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**CITY OF SEATTLE**  
**ORDINANCE** 127353  
**COUNCIL BILL** 121118

AN ORDINANCE relating to the business and occupation tax; amending Section 5.30.050 of the Seattle Municipal Code to amend definitions due to amendments to the model business license tax ordinance and other state law amendments.

WHEREAS, during the 2025 regular session, the Washington State Legislature passed Engrossed Substitute Senate Bill (ESSB) 5814, enacted as Chapter 422, Laws of 2025; and

WHEREAS, ESSB 5814 amended RCW 82.04.050, 82.04.192, and 82.26.010, redefining certain activities as a “retail sale” that prior law defined as “service and other business activities,” reclassifying several business activities as a “retail sale” or “sale at retail,” and making related changes; and

WHEREAS, under chapter 35.102 RCW, a task force of city representatives has worked with the Association of Washington Cities to amend the state model municipal business and occupation tax ordinance to implement the changes made by ESSB 5814, and cities imposing a business and occupation tax must adopt the changes to the model ordinance by January 1, 2026; and

WHEREAS, Seattle Municipal Code Section 5.30.050 needs additional technical amendments to be consistent with the model ordinance; NOW, THEREFORE,

**BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:**

Section 1. Section 5.30.050 of the Seattle Municipal Code, last amended by Ordinance 125211, is amended as follows:

1 **5.30.050 Definitions, S**

2 \* \* \*

3 B. “Sale at retail,” “retail sale”

4 1. “Sale at retail” or “retail sale” means every sale of tangible personal property  
5 (including articles produced, fabricated, or imprinted) to all persons irrespective of the nature of  
6 their business and including, among others, without limiting the scope hereof, persons who  
7 install, repair, clean, alter, improve, construct, or decorate real or personal property of or for  
8 consumers, other than a sale to a person who presents a resale certificate under RCW 82.04.470  
9 and who:

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

12 b. Installs, repairs, cleans, alters, imprints, improves, constructs, or  
13 decorates real or personal property of or for consumers, if such tangible personal property  
14 becomes an ingredient or component of such real or personal property without intervening use by  
15 such person; or

16 c. Purchases for the purpose of consuming the property purchased in  
17 producing for sale a new article of tangible personal property or substance, of which such  
18 property becomes an ingredient or component or is a chemical used in processing, when the  
19 primary purpose of such chemical is to create a chemical reaction directly through contact with  
20 an ingredient of a new article being produced for sale; or

21 d. Purchases for the purpose of consuming the property purchased in  
22 producing ferrosilicon, which is subsequently used in producing magnesium for sale, if the

1 primary purpose of such property is to create a chemical reaction directly through contact with  
2 an ingredient of ferrosilicon; or

3 e. Purchases for the purpose of providing the property to consumers as  
4 part of competitive telephone service, as defined in RCW 82.04.065((-)) ; or

5 f. Purchases for the purpose of satisfying the person’s obligations under an  
6 extended warranty as defined in subsection 5.30.050.B.9, if such tangible personal property  
7 replaces or becomes an ingredient or component of property covered by the extended warranty  
8 without intervening use by such person.

9 The term shall include every sale of tangible personal property which is used or  
10 consumed or to be used or consumed in the performance of any activity classified as a “sale at  
11 retail” or “retail sale” even though such property is resold or utilized as provided in subsection  
12 5.30.050.B.1.a, 5.30.050.B.1.b, 5.30.050.B.1.c, 5.30.050.B.1.d, ((~~or~~)) 5.30.050.B.1.e, or  
13 5.30.050.B.1.f following such use.

14 2. “Sale at retail” or “retail sale” also means every sale of tangible personal  
15 property to persons engaged in any business activity which is taxable under subsection  
16 5.45.050.F.

17 3. “Sale at retail” or “retail sale” also includes the sale of or charge made  
18 for personal, business, or professional services including amounts designated as interest,  
19 rents, fees, admission, and other service emoluments however designated, received by  
20 persons engaging in the following business activities:

21 a. Information technology training services, technical support, and  
22 other services including, but not limited to, assisting with network operations and  
23 support, help desk services, in-person training related to hardware or software, network

1 system support services, data entry services, and data processing services;

2 b. Custom website development services. For the purposes of this  
3 subsection 5.30.050.B.3, “website development services” means the design,  
4 development, and support of a website provided by a website developer to a customer;

5 c. Investigation, security services, security monitoring services,  
6 and armored car services including, but not limited to, background checks, security  
7 guard and patrol services, personal and event security, armored car transportation of cash  
8 and valuables, and security system services and monitoring. This does not include  
9 locksmith services;

