



ORDINANCE NO. 29081

1 AN ORDINANCE relating to business taxes; amending Chapter 6A.10 of the
2 Municipal Code, relating to “General Tax Provisions”, by amending
3 Sections 6A.10.020, entitled “Tax Definitions”, and 6A.10.140,
4 entitled “Appeal”, to update definitions and administrative provisions;
5 and amending Chapter 6A.30, relating to “Business and Occupation
6 Tax”, by amending Section 6A.30.030, entitled “Definitions” and
7 repealing Section 6A.30.075, entitled “Deductions to prevent multiple
8 taxation of manufacturing transactions occurring prior to January 1,
9 2008, involving more than one city with an eligible gross receipts tax”,
10 to update definitions and remove language no longer statutorily
11 applicable; effective January 1, 2026.

8 WHEREAS in Washington State, 53 cities impose a local Business &
9 Occupation (“B&O”) tax on the gross receipts of businesses engaging in business
10 in their city, and
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12 WHEREAS since 2004, cities with local B&O taxes are required by Revised
13 Code of Washington Chapter 35.102 to adopt the B&O Tax Model Ordinance
14 (“Model Ordinance”) with mandatory uniform provisions related to: (1) a minimum
15 threshold, (2) tax classification definitions, (3) engaging in business definition, and
16 (4) allocation and apportionment for activities occurring in more than one
17 jurisdiction, and
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19 WHEREAS during the 2025 state legislative session, Senate Bill (SB) 5814
20 changed the definition of “sale at retail,” which is a mandatory tax classification
21 under the Model Ordinance, by adding the following services to a retail sale:
22 (1) advertising services, (2) live presentations, (3) information technology services,
23 (4) custom website development services, (5) investigation, security, and armored
24 car services, (6) temporary staffing services, and (7) sales of custom software and
25 customization of prewritten software, and
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WHEREAS therefore, revisions to Tacoma Municipal Code (“TMC”) Chapters 6A.10 and 6A.30 are needed to update definitions, remove language that is no longer statutorily applicable, and clean up administrative provisions, and

WHEREAS the Government Performance and Finance Committee voted unanimously on November 18, 2025, to move this proposal forward to the full City Council; Now, Therefore,

BE IT ORDAINED BY THE CITY OF TACOMA:

Section 1. That the City Council hereby adopts the Recitals of this Ordinance as its formal legislative findings.

Section 2. That Chapter 6A.10 of the Municipal Code, relating to “General Tax Provisions”, is hereby amended by amending Sections 6A.10.020 and 6A.10.140 to update definitions and administrative provisions; and amending Chapter 6A.30, relating to “Business and Occupation Tax”, by amending Section 6A.30.030 and repealing Section 6A.30.075 to update definitions and remove language no longer statutorily applicable; effective January 1, 2026.



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Section 3. That the City Clerk, in consultation with the City Attorney, is authorized to make necessary corrections to this ordinance, including, but not limited to, the correction of scrivener's/clerical errors, references, ordinance numbering, section/subsection numbers, and any references thereto.

Passed _____

Mayor

Attest:

City Clerk

Approved as to form:

Deputy City Attorney



EXHIBIT "A"
 CHAPTER 6A.10
 GENERAL TAX PROVISIONS

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6A.10.020 Tax Definitions.

The following definitions apply to each section in this subtitle of the Tacoma Municipal Code ("TMC"):

"Mailing" or "mail" shall mean sending the document by regular, first-class mail, postage prepaid and properly addressed to the last known address of the person subject to the document. The last known address shall be an address provided to the City by the person to whom the document is directed.

Where service is by mail, service shall be deemed complete upon the third day following the day upon which the notice is placed in the mail, unless the third day falls on a Saturday, Sunday, or federal legal holiday, in which event service shall be deemed complete on the first day other than a Saturday, Sunday, or legal holiday following the third day.

6A.10.140 Appeal.

Any taxpayer aggrieved by the amount of any tax, interest, or penalty found by the Department to be required under the provisions of this Subtitle 6A may, upon full payment of the amount assessed, appeal from such finding pursuant to the following procedures.

