



# **Ordinance Amending the Definitions of “Sale at Retail” and “Sale at Wholesale” in the City’s B&O Tax Code**

The Finance & Administration Committee

March 17, 2026

# Purpose

- **Why is the amendment necessary?**

- In 2025, the State Legislature wanted to tax several business activities that were previously not subject to the retail sales tax.
- To enable their taxation, a bill was passed (ESSB 5814) that added several business activities to the definition of “sale at retail” (RCW 82.04.050).
- Because the definition of “sale at retail” in state law was changed, definitions in a mandatory B&O tax “model ordinance” by law also had to be changed.

# Purpose

- The business activities added in state law to the definition of “sale at retail” were reclassified from “services” to “retail sales” in the mandatory B&O tax model ordinance.
- The City, because it has a B&O tax, is required by law to adopt the mandatory B&O tax model ordinance (RCW 35.102.040).
- Adopting the model ordinance requires changing the definition of “sale at retail” and “sale at wholesale” in the City’s B&O tax code.

# Business Activities Reclassified from Services to Retail Sales

- Information Technology Training Services
- Custom Website Development Services
- Investigation, Security, and Security Monitoring Services
- Temporary Staffing Services
- Advertising Services
- Live Presentations

# Impact to Snoqualmie

- 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 sales tax revenue because of ESSB 5814, but we don’t know the amount because the City has not collected it before.
- Those businesses with reclassified activities will need to change where on the B&O tax form they report their gross receipts.

# Next Steps

- **April 7, 2026:** AB presented to the F&A Committee Meeting
- **April 13, 2026:** AB presented to Full Council – 1<sup>st</sup> Reading of Ordinance
- **April 27, 2026:** Adoption of AB by Full Council – 2<sup>nd</sup> Reading of Ordinance