. The appeal shall be heard by the Hearing Examiner pursuant to TMC Section 3.90.110.

*(Ord. 2462 §12, 2014)*

**3.90.110 Appeals to the Hearing Examiner**

A. The City's Hearing Examiner is provided jurisdiction to hear appeals of the decisions of the Administrator to deny issuance of a final certificate of tax exemption or cancel tax exempt status. All appeals shall be closed record and based on the information provided to the Administrator when the administrative decision was made.

B. The Hearing Examiner's procedures, as adopted by City Council resolution, shall apply to hearings under this chapter to the extent they are consistent with the requirements of this chapter and Chapter 84.14 RCW. The Hearing Examiner shall give substantial weight to the Administrator's decision and the burden of proof shall be on the appellant. The decision of the Hearing Examiner constitutes the final decision of the City. An aggrieved party may appeal the decision to Superior Court under RCW 34.05.510 through 34.05.598 if the appeal is properly filed within 30 days of the date of the notification by the City to the appellant of that decision.

*(Ord. 2462 §13, 2014)*

**3.90.120 Reporting**

The Administrator shall maintain a list of all pending and approved applications and shall notify the City Council: (1) each time the list is updated; and (2) at least six months prior to the time limit established in TMC Section 3.90.060.D.

*(Ord. 2707 §7, 2023)*



# Southcenter Residential Targeted Area

