

WP0466C-ORD  
07/06/95

CITY OF BELLEVUE, WASHINGTON

ORDINANCE NO. 4782

AN ORDINANCE relating to the Business and Occupation Tax Code; removing the tax on employee hours worked; amending Sections 4.08.030 and .080 of the Bellevue City Code; and providing an effective date.

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

Section 1. Section 1 of Ordinance No. 383, as most recently amended by Section 1 of Ordinance No. 4550, and Section 4.08.030 of the Bellevue City Code 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 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 .1496 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 value of the products manufactured, multiplied by the rate of .1496 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

# ORIGINAL

WP0466C-ORD  
07/06/95

place of delivery of articles, commodities or merchandise sold, multiplied by the rate of .1496 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, as defined in RCW 82.04.065, and shall also include that portion of network telephone service, as defined in RCW 82.04.065, which represents charges to another telecommunications company, as defined in RCW 80.04.010, for connecting fees, switching charges, or carrier access charged relating to intrastate toll services.

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 .030 of one percent.

E. Upon every person engaging within this city in the business of:

1. Printing and/or publication of newspapers, periodicals or magazines;
2. Building, repairing or improving any publicly owned street, place, road, highway, bridge or 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 .1496 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 .1496 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

# ORIGINAL

WP0466C-ORD

07/06/95

respect to such business shall be equal to the gross commissions derived from such sales multiplied by the rate of .1496 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. \$0.1444 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

b. The \$0.1444 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 U.S. City Average Urban Wage Earners and Clerical Workers 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 index of the prior year; and

c. Provided, however, as to such persons whose offices are not more than 200 taxable square feet as determined in this subsection, an exemption from the tax of this subsection is 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 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 50 percent of the outer building wall is glass. Rentable

WP0466C-ORD  
07/06/95

area shall include all area within 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 the 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 50 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 reporting period, the tax shall be computed on a monthly basis. For the purposes of this allocation, a month shall be 16 or more days during any calendar month.

Section 2. Section 4.08.080 of the Bellevue City Code, as most recently amended by Section 2 of Ordinance No. 4550, is amended to read as follows:

4.08.080 Exemptions

The provisions of this chapter shall not apply to:

A. Any person in respect to insurance business upon which a tax based on gross premiums is paid to the state; provided, however, that the provisions of this subsection shall not exempt any person engaging in the business of representing any insurance company, whether as general or local agent or acting as broker for such companies; and provided further, that the provisions of this subsection shall not exempt any bonding company from tax with respect to gross income derived from the completion of any contract as to which it is a surety, or as to any liability as successor to the liability of the defaulting contractor;

WP0466C-ORD  
07/06/95

B. Any fruits, vegetables, berries, butter, eggs, fish, milk, poultry, meats or any farm products or edibles raised, caught, produced or manufactured within the state and sold by the farmer or gardener raising, catching, producing or manufacturing the same;

C. Any person in respect to the business of conducting boxing contests and sparring and/or wrestling matches and exhibitions for the conduct of which a license must be secured from the State Athletic Commission;

D. Any person in respect to the business of conducting race meets for the conduct of which a license must be secured from the State Horse Racing Commission;

E. Any person in respect to his employment in the capacity of an employee or servant as distinguished from that of an independent contractor;

F. Fraternal benefit societies, as defined in RCW 48.36.010; fraternal fire insurance associations, as described in subdivisions RRS 7131 (Chapter 48.36 RCW) and beneficiary corporations or societies organized under and existing by virtue of RCW 24.16.010 and 24.16.140 inclusive, if such corporations or societies provide in their bylaws for the payment of death benefits as set forth in RCW 24.16.020 and 24.16.100;

G. The gross income received by the United States or any instrumentality thereof, by the state, or any municipal subdivision thereof, or by any religious society, association or corporation, through the operation of any hospital, clinic, resort or other institution devoted exclusively to the care or healing of human beings; provided, that no exemption is granted where the income therefrom inures to the benefit of any physician, surgeon, stockholder or individual by virtue of ownership or control of such hospital, clinic, resort or other institution;

