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## CITY OF BELLEVUE, WASHINGTON

ORDINANCE NO. 3927

AN ORDINANCE adding new Section 4.08.035 to Bellevue City Code Chapter 4.08 to allow a deduction in computing business and occupation taxes on extracting and manufacturing activities in Bellevue for gross receipts subject to gross receipts taxes paid to another state, city or foreign country, adding a new Section 4.08.036 to allow a deduction in computing business and occupation taxes on selling activities in Bellevue for gross receipts subject to gross receipts taxes paid to another state, city or foreign country; and amending Bellevue City Code 4.08.050, regarding activities taxable.

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

Section 1. A new section 4.08.035 is added to the Bellevue City Code, to read as follows:

Section 4.08.035 - Deduction for Gross Receipts Subject to Tax in Another State

Persons subject to tax under Subsections 4.08.030(A) (extracting) or (B) (manufacturing) may deduct from the value of the products extracted or the value of the products manufactured, as the case may be, the amount of the value of the products extracted or manufactured which are sold outside Bellevue where these conditions are met:

- A. A state of the United States, other than Washington, a political subdivision of a state, other than Washington, or a recognized Indian tribe with taxing authority, the District of Columbia, or any foreign country or political subdivision thereof (the "taxing jurisdiction") uses the value of the products extracted or manufactured in Bellevue in measuring and applying a gross receipts tax on the act or privilege of engaging in extracting or manufacturing or on the business of making sales of the products;
- B. The tax so imposed is a "gross receipts tax," which is measured by the gross volume of business, in terms of gross receipts or in other terms, and in the determination of which the deductions allowed would not constitute the tax an income tax or value added tax;

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- C. The tax is not, pursuant to law or custom, separately stated from the sales price; and
- D. The taxpayer can document, as determined by the Clerk, that gross receipts taxes were paid to the other taxing jurisdiction(s) that included in the calculation of the amount due the value of the products for which a deduction was made.

Section 2. A new section 4.08.036 is added to the Bellevue City Code to read as follows:

Section 4.08.036 - Deduction for Out-of-City Manufacturers or Extractors.

Persons subject to tax under Subsections 4.08.030(C) (wholesaling) or (D) (retailing) may deduct from the gross proceeds of sales the amount of the value of the products extracted or manufactured outside Bellevue where these conditions are met:

- A. A state of the United States, other than Washington, a political subdivision of a state, other than Washington, or a recognized Indian tribe with taxing authority, the District of Columbia, or any foreign country or political subdivision thereof (the "taxing jurisdiction") uses the value of the products extracted or manufactured in such taxing jurisdiction in measuring and applying a gross receipts tax on the act or privilege of engaging in the business of extracting or manufacturing;
- B. The tax so imposed is a "gross receipts tax," which is measured by the gross value of business, in terms of gross receipts or in other terms, and in the determination of which the deductions allowed would not constitute the tax an income tax or value-added tax;
- C. The tax is not, pursuant to laws or custom, separately stated from the sales price; and
- D. The taxpayer can document, as determined by the Clerk, that gross receipts taxes were paid to the other taxing jurisdiction(s) that included in the calculation of the amount due the value of the products for which deduction was made.

Section 3. Section 2 of Ordinance 3222, Section 4 of Ordinance 3740 and Bellevue City Code 4.08.050 are amended to read as follows:

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Section 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 both paragraph A or B and 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 B of said sections with respect to extracting the ingredients of the product so manufactured)) may, in computing the tax due under paragraph A or B, deduct the amount of the value of the products extracted or manufactured in the city to the extent the taxpayer can document that gross receipts taxes were paid to the city under paragraph C of Section 4.08.030 that included in the calculation of the amount due the value of the products for which a deduction was made and, provided further, that persons taxable under paragraph B of Section 4.08.030 with respect to manufacturing may deduct from the value of the products manufactured in the city the amount of the value of the products extracted in the city to the extent the taxpayer can document that manufacturing tax was paid to the city that included in the calculation of the amount due the value of the products for which a deduction was made.

Section 4. The deductions authorized in Sections 1 and 2 shall be applicable to business activity conducted on or after June 23, 1987.

Section 5. This ordinance shall take effect and be in force five days after its passage and legal publication.

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PASSED by the City Council this 18<sup>th</sup> day of July,  
1988, and signed in authentication of its passage this 18<sup>th</sup> day  
of July, 1988.

(SEAL)

Nan Campbell  
Nan Campbell, Mayor

Approved as to form:

Richard L. Andrews, City Attorney

Richard Gidley  
Richard Gidley, Deputy City Attorney

Attest:

Marie K. O'Connell  
Marie K. O'Connell, City Clerk

Published July 22, 1988