10 d. Temporary staffing services. For the purposes of this subsection  
11 5.30.050.B.3, “temporary staffing services” means providing workers to other  
12 businesses, except for hospitals licensed under chapter 70.41 or 71.12 RCW, for limited  
13 periods of time to supplement their workforce and fill employment vacancies on a  
14 contract or for fee basis;

15 e. Advertising services  
16 1) For the purposes of this subsection 5.30.050.B.3, “advertising  
17 services” means all digital and nondigital services related to the creation, preparation,  
18 production, or dissemination of advertisements including, but not limited to:

19 a) Layout, art direction, graphic design, mechanical  
20 preparation, production supervision, placement, referrals, acquisition of advertising  
21 space, and rendering advice concerning the best methods of advertising products or  
22 services; and



1                   For the purposes of 5.30.050.B.3.a, 5.30.050.B.3.b, 5.30.050.B.3.c, and  
2 5.30.050.B.3.e, the terms “sale at retail” and “retail sale” do not include a sale between members  
3 of an affiliated group as defined in RCW 82.04.299(1)(f).

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

7                                 a. The installing, repairing, cleaning, altering, imprinting, or improving of  
8 tangible personal property of or for consumers, including charges made for the mere use of  
9 facilities in respect thereto, but excluding charges made for the use of coin-operated laundry  
10 facilities when such facilities are situated in an apartment house, rooming house, or mobile home  
11 park for the exclusive use of the tenants thereof, and also excluding sales of laundry service to  
12 nonprofit health care facilities, and excluding services rendered in respect to live animals, birds,  
13 and insects;

14                                 b. The constructing, repairing, decorating, or improving of new or existing  
15 buildings or other structures under, upon, or above real property of or for consumers, including  
16 the installing or attaching of any article of tangible personal property therein or thereto, whether  
17 or not such personal property becomes a part of the realty by virtue of installation, and shall also  
18 include the sale of services or charges made for the clearing of land and the moving of earth  
19 excepting the mere leveling of land used in commercial farming or agriculture;

20                                 c. The charge for labor and services rendered in respect to constructing,  
21 repairing, or improving any structure upon, above, or under any real property owned by an owner  
22 who conveys the property by title, possession, or any other means to the person performing such  
23 construction, repair, or improvement for the purpose of performing such construction, repair, or

1 improvement and the property is then reconveyed by title, possession, or any other means to the  
2 original owner;

3                                   d. The sale of or charge made for labor and services rendered in respect to  
4 the cleaning, fumigating, razing, or moving of existing buildings or structures, but shall not  
5 include the charge made for janitorial services; and for purposes of this (~~section~~) Section  
6 5.30.050 the term “janitorial services” shall mean those cleaning and caretaking services  
7 ordinarily performed by commercial janitor service businesses including, but not limited to, wall  
8 and window washing, floor cleaning and waxing, and the cleaning in place of rugs, drapes, and  
9 upholstery. The term “janitorial services” does not include painting, papering, repairing, furnace  
10 or septic tank cleaning, snow removal, or sandblasting;

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

14                                   f. The sale of and charge made for the furnishing of lodging and all other  
15 services, except telephone business and cable service, by a hotel, rooming house, tourist court,  
16 motel, trailer camp, and the granting of any similar license to use real property, as distinguished  
17 from the renting or leasing of real property, and it shall be presumed that the occupancy of real  
18 property for a continuous period of one month or more constitutes a rental or lease of real  
19 property and not a mere license to use or enjoy the same. For the purposes of this subsection, it  
20 shall be presumed that the sale of and charge made for the furnishing of lodging for a continuous  
21 period of one month or more to a person is a rental or lease of real property and not a mere  
22 license to enjoy the same;

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

3 h. The sale of or charge made for tangible personal property, labor and  
4 services to persons taxable under subsections (~~(5.30.050.B.3.a)~~) 5.30.050.B.4.a through  
5 (~~(5.30.050.B.3.g)~~) 5.30.050.B.4.g when such sales or charges are for property, labor, and services  
6 which are used or consumed in whole or in part by such persons in the performance of any  
7 activity defined as a “sale at retail” or “retail sale” even though such property, labor, and services  
8 may be resold after such use or consumption.

9 Nothing contained in this subsection (~~(5.30.050.B.3)~~) 5.30.050.B.4 shall be  
10 construed to modify subsection 5.30.050.B.1, and nothing contained in subsection 5.30.050.B.1  
11 shall be construed to modify this subsection (~~(5.30.050.B.3)~~) 5.30.050.B.4.

12 (~~(4-)~~) 5. “Sale at retail” or “retail sale” shall also include the providing of  
13 competitive telephone service to consumers.

14 (~~(5-)~~) 6.