A. Form of appeal. Any appeal must be in writing and must contain the following:

1. The name and address of the taxpayer,
2. A statement identifying the determination of the Department from which the appeal is taken,
3. A statement setting forth the grounds upon which the appeal is taken and identifying specific errors the Department is alleged to have made in making the determination, and
4. A statement identifying the requested relief from the determination being appealed.

B. Time and place to appeal.

Any appeal shall be filed with the City Clerk ~~no later than~~ within 21 days ~~following from~~ the date ~~on~~ which the Department's determination ~~of the Department~~ was ~~delivered~~ served by mail to the taxpayer. Failure to follow the appeal procedures in this section shall preclude the taxpayer's right to appeal.

C. Appeal hearing.

The Office of the Hearing Examiner shall, as soon as practicable, fix a time and place for the hearing of such appeal, and shall cause a notice of the time and place thereof to be delivered or mailed to the parties. The hearing shall be conducted in accord with the provisions of TMC 1.23.

D. Burden of proof.

The appellant taxpayer shall have the burden of proving by a preponderance of the evidence that the determination of the Department is incorrect.

E. Decision of the Hearing Examiner.

Following the hearing, the Hearing Examiner shall enter a decision on the appeal, supported by written findings and conclusions in support thereof. A copy of the findings, conclusions and decision shall be mailed to the appellant taxpayer and to the Department. The decision shall state the correct amount of the tax, interest, or penalty owing.



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**CHAPTER 6A.30
BUSINESS AND OCCUPATION TAX**

Sections:

* * *

6A.30.070 Multiple activities credit when activities take place in one or more cities with eligible gross receipt taxes.

6A.30.075 ~~Deductions to prevent multiple taxation of manufacturing transactions occurring prior to January 1, 2008 involving more than one city with an eligible gross receipts tax.~~ Repealed.

6A.30.076 Assignment of gross income derived from intangibles.

* * *

6A.30.030 Definitions.

In construing the provisions of this chapter, the following definitions shall be applied. Words in the singular number shall include the plural, and the plural shall include the singular.

* * *

“Digital products” means digital goods, digital codes, digital automated services, and the services described in RCW 82.04.050(2)(g) and (6)(b).

* * *

“Sale at retail,” “retail sale.”

A. “Sale at retail” or “retail sale” means every sale of tangible personal property (including articles produced, fabricated, or imprinted) to all persons irrespective of the nature of their 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 consumers, other than a sale to a person who presents a resale certificate under RCW 82.04.470 and who:

1. Purchases for the purpose of resale as tangible personal property in the regular course of business without intervening use by such person; or
2. Installs, repairs, cleans, alters, imprints, improves, constructs, or decorates real or personal property of or for consumers, if such tangible personal property becomes an ingredient or component of such real or personal property without intervening use by such person; or
3. Purchases for the purpose of consuming the property purchased in producing for sale a new article of tangible personal property or substance, of which such property becomes an ingredient or component or is a chemical used in processing, when the primary purpose of such chemical is to create a chemical reaction directly through contact with an ingredient of a new article being produced for sale; or
4. Purchases for the purpose of consuming the property purchased in producing ferrosilicon which is subsequently used in producing magnesium for sale, if the primary purpose of such property is to create a chemical reaction directly through contact with an ingredient of ferrosilicon; or
5. Purchases for the purpose of providing the property to consumers as part of competitive telephone service, as defined in RCW 82.04.065. ~~The term shall include every sale of tangible personal property which is used or consumed or to be used or consumed in the performance of any activity classified as a “sale at retail” or “retail sale” even though such property is resold or utilized as provided in (1), (2), (3), (4), or (5) of this subsection following such use.~~



6. Purchases for the purpose of satisfying the person's obligations under an extended warranty as defined in subsection ~~(F)~~(G) of this section, if such tangible personal property replaces or becomes an ingredient or component of property covered by the extended warranty without intervening use by such person.

The term shall include every sale of tangible personal property which is used or consumed or to be used or consumed in the performance of any activity classified as a "sale at retail" or "retail sale" even though such property is resold or utilized as provided in (1), (2), (3), (4), (5), or (6) of this subsection following such use.

