



# CITY OF LAKE FOREST PARK

## CITY COUNCIL

### AGENDA COVER SHEET

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<b>Meeting Date</b>	November 20, 2025
<b>Originating Department</b>	Finance Department
<b>Contact Person</b>	Lindsey Vaughn, Finance Director
<b>Title</b>	Ordinance 25-1315/Amending Chapter 5.05 Business and Occupation Tax, Section 5.05.040, Definitions of the Lake Forest Park Municipal Code

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#### Legislative History

- First Presentation November 20, 2025 Special Meeting
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#### Attachments:

1. Ordinance 25-1315/Amending Chapter 5.05 Business and Occupation Tax, Section 5.05.040, Definitions of the Lake Forest Park Municipal Code
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#### Executive Summary

The proposed ordinance updates the definitions within the Lake Forest Park Municipal Code (LFPMC) 5.05.040, which governs the City's Business & Occupation (B&O) tax. In 2025, the Washington State Legislature adopted Engrossed Substitute Senate Bill (ESSB) 5814, which revised statewide definitions for "sale at retail" and "sale at wholesale." The updates in Ordinance 25-1315 amend the City's code to align with these new statewide definitions, maintaining consistency with state law and ensuring the City's B&O tax remains compliant. No changes to B&O tax rates or classifications are proposed.

#### Background

Cities in Washington impose a B&O tax under the authority of RCW 35.21.710–715 and local municipal codes. ESSB 5814 revised statutory definitions used for B&O taxation, requiring cities to update their codes to maintain conformity and avoid inconsistencies that could affect tax administration. This ordinance updates the definitions in LFPMC 5.05.040 accordingly.

Changes include revised language for:

- Sale at retail
- Sale at wholesale

- Retail and wholesale services
- Advertising services
- Live presentations
- Information technology services
- Custom website development services
- Investigation, security, and armored car services
- Temporary staffing services
- Sales of custom software and customization of prewritten software

These revisions follow model language recommended for municipal code alignment in accordance with ESSB 5814.

### **Fiscal & Policy Implications**

The ordinance ensures continued compliance with state law and supports the consistent interpretation and application of the City's existing Business and Occupation (B&O) tax code. There will be fiscal impacts on the City's expenditures from the addition to the above mentioned retail sales tax on invoices. After a year the City will have a better estimate on the financial impacts from the updated retail sales tax modification.

### **Alternatives**

<i><b>Options</b></i>	<i><b>Results</b></i>
<ul style="list-style-type: none"> <li>• Adopt the Ordinance</li> </ul>	LFPMC will be brought up to date
<ul style="list-style-type: none"> <li>• Take no action</li> </ul>	LFPMC will be outdated or non-compliant with the new definitions in state law

### **Staff Recommendation**

Review the Ordinance and provide staff with any recommendations before it is adopted.