15 a. “Sale at retail” or “retail sale” shall also include the sale of prewritten  
16 software, custom software, and customization of prewritten computer software other than a sale  
17 to a person who presents a resale certificate under RCW 82.04.470, regardless of the method of  
18 delivery to the end user. For purposes of this subsection (~~(5.30.050.B.5.a)~~) 5.30.050.B.6.a, the  
19 sale of prewritten computer software includes the sale of or charge made for a key or an enabling  
20 or activation code, where the key or code is required to activate prewritten computer software  
21 and put the software into use. There is no separate sale of the key or code from the prewritten  
22 computer software, regardless of how the sale may be characterized by the vendor or by the  
23 purchaser.

1           (~~The term “sale at retail” or “retail sale” does not include the sale of or charge made for:~~

2                     1. ~~Custom software; or~~

3                     2. ~~The customization of prewritten software.))~~

4                     b.

5                             1. The term “sale at retail” or “retail sale” also includes the charge  
6 made to consumers for the right to access and use prewritten computer software, custom  
7 software, and customization of prewritten computer software, where possession of the software  
8 is maintained by the seller or a third party, regardless of whether the charge for the service is on  
9 a per use, per user, per license, subscription, or some other basis.

10                     2.

11                             a. The service described in subsection (~~(5.30.050.B.5.b.1)~~)  
12 5.30.050.B.6.b.1 includes the right to access and use prewritten software, custom software, and  
13 customization of prewritten software to perform data processing.

14                             b. For purposes of this subsection (~~(5.30.050.B.5.b.2)~~)  
15 5.30.050.B.6.b.2, “data processing” means the systematic performance of operations on data to  
16 extract the required information in an appropriate form or to convert the data to usable  
17 information. Data processing includes check processing, image processing, form processing,  
18 survey processing, payroll processing, claim processing, and similar activities.

19                     (~~(6-)~~) 7. “Sale at retail” or “retail sale” shall also include the sale of or charge  
20 made for labor and services rendered in respect to the building, repairing, or improving of any  
21 street, place, road, highway, easement, right-of-way, mass public transportation terminal or  
22 parking facility, bridge, tunnel, or trestle which is owned by a municipal corporation or political  
23 subdivision of the state, the State of Washington, or by the United States and which is used or to

1 be used primarily for foot or vehicular traffic including mass transportation vehicles of any kind.  
2 (Public road construction).

3 ~~((7.))~~ 8. “Sale at retail” or “retail sale” shall also include the sale of or charge  
4 made for labor and services rendered in respect to the constructing, repairing, decorating, or  
5 improving of new or existing buildings or other structures under, upon, or above real property of  
6 or for the United States, any instrumentality thereof, or a county or city housing authority created  
7 pursuant to chapter 35.82 RCW, including the installing or attaching of any article of tangible  
8 personal property therein or thereto, whether or not such personal property becomes a part of the  
9 realty by virtue of installation. ~~(((government)))~~ Government contracting).

10 ~~((8.))~~ 9. “Sale at retail” or “retail sale” shall also include the sale of or charge  
11 made for an extended warranty to a consumer. For purposes of this subsection 5.30.050.B.9,  
12 “extended warranty” means an agreement for a specified duration to perform the replacement or  
13 repair of tangible personal property at no additional charge or a reduced charge for tangible  
14 personal property, labor, or both, or to provide indemnification for the replacement or repair of  
15 tangible personal property, based on the occurrence of specified events. The term “extended  
16 warranty” does not include an agreement, otherwise meeting the definition of extended warranty  
17 in this subsection 5.30.050.B.9, if no separate charge is made for the agreement and the value of  
18 the agreement is included in the sales price of the tangible personal property covered by the  
19 agreement.

20 ~~((9.))~~ 10. “Sale at retail” or “retail sale” shall not include the sale of services or  
21 charges made for the clearing of land and the moving of earth of or for the United States, any  
22 instrumentality thereof, or a county or city housing authority. Nor shall the term include the sale  
23 of services or charges made for cleaning up for the United States, or its instrumentalities,

1 radioactive waste and other byproducts of weapons production and nuclear research and  
2 development. (This is reported under the service or other classification.)

3 ~~((10.))~~ 11. “Sale at retail” or “retail sale” shall not include the sale of or charge  
4 made for labor and services rendered for environmental remedial action. ~~((this))~~ This is reported  
5 under the service or other classification. ~~((-))~~

6 ~~((11.))~~ 12.

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

9 ~~((a-))~~ 1. Sales in which the seller has granted the purchaser the  
10 right of permanent use;

11 ~~((b-))~~ 2. Sales in which the seller has granted the purchaser a right  
12 of use that is less than permanent;

13 ~~((c-))~~ 3. Sales in which the purchaser is not obligated to make  
14 continued payment as a condition of the sale; and

15 ~~((d-))~~ 4. Sales in which the purchaser is obligated to make  
16 continued payment as a condition of the sale.