The term also means every sale of tangible personal property to persons engaged in any business that is taxable under RCW 82.04.280(1)(a), (b), and (f), 82.04.290, and 82.04.2908.

B. "Sale at retail" or "retail sale" also means every sale of tangible personal property to persons engaged in any business activity which is taxable under Sections 6A.30.050.A.7 or ~~8-9~~.

C. The term "sale at retail" or "retail sale" includes the sale of or charge made for personal, business, or professional services including amounts designated as interest, rents, fees, admission, and other service emoluments however designated, received by persons engaging in the following business activities:

1. Information technology training services, technical support, and other services including, but not limited to, assisting with network operations and support, help desk services, in-person training related to hardware or software, network system support services, data entry services, and data processing services;
or

2. Custom website development services. For the purposes of this subsection (C), "website development services" means the design, development, and support of a website provided by a website developer to a customer; or

3. Investigation, security services, security monitoring services, and armored car services including, but not limited to, background checks, security guard and patrol services, personal and event security, armored car transportation of cash and valuables, and security system services and monitoring. This does not include locksmith services; or

4. Temporary staffing services. For the purposes of this subsection (C), "temporary staffing services" means providing workers to other businesses, except for hospitals licensed under chapter 70.41 or 71.12 RCW, for limited periods of time to supplement their workforce and fill employment vacancies on a contract or for fee basis; or

5. Advertising services.

a. For the purposes of this subsection (C), "advertising services" means all digital and nondigital services related to the creation, preparation, production, or dissemination of advertisements including, but not limited to: (A) Layout, art direction, graphic design, mechanical preparation, production supervision, placement, referrals, acquisition of advertising space, and rendering advice concerning the best methods of advertising products or services; and (B) Online referrals, search engine marketing, and lead generation optimization, web campaign planning, the acquisition of advertising space in the internet media, and the monitoring and evaluation of website traffic for purposes of determining the effectiveness of an advertising campaign.

b. "Advertising services" do not include:

(1) Web hosting services and domain name registration;

(2) Services rendered in respect to the following:

(a) "Newspapers" as defined in RCW 82.04.214;

(b) Printing or publishing under RCW 82.04.280; and

(c) "Radio and television broadcasting" within this state as defined in RCW 82.04.281(3); and



1 [\(3\) Services rendered in respect to out-of-home advertising, including: Billboard advertising; street](#)
2 [furniture advertising; transit advertising; place-based advertising, such as in-store display advertising or](#)
3 [point-of-sale advertising; dynamic or static signage at live events; naming rights; and fixed signage](#)
4 [advertising. Out-of-home advertising does not include direct mail; or](#)

5 [6. Live presentations including, but not limited to, lectures, seminars, workshops, or courses where](#)
6 [participants attend either in person or via the internet or telecommunications equipment that allows](#)
7 [audience members and the presenter or instructor to give, receive, and discuss information with each](#)
8 [other in real time.](#)

9 [For the purposes of \(1\) through \(3\) and \(5\) of this subsection \(C\), the terms "sale at retail" and "retail](#)
10 [sale" do not include a sale between members of an affiliated group as defined in RCW 82.04.299\(1\)\(f\).](#)

11 **ED.** “Sale at retail” or “retail sale” shall include the sale of or charge made for tangible personal property
12 consumed and/or for labor and services rendered with respect to the following:

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

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

25 3. The charge for labor and services rendered with respect to constructing, repairing, or improving any
26 structure upon, above, or under any real property owned by an owner who conveys the property by title,
possession, or any other means to the person performing such construction, repair, or improvement for
the purpose of performing such construction, repair, or improvement and the property is then reconveyed
by title, possession, or any other means to the original owner;

4. The sale of or charge made for labor and services rendered with respect to the cleaning, fumigating,
razing, or moving of existing buildings or structures, but shall not include the charge made for janitorial
services; and for purposes of this section, the term “janitorial services” shall mean those cleaning and
caretaking services ordinarily performed by commercial janitor service businesses including, but not
limited to, wall and window washing, floor cleaning and waxing, and the cleaning in place of rugs, drapes
and upholstery. The term “janitorial services” does not include painting, papering, repairing, furnace or
septic tank cleaning, snow removal, or sandblasting. Prior to 2003, fumigating, razing, or moving of
buildings would be taxable under the service classification;

