



SEATTLE CITY COUNCIL

Legislative Summary

CB 118856

Record No.: CB 118856

Type: Ordinance (Ord)

Status: Passed

Version: 1

Ord. no: Ord 125211

In Control: City Clerk

File Created: 11/01/2016

Final Action: 11/28/2016

Title: AN ORDINANCE relating to the business license tax; removing a classification for International Investment Management Services for the business license tax; and amending Sections 5.30.025, 5.30.050, 5.45.050, 5.45.080, 5.45.081, 5.45.082, and 5.46.030 of the Seattle Municipal Code in connection therewith.

| | |
|--------------------------|--|
| Notes: | Filed with City Clerk: 11/22/2016 |
| | Mayor's Signature: 11/22/2016 |
| Sponsors: Burgess | Vetoed by Mayor: |
| | Veto Overridden: |
| | Veto Sustained: |

Attachments:

Drafter: patrick.wigren@seattle.gov

Filing Requirements/Dept Action:

History of Legislative File

Legal Notice Published: Yes No

| Version: | Acting Body: | Date: | Action: | Sent To: | Due Date: | Return Date: | Result: |
|----------|--|------------|-----------------|-------------------------------|-----------|--------------|---------|
| 1 | City Clerk | 11/03/2016 | sent for review | Council President's Office | | | |
| | Action Text: The Council Bill (CB) was sent for review. to the Council President's Office | | | | | | |
| | Notes: | | | | | | |
| 1 | Council President's Office | 11/04/2016 | sent for review | Select Budget Committee | | | |
| | Action Text: The Council Bill (CB) was sent for review. to the Select Budget Committee | | | | | | |
| | Notes: | | | | | | |
| 1 | Full Council | 11/07/2016 | referred | Select Budget Committee | | | |
| 1 | Select Budget Committee | 11/16/2016 | pass | | | | Pass |
| | Action Text: The Committee recommends that Full Council pass the Council Bill (CB). | | | | | | |
| | In Favor: 9 Chair Burgess, Member Bagshaw, Member Harrell, Member Herbold, Member Juarez, Member Johnson, Member González, Member O'Brien, Member Sawant | | | | | | |
| | Opposed: 0 | | | | | | |

- 1 Full Council 11/21/2016 passed Pass
Action Text: The Council Bill (CB) was passed by the following vote, and the President signed the Bill:
In Favor: 9 Councilmember Bagshaw, Councilmember Burgess, Councilmember González , Council President Harrell, Councilmember Herbold, Councilmember Johnson, Councilmember Juarez, Councilmember O'Brien, Councilmember Sawant
Opposed: 0
- 1 City Clerk 11/22/2016 submitted for Mayor
Mayor's signature
- 1 Mayor 11/28/2016 Signed
- 1 Mayor 11/28/2016 returned City Clerk
Action Text: The Council Bill (CB) was returned. to the City Clerk
Notes:
- 1 City Clerk 11/28/2016 attested by City Clerk
Action Text: The Ordinance (Ord) was attested by City Clerk.
Notes:
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CITY OF SEATTLE

ORDINANCE 125211

COUNCIL BILL 118856

AN ORDINANCE relating to the business license tax; removing a classification for International Investment Management Services for the business license tax; and amending Sections 5.30.025, 5.30.050, 5.45.050, 5.45.080, 5.45.081, 5.45.082, and 5.46.030 of the Seattle Municipal Code in connection therewith.

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. Subsection 5.30.025.G of the Seattle Municipal Code, which section was last amended by Ordinance 124089, is amended as follows:

5.30.025 Definitions, C – D ((:))

* * *

G. “Consumer” means the following:

1. Any person who purchases, acquires, owns, holds, or uses any tangible or intangible personal property irrespective of the nature of the person’s business and including, among others, without limiting the scope hereof, persons who install, repair, clean, alter, improve, construct, or decorate real or personal property of or for a consumer other than for the purpose of:

a. Resale as tangible or intangible personal property in the regular course of business;

b. Incorporating such property as an ingredient or component of real or personal property when installing, repairing, cleaning, altering, imprinting, improving, constructing, or decorating such real or personal property of or for consumers;

c. Incorporating such property as an ingredient or component of a new product or as a chemical used in processing a new product when the primary purpose of

