



ORDINANCE NO. 28933

1 AN ORDINANCE relating to the tax and license code; amending Subtitle 6A of
2 the Tacoma Municipal Code, relating to the Tax Code, by amending
3 Chapter 6A.50, entitled "Electricity Business and Solid Waste
4 Collection", by renaming the Chapter to "Electricity Business and Solid
5 Waste Collection Business", and further amending this Chapter and
6 Chapter 6A.100, entitled "Utilities Gross Earnings Tax – Public Utilities",
7 to simplify the deduction for collection of commercial recyclable
8 materials and align language regarding taxable income.

9 WHEREAS the City of Tacoma ("City") public utilities tax has existed in
10 substance since 1951, currently under Tacoma Municipal Code ("TMC")
11 Chapter 6A.100, and a tax on private utilities was established in 2000, currently
12 under TMC Chapter 6A.50, to ensure that any private utilities operating in the
13 City were taxed using the same base and same tax rate as Tacoma's public
14 utilities, and

15 WHEREAS the City Charter requires that tax on private and public
16 utilities should not be disproportionate, and

17 WHEREAS the City's Tax and License Division is proposing
18 amendments that will provide for the following: 1) simplify the recycling
19 deduction in Chapter 6A.50 to 100% of income received from the service of
20 collecting recyclable materials when the business has a current Special Permit
21 issued by the City's Solid Waste Management Division under TMC
22 12.09.070.C.1 until such time that a recycling certification program can be
23 implemented, 2) add a deduction to Chapter 6A.100 for 100% of income
24 received by the City's Solid Waste Management Division from collecting
25
26



commercial recyclable materials and, 3) general cleanup of the language in

Chapter 6A.50; Now, Therefore,

BE IT ORDAINED BY THE CITY OF TACOMA:

Section 1. That Chapter 6A.50 of the Tacoma Municipal Code, entitled
“Electricity Business and Solid Waste Collection” and Chapter 6A.100, entitled
“Utilities Gross Earnings Tax – Public Utilities” are hereby amended as set forth
in the attached Exhibit “A.”

Section 2. 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.50

ELECTRICITY BUSINESS AND SOLID WASTE COLLECTION BUSINESS

Sections:

- 6A.50.010 *Repealed.*
6A.50.020 *Repealed.*
6A.50.030 Persons subject to tax – Rate.
6A.50.040 Definitions.
6A.50.050 Method of payment.
6A.50.060 Deductions – Solid Waste Collection Business.
6A.50.065 Deductions – Electricity Business.
6A.50.070 Overpayment of tax.

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6A.50.030 Persons subject to tax – Rate.

There is hereby levied upon and shall be collected from every person engaging in or carrying on the (1) electricity business, a tax equal to 7.5 percent of the total gross income from such business conducted within the City, and on those persons engaged in or carrying on the (2) solid waste collection service business, a tax equal to 8 percent of the total gross income from such business conducted within the City.

Activity	Tax Rate
Electricity Business	7.5%
Solid Waste <u>Collection</u> <u>Service Business</u>	8%

6A.50.040 Definitions.

~~In construing the provisions~~ For purposes of this chapter, ~~except when otherwise plainly declared or clearly apparent from the context,~~ the following definitions shall be applied:

~~“Electricity business” means the business of producing, transmitting, distributing, or selling electricity; provided, however, a division or department of the City that is subject to the City’s Utilities Gross Earnings Tax as provided in Chapter 6A.100 is not included in this definition or chapter.~~

~~“Gross income” means the value proceeding or accruing from the sale of tangible property or service, and receipts (including all sums earned or charged, whether received or not) by reason of the investment of capital in the business engaged in, including rentals, royalties, fees, or other emoluments, however designated (excluding receipts or proceeds from the use or sale of real property or any interest therein, and proceeds from the sale of notes, bonds, mortgages, or other evidences of indebtedness, or stocks and the like) and without any deduction on account of the cost of the property sold, the cost of materials used, labor costs, interest or discount paid, or any expense whatsoever, and without any deduction on account of losses.~~

~~“Recyclable material” shall have the same meaning as that term is given pursuant to Chapter 12.09 of the Tacoma Municipal Code, as now or may hereafter be amended.~~

~~“Solid waste” means garbage, trash, rubbish, or other material discarded as worthless or not economically viable for further use, infectious, hazardous, or toxic wastes, and recyclable or reusable materials~~



~~collected, in whole or part, for recycling or salvage~~ shall have the same meaning as that term is given pursuant to Chapter 12.09 of the Tacoma Municipal Code, as now, or may hereafter be amended.