5. The sale of or charge made for labor and services rendered with respect to automobile towing and
similar automotive transportation services, but not with respect to those required to report and pay taxes
under RCW 82.16. Prior to 2003, this activity would be taxable under the service classification;

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

7. The installing, repairing, altering, or improving of digital goods for consumers;



8. The sale of or charge made for tangible personal property, labor and services to persons taxable under (1), (2), (3), (4), (5), (6), and (7) of this subsection when such sales or charges are for property, labor, and services which are used or consumed in whole or in part by such persons in the performance of any activity defined as a “sale at retail” or “retail sale” even though such property, labor, and services may be resold after such use or consumption. Nothing contained in this subsection shall be construed to modify subsection A of this section and nothing contained in subsection A of this section shall be construed to modify this subsection.

~~D~~E. “Sale at retail” or “retail sale” shall also include the providing of competitive telephone service to consumers.

~~E~~F. 1. “Sale at retail” or “retail sale” shall also include the sale of prewritten software, custom software, and customization of prewritten computer software to a consumer, other than a sale to a person who presents a resale certificate under RCW 82.04.470, regardless of the method of delivery to the end user. For purposes of this subsection ~~E(1)~~F.1 the sale of the prewritten computer software includes the sale of or charge made for a key or an enabling or activation code, where the key or code is required to activate prewritten computer software and put the software into use. There is no separate sale of the key or code from the prewritten computer software, regardless of how the sale may be characterized by the vendor or by the purchaser.

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

~~a. Custom software or;~~

~~b. The customization of prewritten software.~~

2. a. The term “sale at retail” or “retail sale” also includes the charge made to consumers for the right to access and use prewritten computer software, custom software, and customization of prewritten computer software, where possession of the software is maintained by the seller or a third party, regardless of whether the charge for the service is on a per use, per user, per license, subscription, or some other basis.

b. ~~1~~. The service described in 2.a. of this subsection ~~E-F~~ includes the right to access and use prewritten software, custom software, and customization of prewritten computer software, to perform data processing.

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

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

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

~~H~~I. “Sale at retail” or “retail sale” shall also include the sale of or charge made for labor and services rendered with respect to the constructing, repairing, decorating, or improving of new or existing buildings or other structures under, upon, or above real property of or for the United States, any instrumentality



thereof, or a county or city housing authority created pursuant to RCW 35.82, including the installing or attaching of any article of tangible personal property therein or thereto, whether or not such personal property becomes a part of the realty by virtue of installation (government contracting).

~~F~~J. "Sale at retail" or "retail sale" shall not include the sale of services or charges made for the clearing of land and the moving of earth of or for the United States, any instrumentality thereof, or a county or city housing authority. Nor shall the term include the sale of services or charges made for cleaning up for the United States, or its instrumentalities, radioactive waste, and other byproducts of weapons production and nuclear research and development. (This should be reported under the service and other classification.)

~~F~~K. "Sale at retail" or "retail sale" shall not include the sale of or charge made for labor and services rendered for environmental remedial action. (This should be reported under the service and other classification.)

~~K~~L. 1. "Sale at retail" or "retail sale" shall also include the following sales to consumers of digital goods, digital codes, and digital automated services:

~~1~~a. Sales in which the seller has granted the purchaser the right of permanent use;

~~2~~b. Sales in which the seller has granted the purchaser a right of use that is less than permanent;

~~3~~c. Sales in which the purchaser is not obligated to make continued payment as a condition of the sale; and

~~4~~d. Sales in which the purchaser is obligated to make continued payment as a condition of the sale.

~~2~~. A retail sale of digital goods, digital codes, or digital automated services under this subsection ~~K-L~~ includes any services provided by the seller exclusively in connection with the digital goods, digital codes, or digital automated services, whether or not a separate charge is made for such services.

