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CITY OF BELLEVUE, WASHINGTON

ORDINANCE NO. 3740

AN ORDINANCE relating to the Business and Occupation Tax; increasing the rate of said tax; increasing the minimum tax; providing an effective date therefor; providing a method for allocation of tax proceeds; providing for a referendum procedure in accordance with statute; amending Bellevue City Code 4.08.030, 4.08.050, 4.08.100 and Sections 3, 4 and 10 of Ordinance 24; repealing Bellevue City Code 4.08.031 and 4.08.101, Section 1 and 3 of Ordinance 3222, Section 5 of Ordinance 3222 and Section 1 of Ordinance 3687; and adding a new section 4.08.105 to the Bellevue City Code.

THE CITY COUNCIL OF THE CITY OF BELLEVUE, WASHINGTON DOES ORDAIN AS FOLLOWS:

Section 1. Section 3 of Ordinance 24, as previously amended by Section 2 of Ordinance 168, Section 2 of Ordinance 383, Section 2 of Ordinance 2060, Section 1 of Ordinance 2435, Section 1 of Ordinance 2455, Section 1 of Ordinance 2912; and Bellevue City Code 4.08.030, are amended to read as follows:

4.08.030 Payment of taxes - Amounts.

There is levied upon and shall be collected from and paid as hereinafter provided by every person on account and for the privilege of engaging in business activities, a license fee or occupation tax, sometimes herein referred to as the "tax," in amounts to be determined by application of rates given against value of products, gross proceeds of sale, or gross income of business, or cost of doing business, or square footage of office space, as the case may be, for each quarterly period, as follows:

- A. Upon every person engaging within this city in business as an extractor; as to such persons the amount of the tax with respect to such business shall be equal to the value of the products extracted for sale or commercial use, multiplied by the rate of thirteen one-hundredths (.13) of one percent.

The measure of the tax is the value of the products so extracted, regardless of the place of sale or the fact that deliveries may be made to points outside the city.

- B. Upon every person engaging within this city in business as a manufacturer; as to such persons the amount of tax with respect to such business shall be equal to the

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value of the products manufactured, multiplied by the rate of thirteen one-hundredths (.13) of one percent.

The measure of the tax is the value of the products so manufactured, regardless of the place of sale or the fact that deliveries may be made to points outside the city.

- C. Upon every person engaging within this city in the business of making sales at wholesale or retail, except persons taxable under subsection D; as to such persons, the amount of tax with respect to such business shall be equal to the gross proceeds of such sales of the business without regard to the place of delivery of articles, commodities or merchandise sold, multiplied by the rate of thirteen one-hundredths (.13) of one percent.

For purposes of this chapter the term "sale at retail," in addition to its normal meaning, shall include the provision by any person of competitive telephone service.

"Competitive telephone service" means the furnishing or providing of telephone equipment, apparatus or service, for which a separate charge is made, but it does not include charges made for access to the local telephone network, charges for local telephone network switching service or facilities, or charges made for telephone calls originating on coin telephones or revenues from coin telephone equipment or apparatus, or charges made for toll telephone service.

- D. Upon every person engaging within this city in the business of buying wheat, oats, corn and barley, but not including any manufactured or processed products thereof, and selling the same at wholesale; the tax herein imposed shall be equal to the gross proceeds derived from such sales multiplied by the rate of twenty-six one-thousandths (.026) of one percent.
- E. Upon every person engaging within this city in the business of:
1. Printing and of publication of newspapers, periodicals or magazines;
 2. Building, repairing or improving any publicly owned street, place, road, highway, bridge or

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trestle which is used, or to be used, primarily for foot or vehicular traffic;

3. Building, repairing or improving a commercial or residential structure or other building accessory thereto on the land of another, except upon land where the builder is lessee for a term equal to or in excess of the expected life of the structure.

As to such persons the amount of tax on such business shall be equal to the gross income of the business multiplied by the rate of thirteen one-hundredths (.13) of one percent.