1 such chemical is to create a chemical reaction directly through contact with an ingredient of a
2 new product; or

3 d. Consuming the property in producing ferrosilicon which is
4 subsequently used in producing magnesium for sale, if the primary purpose of such property is to
5 create a chemical reaction directly through contact with an ingredient of ferrosilicon;

6 2. Any person engaged in any business activity taxable under subsection
7 5.45.050.F (~~and subsection 5.45.050.G~~);

8 3. Any person who purchases, acquires, or uses any competitive telephone
9 service as herein defined, other than for resale in the regular course of business;

10 4. Any person who purchases, acquires, or uses any personal, business, or
11 professional service defined as a retail sale in Section 5.30.050 other than for resale in the regular
12 course of business;

13 5. Any person who is an end user of software;

14 6. Any person engaged in the business of “public road construction,” as that
15 term is defined in Section 5.30.040, in respect to tangible personal property when that person
16 incorporates the tangible personal property as an ingredient or component of a publicly ((-))
17 owned street, place, road, highway, easement, right-of-way, mass public transportation terminal
18 or parking facility, bridge, tunnel, or trestle by installing, placing, or spreading the property in or
19 upon the right-of-way of a publicly ((-)) owned street, place, road, highway, easement, bridge,
20 tunnel, or trestle or in or upon the site of a publicly ((-)) owned mass public transportation
21 terminal or parking facility;

1 consumers, other than a sale to a person who presents a resale certificate under RCW 82.04.470
2 and who:

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

5 b. Installs, repairs, cleans, alters, imprints, improves, constructs, or
6 decorates real or personal property of or for consumers, if such tangible personal property
7 becomes an ingredient or component of such real or personal property without intervening use by
8 such person; or

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

14 d. Purchases for the purpose of consuming the property purchased in
15 producing ferrosilicon which is subsequently used in producing magnesium for sale, if the
16 primary purpose of such property is to create a chemical reaction directly through contact with
17 an ingredient of ferrosilicon; or

18 e. Purchases for the purpose of providing the property to consumers
19 as part of competitive telephone service, as defined in RCW 82.04.065.

20 The term shall include every sale of tangible personal property which is used or
21 consumed or to be used or consumed in the performance of any activity classified as a “sale at
22 retail” or “retail sale” even though such property is resold or utilized as provided in ~~((a), (b), (c),~~

1 ~~(d), or (e) of this~~) subsection 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
2 5.30.050.B.1.e following such use.

3 2. “Sale at retail” or “retail sale” also means every sale of tangible personal
4 property to persons engaged in any business activity which is taxable under ~~((subsections))~~
5 subsection 5.45.050.F ~~((and 5.45.050.G))~~.

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

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

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

22 c. The charge for labor and services rendered in respect to
23 constructing, repairing, or improving any structure upon, above, or under any real property

1 owned by an owner who conveys the property by title, possession, or any other means to the
2 person performing such construction, repair, or improvement for the purpose of performing such
3 construction, repair, or improvement and the property is then reconveyed by title, possession, or
4 any other means to the original owner;

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

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

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

1 a continuous period of one month or more to a person is a rental or lease of real property and not
2 a mere license to enjoy the same;

3 g. The installing, repairing, altering, or improving of digital goods for
4 consumers;

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

11 Nothing contained in this subsection ~~((B-3))~~ 5.30.050.B.3 shall be construed to
12 modify subsection ~~((1 of this subsection B))~~ 5.30.050.B.1, and nothing contained in subsection
13 ~~((B-1))~~ 5.30.050.B.1 shall be construed to modify this subsection ~~((B-3))~~ 5.30.050.B.3.

14 4. “Sale at retail” or “retail sale” shall also include the providing of
15 competitive telephone service to consumers.