~~3~~. A retail sale of digital goods, digital codes, or digital automated services does not include the following services if the sale occurs between members of an affiliated group as defined in RCW 82.04.299(1)(f):

~~a~~. Any service that primarily involves the application of human effort by the seller, and the human effort originated after the customer requested the service;

~~b~~. Live presentations, such as lectures, seminars, workshops, or courses, where participants are connected to other participants via the internet or telecommunications equipment, which allows audience members and the presenter or instructor to give, receive, and discuss information with each other in real time;

~~c~~. Advertising services. For purposes of this subsection, "advertising services" means all services directly related to the creation, preparation, production, or dissemination of advertisements. Advertising services include layout, art direction, graphic design, mechanical preparation, production supervision, placement, and rendering advice to a client concerning the best methods of advertising that client's products or services. Advertising services also include online referrals, search engine marketing and lead generation optimization, web campaign planning, the acquisition of advertising space in the internet media, and the monitoring and evaluation of website traffic for purposes of determining the effectiveness of an advertising campaign. Advertising services do not include web hosting services and domain name registration; and

~~d~~. Data processing services. For purposes of this subsection, "data processing service" means a primarily automated service provided to a business or other organization where the primary object of the service is the systematic performance of operations by the service provider on data supplied in whole or in part by the customer to extract the required information in an appropriate form or to convert the data to usable information. Data processing services include check processing, image processing, form processing, survey processing, payroll processing, claim processing, and similar activities. Data processing does not include the service described in subsection F.2 of this section.

~~4~~. For purposes of this subsection, "permanent" means perpetual or for an indefinite or unspecified length of time. A right of permanent use is presumed to have been granted unless the agreement between the



seller and the purchaser specifies or the circumstances surrounding the transaction suggest or indicate that the right to use terminates on the occurrence of a condition subsequent.

1 ~~E.M.~~ “Sale at retail” or “retail sale” shall also include the installing, repairing, altering, or improving of
2 digital goods for consumers.

3 “Sale at wholesale” or “wholesale sale” means any sale of tangible personal property, digital goods,
4 digital codes, digital automated services, prewritten computer software, custom software, and
5 customization of prewritten computer software to a consumer or services described in section ~~E.F.~~2.a
6 which is not a retail sale, and any charge made for labor and services rendered for persons who are not
7 consumers, in respect to real or personal property and retail services, if such charge is expressly defined
8 as a retail sale or retail service when rendered to or for consumers. Sale at wholesale also includes the
9 sale of telephone business to another telecommunications company as defined in RCW 80.04.010 for the
10 purpose of resale, as contemplated by RCW 35.21.715.

11 * * *

12 **6A.30.075 —Deductions to prevent multiple taxation of manufacturing transactions occurring prior**
13 **to January 1, 2008 involving more than one city with an eligible gross receipts tax.**
14 **Repealed.**

15 ~~A. Amounts subject to an eligible gross receipts tax in another city that also maintains nexus over the~~
16 ~~same activity. For tax reporting periods prior to January 1, 2008, a taxpayer that is subject to an eligible~~
17 ~~gross receipts tax on the same activity in more than one jurisdiction may be entitled to a deduction as~~
18 ~~follows:~~

19 ~~1. A taxpayer that has paid an eligible gross receipts tax with respect to a sale of goods or services to a~~
20 ~~jurisdiction in which the goods are delivered or the services are provided may deduct an amount equal to~~
21 ~~the gross receipts used to measure that tax from the measure of the tax owed to the City.~~

22 ~~2. Notwithstanding the above, a person that is subject to an eligible gross receipts tax in more than one~~
23 ~~jurisdiction on the gross income derived from intangibles such as royalties, trademarks, patents, or~~
24 ~~goodwill shall assign those gross receipts to the jurisdiction where the person is domiciled (the person’s~~
25 ~~headquarters are located).~~

26 ~~3. A taxpayer that has paid an eligible gross receipts tax on the privilege of accepting or executing a~~
contract with another city may deduct an amount equal to the contract price used to measure the tax due
to the other city from the measure of the tax owed to the City.

~~B. Person manufacturing products within and without the City. A person manufacturing products within~~
the City using products manufactured by the same person outside the City may deduct from the measure
of the manufacturing tax the value of products manufactured outside the City and included in the measure
of an eligible gross receipts tax paid to the other jurisdiction with respect to manufacturing such products.

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