- F. Upon every person within this city engaging in any business activity other than or in addition to those enumerated elsewhere in this section; as to such persons the amount of tax for such activities shall be equal to the gross income of the business multiplied by the rate of thirteen one-hundredths (.13) of one percent. This subsection includes, among others, and without limiting the scope hereof (whether or not title to material used in the performance of such business passes to another by accession, confusion or other than by outright sale), persons engaged in the business of rendering any type of service.
- G. Upon every person engaging within this city in the business of selling the personalty or realty of another; as to such persons, the amount of tax with respect to such business shall be equal to the gross commissions derived from such sales multiplied by the rate of thirteen one-hundredths (.13) of one percent.
- H. Upon every person within this city engaging in the business of maintaining offices, including but not limited to administrative offices, sales representative offices, manufacturers' representative offices, and persons maintaining common carrier dispatch points:
 1. As to such persons, the tax for such activities shall be the amount determined as follows:
 - a. \$0.0978 for each quarterly period of a calendar year for each square foot of floor area of office space computed to the nearest square foot; and

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- b. The \$0.0978 factor (set forth in subsection H(1)(a) of this section) shall be adjusted annually on January 1st, to reflect the effect of inflation or deflation in the local economy. The amount and direction of change will be determined by reference to the Seattle Area Consumer Price Index (CPI) for each November as published by the United States Department of Labor; and

The tax rate per square foot for any future year will be determined by multiplying the current tax rate by a change factor. The change factor is determined by dividing the aforementioned CPI index of the current year by the said index of the prior year; and
 - c. Provided, however, as to such persons whose offices are not more than two hundred square feet as determined in this subsection, an exemption from the tax of this subsection is hereby granted.
2. As to such persons who maintain an office, all or a portion of which provides administrative support to a business activity which is taxed under any other subsection of this section, an exemption from the tax of this subsection is granted in that proportion that administrative support for the business activity taxed under any other subsection of this section bears to the total administrative activity of the office. The clerk shall promulgate rules and regulations for the manner, means and method of determining the said exemption.
 3. The taxable floor area of office space shall be computed on the basis of net rentable area as follows:
 - a. Rentable Area - Single-tenancy Floor.
Rentable area of a single-tenancy floor, whether above or below grade, shall be computed by measuring to the inside finish of permanent outer building walls, or from the glass line where at least fifty percent of the outer building wall is glass. Rentable area shall include all area within

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outside walls, less stairs, elevator shafts, flues, pipe shafts, vertical ducts, air-conditioning rooms, fan rooms, janitor closets, electrical closets and such other rooms not actually available to the tenant for his furnishings and personnel, and their enclosing walls. Toilet rooms within and exclusively serving only that floor shall be included in rentable area.

No deductions shall be made for columns and projections necessary to the building.

- b. Rentable Area - Multiple-tenancy Floor. The net rentable area of a multiple-tenancy floor, whether above or below grade, shall be the sum of all rentable areas on that floor.

The rentable area of an office on a multiple tenancy floor shall be computed by measuring to the inside finish of permanent outer building walls, or to the glass line if at least fifty percent of the outer building wall is glass, to the office side of corridors and/or other permanent partitions, and to the center of partitions that separate the premises from adjoining rentable areas.

No deductions shall be made for columns and projections necessary to the building.

- c. When the taxable floor space of an office changes during a quarter, the tax shall be computed on a monthly basis. For the purposes of this allocation, a month shall be sixteen or more days during any calendar month.

Section 2. The tax rates established under Section 1 above shall take effect and be in force on January 1, 1987. The rate set forth in Section 1 under Bellevue City Code 4.08.030H.1.a. does not include the CPI adjustment required by Bellevue City Code 4.08.030H.1.b. which adjustment shall be made as provided therein on January 1, 1987 and each year thereafter.

Section 3. Section 1 of Ordinance No. 3222 and Bellevue City Code 4.08.031 are hereby repealed, effective January 1, 1987.

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Section 4. Section 4 of Ordinance 24 and Bellevue City Code 4.08.050, as last amended by Section 2 of Ordinance 3222, are amended to read as follows:

4.08.050 Each activity taxable - Exceptions.

Every person engaged in activities which are within the purview of the provisions of two or more paragraphs designated A, B, C, D, E and F of Section 4.08.030 shall be taxable under each applicable paragraph; provided, that persons taxable under paragraph C of Section 4.08.030 on products sold within the city for delivery within the state shall not be taxable under paragraphs A or B of said sections with respect to extracting or manufacturing of such products so sold, and that persons taxable under paragraph B of said sections shall not be taxable under paragraph A of said sections with respect to extracting the ingredients of the product so manufactured.