16 5. a. “Sale at retail” or “retail sale” shall also include the sale of
17 prewritten software other than a sale to a person who presents a resale certificate under RCW
18 82.04.470, regardless of the method of delivery to the end user. For purposes of this subsection
19 ~~((5.30.050.5.a))~~ 5.30.050.B.5.a, the sale of ~~((the sale of))~~ prewritten computer software includes
20 the sale of or charge made for a key or an enabling or activation code, where the key or code is
21 required to activate prewritten computer software and put the software into use. There is no
22 separate sale of the key or code from the prewritten computer software, regardless of how the
23 sale may be characterized by the vendor or by the purchaser.

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

- 3 1) Custom software; or
- 4 2) The customization of prewritten software.

5 b. ~~((1.))~~ 1) The term also includes the charge made to
6 consumers for the right to access and use prewritten computer software, where possession of the
7 software is maintained by the seller or a third party, regardless of whether the charge for the
8 service is on a per use, per user, per license, subscription, or some other basis.

9 ~~((2. — a.))~~ 2) a) The service described in subsection
10 5.30.050.B.5.b.1 includes the right to access and use prewritten software to perform data
11 processing.

12 ~~((b.))~~ b) For purposes of this subsection
13 5.30.050.B.5.b.2, “data processing” means the systematic performance of operations on data to
14 extract the required information in an appropriate form or to convert the data to usable
15 information. Data processing includes check processing, image processing, form processing,
16 survey processing, payroll processing, claim processing, and similar activities.

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

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

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

17 9. “Sale at retail” or “retail sale” shall not include the sale of services or
18 charges made for the clearing of land and the moving of earth of or for the United States, any
19 instrumentality thereof, or a county or city housing authority. Nor shall the term include the sale
20 of services or charges made for cleaning up for the United States, or its instrumentalities,
21 radioactive waste and other byproducts of weapons production and nuclear research and
22 development. (This is reported under the service or other classification.) ((;))

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

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

6 a. Sales in which the seller has granted the purchaser the right of
7 permanent use;

8 b. Sales in which the seller has granted the purchaser a right of use
9 that is less than permanent;

10 c. Sales in which the purchaser is not obligated to make continued
11 payment as a condition of the sale; and

12 d. Sales in which the purchaser is obligated to make continued
13 payment as a condition of the sale.

14 A retail sale of digital goods, digital codes, or digital automated services under
15 this subsection 5.30.050.B.11 includes any services provided by the seller exclusively in
16 connection with the digital goods, digital codes, or digital automated services, whether or not a
17 separate charge is made for such services. For purposes of this subsection 5.30.050.B.11,
18 “permanent” means perpetual or for an indefinite or unspecified length of time. A right of
19 permanent use is presumed to have been granted unless the agreement between the seller and the
20 purchaser specifies or the circumstances surrounding the transaction suggest or indicate that the
21 right to use terminates on the occurrence of a condition subsequent.

22 12. “Sale at retail” or “retail sale” shall also include the installing, repairing,
23 altering, or improving of digital goods for consumers.

1 C. “Sale at wholesale,” “wholesale sale.” “Sale at wholesale” or “wholesale sale”
2 means any sale of tangible personal property, digital goods, digital codes, or digital automated
3 services, prewritten computer software, or services described in subsection 5.30.050.B.5.b.1,
4 which is not a retail sale, and any charge made for labor and services rendered for persons who
5 are not consumers, in respect to real or personal property and retail services, if such charge is
6 expressly defined as a retail sale or retail service when rendered to or for consumers. Sale at
7 wholesale also includes the sale of telephone business to another telecommunications company
8 for the purpose of resale, as contemplated by RCW 35.21.715.

9 Notwithstanding the above, “sale at wholesale” or “wholesale sale” shall specifically not
10 include a distribution cooperative’s or its distribution affiliate’s sales of merchandise to a
11 customer-owner of the distribution cooperative for the customer-owner’s resale at retail. A
12 distribution cooperative or a distribution affiliate is taxed on such sales pursuant to Section
13 ~~((5.45.050.G))~~ 5.45.050.F of the Seattle Municipal Code.

