

Council Agenda Bill

AB Number

AB26-007

Agenda Bill Information

Title *

Ordinance Amending the Definitions of Sale at Retail and Sal

Action *

Motion

Council Agenda Section

Ordinance

Council Meeting Date *

04/13/2026

Staff Member

Drew Bouta

Department *

Finance

Committee

Finance and Administration

Committee Date








04/07/2026

Exhibits

Packet Attachments - if any

Drag and drop up to **10** files here to upload or [Choose files](#)

Files (4 uploaded)

 x3 AWC Fact Sheet.pdf 	123KB
 x4 ESSB 5814.pdf 	181.17KB
 x4 Model Ordinance.pdf 	219.3KB
 AB26-007 Exhibit x2 Ordinance Amending the Definitions of Sale at Retail and Sale at Whol...	40.02KB

Click [here](#) to review attachments.

Summary

Introduction *

Brief summary.

This ordinance amends the City's B&O tax code as required by law moving several business activities subject to the B&O tax from "services" to "retail sales".

Proposed Motion

Motion amending the definitions of "sale at retail" and "sale at wholesale" in the City's B&O tax code.

Background/Overview *

What was done (legislative history, previous actions, ability to hyperlink)

[RCW 35.102.040](#) (2010, EHB 2658) requires cities that impose a business and occupation tax to develop and adopt a single business and occupation tax ordinance, consistent across all cities, with the help of the Association of Washington Cities (AWC). This “model” ordinance, as it is known, is required to contain and use definitions enumerated in [RCW 82.04](#). Included in RCW 82.04 is the definition of “sale at retail,” which determines what products and services constitute a “sale at retail” and therefore should be subject to retail sales tax and the retailing business and occupation (B&O) tax. Services that don’t constitute a “sale at retail” are subject to other B&O tax classifications such as the “services” or “other activities” tax classifications. The B&O tax is levied as a percentage of a businesses’ gross receipts, less some deductions. All B&O tax classifications at the City of Snoqualmie are levied at the same rate (0.15%).

Analysis *

On April 24, 2025, the Washington State Legislature, wanting to tax several business activities that were previously not subject to the retail sales tax, passed ESSB 5814, which added certain business activities to the definition of “sale at retail” in RCW 82.04. The definition of “sale at retail” was updated to include the following business activities:

- Information technology training services
- Custom website development services
- Investigation, security, and security monitoring services
- Temporary staffing services
- Advertising services
- Live presentations

Because of the bill’s passage, the AWC convened a working committee to update the mandatory B&O tax “model ordinance” as required by law. This resulted in the tax reclassification of the above business activities from services to retail sales. This ordinance seeks to adopt the amended model ordinance by updating the definitions of “sale at retail” and “sale at wholesale” contained in the City’s B&O tax code (SMC 5.04.030(U) and (V)).

Budgetary Status *

This action will bring in additional revenue.

Budget Summary

There is no impact to B&O tax revenue because both "retail sales" and "services" are taxed at the same rate (0.15%).

There will be an impact to retail sales tax revenue because of ESSB 5814, but we don't know the amount because the City has not collected it on the impacted business activities before. This ordinance does not touch the City's sales tax code which references RCW 82.04 directly, and therefore the law the State Legislature changed through ESSB 5814.

Fiscal Impact

Amount of Expenditure

\$

Amount Budgeted

\$

Appropriation Requested

\$

Fiscal Impact

Screenshot below is an image of the budget summary table.

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