17 b. A retail sale of digital goods, digital codes, or digital automated services  
18 under this subsection ~~((5.30.050.B.11))~~ 5.30.050.B.12 includes any services provided by the  
19 seller exclusively in connection with the digital goods, digital codes, or digital automated  
20 services, whether or not a separate charge is made for such services.

21 c. A retail sale of digital goods, digital codes, or digital automated services  
22 does not include the following services if the sale occurs between members of an affiliated group  
23 as defined in RCW 82.04.299(1)(f):

1                                   1) Any service that primarily involves the application of human  
2 effort by the seller, and the human effort originated after the customer requested the service;

3                                   2) Live presentations, such as lectures, seminars, workshops, or  
4 courses, where participants are connected to other participants via the internet or  
5 telecommunications equipment, which allows audience members and the presenter or instructor  
6 to give, receive, and discuss information with each other in real time;

7                                   3) Advertising services. For purposes of this subsection  
8 5.30.050.B.12.c, “advertising services” means all services directly related to the creation,  
9 preparation, production, or dissemination of advertisements. Advertising services include layout,  
10 art direction, graphic design, mechanical preparation, production supervision, placement, and  
11 rendering advice to a client concerning the best methods of advertising that client’s products or  
12 services. Advertising services also include online referrals, search engine marketing and lead  
13 generation optimization, web campaign planning, the acquisition of advertising space in the  
14 internet media, and the monitoring and evaluation of website traffic for purposes of determining  
15 the effectiveness of an advertising campaign. Advertising services do not include web hosting  
16 services and domain name registration; and

17                                   4) Data processing services. For purposes of this subsection  
18 5.30.050.B.12.c, “data processing service” means a primarily automated service provided to a  
19 business or other organization where the primary object of the service is the systematic  
20 performance of operations by the service provider on data supplied in whole or in part by the  
21 customer to extract the required information in an appropriate form or to convert the data to  
22 usable information. Data processing services include check processing, image processing, form  
23 processing, survey processing, payroll processing, claim processing, and similar activities. Data

1 processing does not include the service described in subsection 5.30.050.B.6.b.

2 For purposes of this subsection (~~(5.30.050.B.11)~~) 5.30.050.B.12, “permanent” means perpetual  
3 or for an indefinite or unspecified length of time. A right of permanent use is presumed to have  
4 been granted unless the agreement between the seller and the purchaser specifies or the  
5 circumstances surrounding the transaction suggest or indicate that the right to use terminates on  
6 the occurrence of a condition subsequent.

7 ~~((12-))~~ 13. “Sale at retail” or “retail sale” shall also include the installing,  
8 repairing, altering, or improving of digital goods for consumers.

9 C. “Sale at wholesale,” “wholesale sale.” “Sale at wholesale” or “wholesale sale” means  
10 any sale of tangible personal property, digital goods, digital codes, or digital automated services,  
11 prewritten computer software, custom software, customization of prewritten software to a  
12 consumer, or services described in subsection (~~(5.30.050.B.5.b.1)~~) 5.30.050.B.6.b.1, which is not  
13 a retail sale, and any charge made for labor and services rendered for persons who are not  
14 consumers, in respect to real or personal property and retail services, if such charge is expressly  
15 defined as a retail sale or retail service when rendered to or for consumers. Sale at wholesale also  
16 includes the sale of telephone business to another telecommunications company for the purpose  
17 of resale, as contemplated by RCW 35.21.715.

18 Notwithstanding the above, “sale at wholesale” or “wholesale sale” shall specifically not  
19 include a distribution cooperative’s or its distribution affiliate’s sales of merchandise to a  
20 customer-owner of the distribution cooperative for the customer-owner’s resale at retail. A  
21 distribution cooperative or a distribution affiliate is taxed on such sales pursuant to (~~(Section)~~)  
22 subsection 5.45.050.F (~~(of the Seattle Municipal Code)~~).

23 \* \* \*

1 Section 2. This ordinance does not affect any existing right acquired or liability or  
2 obligation incurred under the sections amended or repealed in this ordinance or under any rule or  
3 order adopted under those sections, nor does it affect any proceeding instituted under those  
4 sections.

5 Section 3. This ordinance shall take effect as provided by Seattle Municipal Code  
6 Sections 1.04.020 and 1.04.070.

7 Passed by the City Council the 21st day of November, 2025,  
8 and signed by me in open session in authentication of its passage this 21st day of  
9 November, 2025.

10 

11 President \_\_\_\_\_ of the City Council

12  Approved /  returned unsigned /  vetoed this 24th day of November, 2025.

13 

14 Bruce A. Harrell, Mayor

15 Filed by me this 24th day of November, 2025.

16 

17 Scheereen Dedman, City Clerk

18 (Seal)