

ORDINANCE 906

AN ORDINANCE OF THE CITY OF TENINO AMENDING THE TENINO MUNICIPAL CODE CHAPTER 6.60, B&O TAX REGULATIONS

WHEREAS, the City adopted the Model B&O Tax Ordinance in September of 2013; and

WHEREAS, in 2019, the Legislature passed SHB 1403, amending the Model B&O Tax Ordinance and requiring cities to amend their local ordinances prior to January 1, 2020.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF TENINO, WASHINGTON, that the following changes are made to the Tenino Municipal Code, amending Chapter 6.60, as follows:

Section 1. It is the intention of the City Council, and it is hereby ordained, that the provisions of this Ordinance shall become and be made a part of the Code of Ordinances, City of Tenino, Washington, and the sections of the code and this ordinance may be renumbered to accomplish that intention.

Section 2. § 6.60.030, Definitions, is amended as follows:

“Engaging in business” subparagraph (q) is stricken in it’s entirety without replacement.

Section 3. § 6.60.075, 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, is amended to add Legislative Intent Information as follows:

Legislative intent information.

This section establishes deductions to be applied when a single taxable activity is taxable by more than one jurisdiction that imposes an eligible gross receipts tax for taxes due prior to January 1, 2008. Prior to January 1, 2008, under Washington State Law, more than one city that has established nexus can include 100% of the gross receipts from that transaction in its tax base. However, to eliminate the possibility of the same sale or service being taxed more than once by cities that maintain nexus and an eligible gross receipts tax, the cities have provided this deduction to taxpayers. For taxes due after January 1, 2008, the apportionment provisions in section .077 will provide the mechanism for all activities except manufacturing.

Sales. A taxpayer that has paid an eligible gross receipts tax on the sale to the jurisdiction where the product is delivered may deduct the gross receipts used to measure that tax from the measure of the tax owed to another jurisdiction on the sale. If a taxpayer has not paid tax to the jurisdiction where the product is delivered, then no deduction is allowed. The sale shall be taxed by the city where the office or place of business that generated the sale is located.

Service. A taxpayer that has paid an eligible gross receipts tax on services to the jurisdiction where the service is performed may deduct the gross receipts used to measure that tax from

the measure of the tax owed to another jurisdiction on that service. If a taxpayer has not paid tax to the jurisdiction where the service is performed, then the service income shall be taxed by the city where the office or place of business that generated the sale is located. For both sales and services, the order of taxing rights is delivery city, first; and business office location, second.

General Business Activities Other Than Services. The eligible gross receipts tax on income derived from intangibles such as royalties, licenses, trademarks, patents and goodwill, and reportable under the general business classification .050 (7), shall be assigned to the domicile/headquarters office.

Conducting Business with Another City. A taxpayer that has paid an eligible gross receipts tax on the privilege of accepting or executing a contract with a city may deduct the contract price used to measure the tax from the measure of the tax owed to another city on the same activity.

Section 4. § 6.60.077, Allocation and apportionment of income when activities take place in more than one jurisdiction, is amended as follows:

Subparagraph (5) is stricken in its entirety and is replaced with the following new Subparagraph (5):

(5) For purposes of subsections 6.60.077(3)(a) through 6.60.077(3)(e)], the following definitions apply:

(a) “Digital automated services,” “digital codes,” and “digital goods” have the same meaning as in RCW 82.04.192;

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

(c) “Receive” has the same meaning as in RCW 82.32.730.

Section 5. § 6.08.0140, Same – Fee, is amended as follows:

Applications shall be accompanied by a nonrefundable fee. If a license is lost, one duplicate license may be issued by the clerk for a fee. The amount of the fee shall be as shown in the most current Consolidated Fee Schedule.

Section 5. § 6.13.040, Violations, is amended as follows:

Any violation of this chapter shall be punishable as follows:

- A. If a law enforcement officer determines that a person committed a first violation of this chapter, a written warning citation shall be issued to the violator with no criminal sanction to be attached thereto.
- B. If a person to whom a written warning citation has been issued is subsequently convicted of a violation of this chapter, they shall be punished by a fine not exceeding \$100.00.

Section 6. § 6.24.010, Definitions, is amended to add the definition of “Business Licensing Service” or “BLS” as follows:

Business Licensing Service, or BLS, means the office within the Washington State Department of Revenue providing business licensing services to the City of Tenino.

Section 7. Subparagraph A, § 6.24.020, Business license required; posting, is amended as follows:

- A. It is unlawful for any person, firm, corporation, or organization to engage in any business, occupation, or pursuit as defined in § 6.24.010, in the city without first obtaining a business license as provided in this chapter. The business license provided under the requirements of this chapter shall be posted in a conspicuous location at the place of business. The license shall be valid through the expiration date established by the Business Licensing Service, and must be renewed on or before that date to conduct business within the City after that date.

Section 8. § 6.24.040, Fees, is amended as follows:

There shall be an annual fee for each initial business license required by this chapter and for the annual renewal of a business license. Any application for a business license renewal made after the posted expiration date shall be assessed a late fee in addition to the renewal fee. The amounts of the fees shall be as shown in the most current Consolidated Fee Schedule.

Section 9. § 6.61.025, Business license requirements, is amended as follows:

- I. License required; application; fee
 - A. Except as otherwise provided by ordinance, no person, whether or not subject to the payment of tax as provided in this article, shall engage in business as defined in chapter 6.24 of this title within the city without first having obtained and being the holder of a valid and subsisting business license to do so, issued pursuant to this article.
 - B. The business license shall be issued for any lawful business on application therefore and payment of the annual license fee as shown in the most current Consolidated Fee Schedule

- C. The business license issued pursuant to this article shall be valid so long as the person to whom it is issued continues in business and pays the above application annual license fee and any tax due under chapter 6.50 and chapter 6.60 of this title on or before the expiration date determined by the state Business Licensing Service.
- D. Applicatons for the license shall be made to and on forms provided by the state Business Licensing Service.

Section 10. This Ordinance, after publication as required by State law, shall become effective on May 1, 2019.

ADOPTED by the City Council of the City of Tenino, Washington, and **APPROVED** by its Mayor, at a regularly scheduled open public meeting thereof this 14th day of May, 2019.

Wayne Fournier, Mayor

Attest:

John Millard, Clerk-Treasurer

First reading: April 9, 2019
Second reading: May 14, 2019

Approved as to form:

Richard L. Hughes, City Attorney