14 * * *

15 Section 3. Section 5.45.050 of the Seattle Municipal Code, last amended by Ordinance
16 125084, is amended as follows:

17 **5.45.050 Imposition of the tax—Tax or fee levied**

18 Except as provided in subsection 5.55.040.D.1, there is hereby levied upon and shall be collected
19 from every person a tax for the act or privilege of engaging in business activities within the City,
20 whether the person’s office or place of business be within or without the City. The tax shall be in
21 amounts to be determined by application of rates against gross proceeds of sale, gross income of
22 business, or value of products, including by-products, as the case may be, as follows:

1 A. Upon every person engaging within the City in business as an extractor; as to such
2 persons, the amount of the tax with respect to such business shall be equal to the value of the
3 products, including by-products, extracted within the City for sale or for commercial or industrial
4 use, multiplied by the rate of .00215 through December 31, 2016, and beginning January 1,
5 2017, through December 31, 2017, by the rate of .00219, and beginning January 1, 2018, by the
6 rate of .00222. The measure of the tax is the value of the products, including by-products, so
7 extracted, regardless of the place of sale or the fact that deliveries may be made to points outside
8 the City.

9 B. Upon every person engaging within the City in business as a manufacturer; as to
10 such persons, the amount of the tax with respect to such business shall be equal to the value of
11 the products, including by-products, manufactured or processed within the City, multiplied by
12 the rate of .00215 through December 31, 2016, and beginning January 1, 2017, through
13 December 31, 2017, by the rate of .00219, and beginning January 1, 2018, by the rate of .00222.
14 The measure of the tax is the value of the products, including by-products, so manufactured or
15 processed, regardless of the place of sale or the fact that deliveries may be made to points outside
16 the City.

17 C. Upon every person engaging within the City in the business of making sales of
18 retail services, or making sales at wholesale or retail; as to such persons, the amount of tax with
19 respect to such business shall be equal to the gross proceeds of such sales of the business without
20 regard to the place of delivery of articles, commodities, or merchandise sold, multiplied by the
21 rate of .00215 through December 31, 2016, and beginning January 1, 2017, through December
22 31, 2017, by the rate of .00219, and beginning January 1, 2018, by the rate of .00222.

1 D. Upon every person engaging within the City in the business of:

2 1. Printing;

3 2. Both printing and publishing newspapers, magazines, periodicals, books,
4 music, and other printed items;

5 3. Publishing newspapers, magazines, and periodicals;

6 4. Extracting for hire;

7 5. Processing for hire; or

8 6. Conducting a tour operator business; as to such persons, the amount of tax
9 on such business shall be equal to the gross income of the business multiplied by the rate of
10 .00215 through December 31, 2016, and beginning January 1, 2017, through December 31, 2017,
11 by the rate of .00219, and beginning January 1, 2018, by the rate of .00222.

12 E. Upon every motor carrier engaging within the City in the business of transporting
13 freight for hire ((5)) ; as to such persons, the amount of the tax with respect to such business shall
14 be equal to the gross income from the transport of freight picked up in the City multiplied by the
15 rate of .00415 through December 31, 2016, and beginning January 1, 2017, through December
16 31, 2017, by the rate of .00423, and beginning January 1, 2018, by the rate of .00427. The
17 business of transporting freight for hire includes the business of leasing or renting motor vehicles
18 operated by the lessor, or by a person under the control of the lessor, to transport freight for hire.

19 ~~((F. Upon every person engaging within the City in the business of providing~~
20 ~~international investment management services, as to such persons, the amount of tax with respect~~
21 ~~to such business shall be equal to the gross income or gross proceeds of sales of the business~~
22 ~~multiplied by a rate of .0015 through December 31, 2016, and beginning January 1, 2017,~~

1 through December 31, 2017, by the rate of .00153, and beginning January 1, 2018, by the rate of
2 .00155.))