Section 5. Section 10 of Ordinance 24, as amended by Section 4 of Ordinance 383 and Section 2 of Ordinance 1381, and Bellevue City Code 4.08.100, are hereby amended to read as follows:

4.08.100 Minimum tax.

Whenever a person engages in one or more business activities, and the combined measures of tax applicable to such business or businesses, less applicable deductions and exemptions, equals or exceeds six hundred dollars, but is not more than twelve thousand dollars in a quarterly period, he shall pay a minimum tax of \$15.60 for such quarterly period.

Section 6. The tax rate established under Section 5 above shall take effect and be in force on January 1, 1987.

Section 7. Bellevue City Code 4.08.101, and Section 3 of Ordinance 3222 are hereby repealed, effective January 1, 1987.

Section 8. A new section 4.08.105 is hereby added to Chapter 4.08 of the Bellevue City Code, to read as follows:

4.08.105 Allocation of Tax Proceeds.

The proceeds of the taxes imposed under this Chapter 4.08 of the Bellevue City Code may be allocated to projects or programs designated by the City Council through the operating, special purpose and/or capital budget processes.

Section 9. Section 5 of Ordinance 3222 and Section 1 of Ordinance 3687 are hereby repealed.

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Section 10. As provided by RCW 35.21.706 the referendum procedure set forth herein shall apply to this ordinance. A referendum petition may be filed with the City Clerk of the City of Bellevue within seven (7) days of passage of this ordinance. Within ten (10) days the City Clerk shall confer with any such petitioner concerning the form and style of the petition, issue the petition an identification number, and secure an accurate, concise, and positive ballot title from the City Attorney. The petitioner shall have thirty (30) days in which to secure the signatures of not less than fifteen (15) percent of the registered voters of the city, as of the last municipal general election, upon petition forms which contain the ballot title and full text of the measure to be referred. The City Clerk shall verify the sufficiency of the signatures on the petition and, if sufficient valid signatures are properly submitted, shall certify the referendum measure to the next election ballot within the city or at a special election ballot as provided pursuant to RCW 35.17.260(2).

The following sections of Bellevue City Code Chapter 1.12 shall apply to this referendum procedure (references to initiative therein shall be deemed to refer to referendum): Bellevue City Code 1.12.070 regarding the referendum statement; 1.12.090, regarding referendum petition requirements; 1.12.100, regarding form of petitions, provided the time period prescribed by subsection H thereof shall be thirty (30) days; 1.12.110, regarding checking by Clerk; 1.12.140 regarding conduct of election; 1.12.150, regarding notice of election; 1.12.160, regarding ballots; 1.12.170, regarding ballot title; 1.12.230, regarding referendum statement; and 1.12.260, regarding effective date. No other provision of said Chapter 1.12 shall apply to the referendum procedure established by this ordinance.

Section 11. If for any reason this ordinance or any portion hereof is found to be invalid or does not take effect, or after having taken effect is later made ineffective by referendum or otherwise, then all provisions amended or repealed hereunder shall remain in effect and be in force as if this ordinance had never been enacted.

Section 12. This ordinance shall take effect and be in force five

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days after its passage and legal publication.

PASSED by the City Council this 15th day of December,
1986, and signed in authentication of its passage this 15th day
of December, 1986.

(SEAL)



Cary E. Bozeman, Mayor

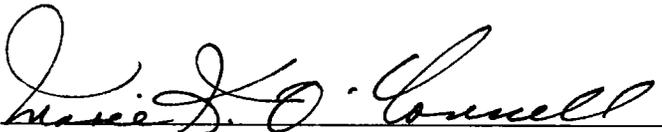
Approved as to form:

Richard L. Andrews, City Attorney



Richard L. Andrews, Assistant City Attorney

Attest:



Marie K. O'Connell, City Clerk

Published December 21, 1986