

Chapter 3.28
UTILITY TAX

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3.28.010 Exercise of power to license for revenue.

The provisions of this chapter shall be deemed an exercise of the power of the city to license for revenue.

(696, Added, 12/21/1974)

3.28.020 Definitions.

In construing the provisions of this chapter, except when otherwise declared or clearly apparent from the context, the following definitions apply:

A. "Business" means and includes all activities engaged in with the object of gain, benefit or advantage to the taxpayer or to another person or class, directly or indirectly.

B. "City" means the City of Tumwater.

C. "Competitive Telephone Service" means the provision by any person of telephone telecommunications equipment or apparatus, such as a repair and maintenance service, if the equipment or apparatus is of a type that can be provided by persons who are not subject to regulation as telephone companies under Title 80 RCW, and for which a separate charge is made.

D. "Finance director" means the finance director of the City of Tumwater.

E. "Finance Department" means all those working under the direction of the finance director of the City of Tumwater

F. "Gross income" means the value proceeding or accruing by reason of the transaction of the business engaged in and without deduction on account of the cost of the property sold, the cost of materials used, labor costs, interest, discount, delivery costs, taxes or any other expense whatsoever paid or accrued and without any deduction on account of losses, except as otherwise provided for in this chapter. Gross income does not include charges which are passed on to subscribers or customers by a taxpayer pursuant to tariffs required by regulatory order to compensate for the cost to the taxpayer of the tax imposed by this chapter.

G. "Network Telephone Service" is the provision by any person of access to a local telephone network, local telephone network switching service, toll service, cellular phone service, or coin telephone service, or providing telephonic, video, data, pagers, or similar communication or transmission for hire via a local telephone network, toll line, channel, cable, microwave, or similar communication or transmission system. Network telephone service includes interstate and international service, including toll service originating from, or received on telecommunications equipment or apparatus in this state if the charge for this service is billed to a person in this state. Network telephone service does not include the provision of Competitive Telephone Service, cable television service, or broadcast services by radio or television stations.

H. "Person," "firm," or "corporation" used interchangeably in this chapter, means any individual, receiver, assignee, trustee in bankruptcy, trust, estate, firm, co-partnership, joint venture, club, company, joint stock company, business trust, corporation, association, society, or

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any group of individuals acting as a unit, whether mutual, cooperative, fraternal, nonprofit or otherwise, and includes the United States, the state of Washington and any political subdivision thereof, including the city, provided a valid tax may be levied upon or collected therefrom under the provisions of this chapter.

I. "Quarterly period" means a three-month period beginning the first day of the following months: January, April, July and October.

J. "Taxpayer" means and includes any person, firm or corporation liable to the utility tax imposed by this chapter.

K. "Tax year" or "taxable year" means either the calendar year or the taxpayer's fiscal year when permission is obtained from the clerk-treasurer to use a fiscal year in lieu of a calendar year.

L. "Telephone Business" means the business of providing Network Telephone Service as defined in subsection (F) above. It includes cooperative or farmer line telephone companies or associations operating an exchange. The term "Telephone Business" shall include one hundred percent (100%) of the toll service fees from calls originating in and/or billed to subscribers within the City of Tumwater.

M. "Value proceeding or accruing" means the consideration, whether money, credits, rights or other property expressed in terms of money, actually received or accrued. The terms shall be applied, in each case, on a cash-receipts or accrual basis according to which method of accounting is regularly employed in keeping the books of the taxpayer.

(1362, Amended, 02/02/1993; 696, Added, 12/21/1974; 928, Amended, 01/08/1982; O96-027, Amended, 10/15/1996)

3.28.030 Business license required.

A. No person shall engage in or carry on any business, occupation, pursuit or privilege for which a tax is imposed by this chapter without first having obtained, and being the holder of, a valid and subsisting license so to do, to be known as a "business license," hereinafter referred to as "license," issued under the provisions of this chapter as hereinafter provided, and without paying the license fee or tax imposed by this chapter.