3 ((G.)) F. Upon every other person engaging within the City in any business activity
4 other than or in addition to those enumerated in the above subsections; as to such persons, the
5 amount of tax on account of such activities shall be equal to the gross income of the business
6 multiplied by the rate of .00415 through December 31, 2016, and beginning January 1, 2017,
7 through December 31, 2017, by the rate of .00423, and beginning January 1, 2018, by the rate of
8 .00427. This subsection includes, among others, and without limiting the scope hereof (whether
9 or not title to material used in the performance of such business passes to another by accession,
10 merger, or other than by outright sale), persons engaged in the business of developing or
11 producing custom software or of customizing canned software, producing royalties or
12 commissions, persons engaged in the business of freight brokering, and persons engaged in the
13 business of rendering any type of service which does not constitute a sale at retail, a sale at
14 wholesale, or a retail service.

15 Section 4. Section 5.45.080 of the Seattle Municipal Code, last amended by Ordinance
16 123704, is amended as follows:

17 **5.45.080 Persons conducting business both within and without the City**

18 This section instructs taxpayers which revenues will be assigned to the City as taxable for
19 periods prior to January 1, 2008. Once the amount subject to tax in Seattle is determined
20 according to this ((section)) Section 5.45.080, then the credit or deductions contained in Sections
21 5.45.070 and 5.45.075 may be calculated, if applicable.

22 A. A person who maintains an office or place of business in the City shall be taxable
23 on the gross income, gross proceeds of sales, or value of products derived from the business

1 activities rendered by, generated from, or attributable to the office or place of business located
2 within the City, unless specific deductions or exemptions apply.

3 B. A person engaging in business activities in the City who does not maintain an
4 office or place of business in the City shall allocate to the City that portion of the taxpayer's
5 gross income or gross proceeds of sales that are derived from business activities performed in the
6 City.

7 C. A person who maintains an office or place of business in the City and also
8 elsewhere:

9 ~~((1))~~ 1. Shall be taxable on that portion of ~~((his))~~ gross income or gross
10 proceeds of sales, or value of products, that is derived from business activity rendered by,
11 generated from, or attributable to the office or place of business located within the City, unless
12 specific deductions or exemptions apply; and

13 ~~((2))~~ 2. Shall allocate to the City and be taxable on gross income, or gross
14 proceeds of sales, from business activities performed in the City but supported by the office or
15 place of business located outside the City, where the business activity performed in the City is a
16 significant factor in making or holding the market for the goods or services sold, and:

17 ~~((a))~~ a. Delivery of product or the performance of services occurs
18 in Seattle; or

19 ~~((b))~~ b. The customer is located in Seattle.

20 Allocations of amounts under this Section 5.45.080 shall be made in accordance
21 with and in full compliance with the provisions of the interstate commerce clause of the United
22 States Constitution where applicable.

1 D. If the Director determines that the allocation of gross income from business
2 activities for a person subject to subsection (~~(C above)~~) 5.45.080.C and taxable under the “other
3 business activities” classification in subsection (~~(5.45.050.G)~~) 5.45.050.F does not fairly reflect
4 gross income derived from business activities within the City, the Director shall determine such
5 gross income by either of the following methods: (~~(a)~~) (1) by a fair and equitable formula
6 agreed upon by the Director and the taxpayer after a consideration of the facts; or (~~(b)~~) (2) by
7 the ratio that the cost of doing business within the City bears to the cost of doing business both
8 within and without the City. For apportionment purposes, all costs must be assigned to an office
9 location.

10 E. This section does not apply to allocate gross income of motor carriers included in
11 the measure of the tax pursuant to subsection 5.45.050.E of the Seattle Municipal Code. This
12 section may apply to allocate gross receipts of motor carriers included in the measure of the tax
13 pursuant to any other subsection of Section 5.45.050.

14 Section 5. Subsection 5.45.081.A of the Seattle Municipal Code, which section was last
15 amended by Ordinance 124089, is amended as follows:

16 **5.45.081 Assignment of revenues**

17 * * *

18 A. Gross income derived from all activities other than those taxed under subsections
19 5.45.050.E (~~(5)~~) and 5.45.050.F (~~(5 and 5.45.050.G)~~) shall be assigned to the location where the
20 activity takes place.