H. Amounts derived from the lease, rental or sale of real estate; provided, however, that nothing herein shall be construed to allow a deduction of amounts derived from engaging in any business wherein a mere license to use or enjoy real property is granted, or to allow a deduction of amounts received as commissions from the sale or rental of real estate;

I. The business of manufacturing, selling or distributing motor vehicle fuel, as that term is defined in RCW 82.36.010;

J. Liquor as defined by state law (RCW 66.04.200);

K. Casual and isolated sales, as defined in BCC 4.08.070;

ORIGINAL

L. Associations and any community chest, fund or foundation, organized and operated exclusively for religious, charitable, scientific, public safety or charitable purposes or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private shareholder, member or individual, no substantial part of the activities of which is carrying on propaganda or otherwise attempting to influence legislation, and which does not participate in, or intervene in any political campaign on behalf of any candidate for public office;

M. Civic leagues or organizations not organized for profit, but operated exclusively for the promotion of social welfare, or local associations of employees, the membership of which is limited to employees of a designated person or persons in a particular municipality and the net earnings of which are devoted exclusively to charitable, educational or recreational purposes;

N. Clubs organized and operated exclusively for pleasure, recreation and other nonprofitable purposes, not part of the earnings of which inures to the benefit of any private member or shareholder;

O. Any person engaging in any one or more business activities which are within the purview of the provisions of subsections A, B, C, D, E, F, or G of BCC 4.08.030 whose value of products, gross proceeds of sales or gross income of business, less applicable deductions and exemptions, is less than or equal to \$2,674 for a quarterly reporting period or less than or equal to \$10,696 for an annual reporting period shall be exempt under such subsections. Any person claiming an exemption under the provisions of this subsection must do so by filing a return setting forth such claim of exemption. Returns must be filed even though no tax is due by reason of the exemption provided by this subsection;

P. National banks, state banks, trust companies, mutual savings banks, building and loan associations, savings and loan associations and other financial institutions shall be exempt from provisions of this chapter in any month in which the gross income of such institution as herein defined, after deductions herein provided, is less than \$300.00 per month, subject to the provisions contained in RCW 82.04.300 as now enacted or hereafter amended. A return must be filed notwithstanding that no tax may be due by reason of a claim of exemption under this subsection.

Section 3. Sections 1 and 2 of this ordinance shall take effect and be in force on January 1, 1996. Any person currently subject to the employee hours tax imposed by Section 4.08.030(I) of the Bellevue City Code shall continue to be subject to such tax through and including December 31, 1995 and shall file returns and make payment of any such tax due and owing as otherwise required pursuant to Chapter 4.04 of the Bellevue City Code.

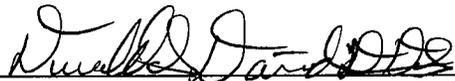
ORIGINAL

WP0466C-ORD  
07/06/95

Section 4. This ordinance shall take effect and be in force five (5) days after its passage and publication.

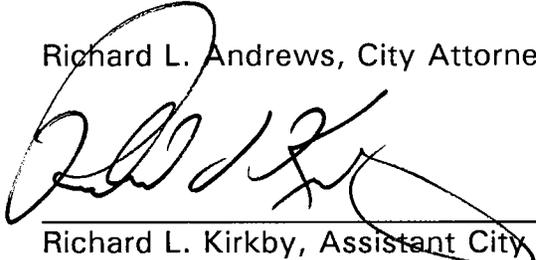
PASSED by the City Council this 17<sup>th</sup> day of July, 1995, and signed in authentication of its passage this 17<sup>th</sup> day of July, 1995.

(SEAL)

  
\_\_\_\_\_  
Donald S. Davidson, DDS, Mayor

Approved as to form:

Richard L. Andrews, City Attorney

  
\_\_\_\_\_  
Richard L. Kirkby, Assistant City Attorney

Attest:

  
\_\_\_\_\_  
Myrna L. Basich, City Clerk

Published July 21, 1995