B. Applications for such licenses shall be made to and issued by the finance department upon prescribed forms and giving such information as is deemed reasonably necessary to enable the finance department to administer and enforce this chapter. The fee or tax for a certificate shall be the tax imposed by Section 3.28.040. Licenses issued pursuant to the provisions of this chapter shall be personal and nontransferable, and shall be valid as long as the person, firm or corporation to whom the same is issued continues in business and complies with the provisions of this chapter.

(696, Added, 12/21/1974; 924, Amended, 12/15/1981; O96-027, Amended, 10/15/1996)

3.28.040 Imposed - Amount.

There is levied and there shall be collected from every person, firm or corporation engaged in the business activities hereinafter set forth, for the act or privilege of engaging in such activities within the city, a tax to be known as a "utility tax" in the amounts to be determined by the application of the rates herein stated against gross income, as follows:

A. Upon every person, firm or corporation engaged in or carrying on a telephone business, or a combined telephone and telegraph business, a tax equal to six percent of the total gross operating income, including income from intra-state toll derived from the operation of such businesses within the city. "Telephone business" does not include the providing of competitive telephone service, nor the providing of cable television service;

B. Upon every person, firm or corporation providing cable modem services, a tax equal to six percent of the total gross income derived from such services; provided, however, that in the event a city franchised cable company pays a franchise fee on income derived from cable modem

services provided within the city, any such payments shall be credited against the tax imposed hereunder.

C. Upon every person, firm or corporation engaged in or carrying on a telegraph business, a tax equal to six percent of the total gross income from such business in the city;

D. Upon every person, firm or corporation engaged in or carrying on a business of sale, delivery or distribution of electricity and electrical energy, a tax equal to six percent of the total gross income derived from the sales of such electricity to ultimate users in the city, provided that there shall not be any such tax levied upon installation charges for electrical units;

E. Upon every person, firm or corporation engaged in or carrying on the business of sale, delivery, distribution of furnishing of natural gas for domestic, business or industrial consumption, a tax equal to six percent of the total gross income derived from such sales to ultimate users in the city; provided, that there shall not be any such tax levied upon installation charges for gas energy units;

F. Upon every person, firm or corporation engaged in or carrying on the business of solid waste collection, hauling and disposal, a tax equal to six percent of the total gross income from such business in the city;

G. Upon the sale, delivery, distribution or furnishing of water for domestic, business or industrial consumption, a tax equal to six percent of the total gross income from such sales; provided, that there shall not be a tax levied upon installation charges for individual consumer water service lines and meters;

H. Upon the furnishing of sanitary sewerage collection and disposal services for discharge by domestic, business or industrial customers, a tax equal to six percent of the total gross income from such business; provided, that there shall not be any tax levied upon installation charges for individual customer sewer laterals and connections.

I. Upon the furnishing of storm drainage facilities for collection of storm water discharge by domestic, business or industrial customers, a tax equal to six percent of the total gross income from such business in the city
(O2002-018, Amended; 07/16/2002; 1362, Amended, 02/02/1993; 1291, Amended, 05/21/1991; 1120, Amended, 07/07/1987; 924, Amended, 12/15/1981; 838, Amended, 12/19/1978; 739, Amended, 05/04/1976; 696, Added, 12/21/1974)

3.28.050 Deductions.

In computing the tax levied under this chapter, there shall be deducted from the gross income the following items:

A. Income derived from transactions in interstate or foreign commerce or from any business which the city is prohibited from taxing under the Constitutions of the United States or the state of Washington;

B. The amount of credit losses and uncollectibles actually sustained by taxpayers whose regular books of account are kept upon an accrual basis.
(924, Amended, 12/15/1981; 696, Added, 12/21/1974)

3.28.110 Annexation--Copies of ordinance provided.

Whenever the boundaries of the city are extended by annexation, all persons and businesses providing services subject to the city's utility tax shall be notified of the annexation and of their utility tax obligations pursuant to this chapter.
(924, Added, 12/15/1981; O2001-013, Amended, 06/19/2001)