21 * * *

22 Section 6. Section 5.45.082 of the Seattle Municipal Code, last amended by Ordinance
23 123704, is amended as follows:

1 **5.45.082 Ancillary activities of motor carriers and freight brokers**

2 A. Ancillary activities of motor carriers include but are not limited to stevedoring,
3 separately billed charges for loading, unloading, sorting, storage, consolidation charges, and
4 other charges not representing the actual transportation charge. The charges for ancillary
5 activities shall be recorded separately from the transportation charges and reported under the
6 “other business activity” classification (Subsection (~~5.45.050.G~~) 5.45.050.F).

7 B. Freight brokers should report revenue from brokering activities under the “other
8 business activity” classification (Subsection (~~5.45.050.G~~) 5.45.050.F).

9 C. Gross receipts from the activities contained in subsections 5.45.082.A and
10 5.45.082.B above are subject to the apportionment provisions contained in Section 5.45.080.

11 Section 7. Subsection 5.46.030.E of the Seattle Municipal Code, which section was last
12 amended by Ordinance 124910, is amended as follows:

13 **5.46.030 Tax (~~Imposed~~) imposed—Measure of the (~~Tax~~) tax**

14 * * *

15 E. Any person required to pay the square footage business tax imposed in this
16 chapter that also pays the business license tax as imposed in Section 5.45.050 may take a credit
17 against the square footage business tax computed as follows:

18 1. The credit is equal to the square footage business tax owed for the
19 reporting period multiplied by the ratio of adjusted gross income derived from the Seattle
20 business location(s) for the reporting period to the total gross income derived from the Seattle
21 business location(s) for the reporting period.

22 2. For the purpose of this section, “total gross income derived from the
23 Seattle business location(s)” is equal to the total gross income derived from the business

1 activities rendered by, generated from, or attributable to the place(s) of business located within
2 the ((city)) City.

3 3. For the purpose of this section, “adjusted gross income derived from the
4 Seattle business location(s)” shall include total gross income derived from the Seattle business
5 location(s) less:

6 (a) income derived from the sales of tangible personal property and
7 retail services by the Seattle business location(s) delivered to a location within the State of
8 Washington where no local jurisdiction imposes an eligible gross receipts tax; and

9 (b) the gross income of the Seattle business location(s) subject to the
10 business license tax under subsection ((5.45.050.G)) 5.45.050.F as determined by Section
11 5.45.060 through Section 5.45.080 less the gross income of the Seattle business location(s)
12 subject to the business license tax under subsection ((5.45.050.G)) 5.45.050.F as determined by
13 Section 5.45.060 through Section 5.45.076 and Section 5.45.081.

14 * * *

15 Section 8. This ordinance does not affect any existing right acquired or liability or
16 obligation incurred under the sections amended or repealed in this ordinance or under any rule or
17 order adopted under those sections, nor does it affect any proceeding instituted under those
18 sections.

19 Section 9. Sections 1 through 8 of this ordinance shall take effect on January 1, 2017.

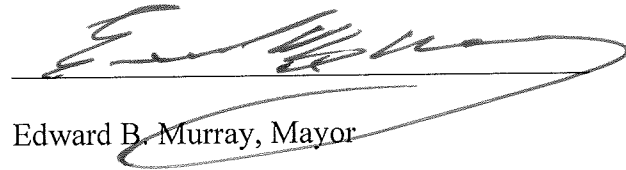
1 Section 10. This ordinance shall take effect and be in force 30 days after its approval by
2 the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it
3 shall take effect as provided by Seattle Municipal Code Section 1.04.020.

4 Passed by the City Council the 21st day of November, 2016,
5 and signed by me in open session in authentication of its passage this 21st day of
6 November, 2016.

7 

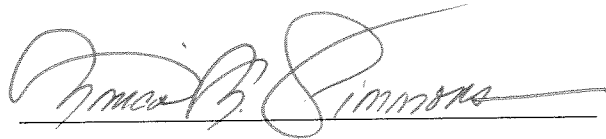
8 President _____ of the City Council

9 Approved by me this 28th day of November, 2016.

10 

11 Edward B. Murray, Mayor

12 Filed by me this 28th day of NOVEMBER, 2016.

13 

14 Monica Martinez Simmons, City Clerk

15 (Seal)