“Solid waste collection ~~service~~ business” means the business of collecting and/or receiving solid waste for transfer, processing, treatment, storage, or disposal, including, but not limited to, all collection services, public or private dumps, transfer stations, and similar operations.

6A.50.050 Method of payment.

The tax imposed by this chapter shall be due and payable in monthly installments. ~~Businesses~~ Persons with gross income of less than \$20,000 per month, ~~as indicated by billings and/or charges to or for service to City customers,~~ may pay the tax imposed by this chapter in quarterly installments.

6A.50.060 Deductions – Solid Waste Collection Business.

A. In computing tax imposed by this chapter, the following items may be deducted from the gross income.

~~A. There may be deducted from the total gross income upon which the tax is computed revenues derived from business which the City is prohibited from taxing under the constitution or laws of the state of Washington or the United States or the Charter of the City.~~

~~B1. Any state retail sales or use tax or state customer excise tax collected by the taxpayer from consumers to be remitted to the Washington State Department of Revenue. There may be deducted from the total gross income upon which the tax is computed the amount of state excise taxes, pursuant to RCW 82.18, imposed directly upon persons using the service of a solid waste collection business and collected for payment to the state by the solid waste collection business.~~

~~C. There may be deducted from the total gross income upon which the tax is computed, the amount of wholesale sales of electricity to Tacoma Power.~~

~~D2. There may be deducted from the total gross income upon which the tax is imposed under Section 6A.50.030~~ A solid waste collection business that is issued a permit under TMC 12.09.070.C.1 by Solid Waste Management may deduct one-hundred (100) percent of its gross income ~~revenues~~ derived from ~~providing~~ the service of collecting commercial recyclable materials, ~~as follows:~~

~~1. Commercial recycling: revenues derived from the service of collecting commercial recyclable materials. This exemption is limited to materials actually resold and computed in proportion to weight, as follows:~~

~~a. Any weight added by processing or treatment after collection is subtracted from the weight as sold to obtain the allowable weight as sold; and~~

~~b. Revenues are multiplied by a fraction, the numerator of which is the allowable weight as sold and the denominator of which is the weight as collected.~~

~~2. This deduction does not apply to any energy recovery or fuel use process, nor in any case where materials collected have not been sold for commercial reuse within 100 days from the date of collection. This period may be extended when a taxpayer shows to the Department's satisfaction that market conditions necessitate a longer period for sale.~~

3. Any city customer excise tax collected pursuant to TMC 6A.130.

4. Uncollected accounts, if the books of the business are on an accrual basis as distinguished from a cash basis.

5. Business activity of any person to which tax liability is specifically imposed under the provisions of Chapter 6A.100 (Gross Earnings Tax).

B. Income excluded or deducted from the measure of tax under this chapter as a result of this section may be taxable under another chapter within Subtitle 6A, as appropriate.



6A.50.065 Deductions – Electricity Business.

A. In computing tax imposed by this chapter, the following items may be deducted from the gross income.

~~C.~~ 1. There may be deducted from the total gross income upon which the tax is computed, the amount of wholesale sales of electricity to Tacoma Power.

2. Uncollected accounts, if the books of the business are on an accrual basis as distinguished from a cash basis.

3. Business activity of any person to which tax liability is specifically imposed under the provisions of Chapter 6A.100 (Gross Earnings Tax).

B. Income excluded or deducted from the measure of tax under this chapter as a result of this section may be taxable under another chapter within Subtitle 6A, as appropriate.

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CHAPTER 6A.100

UTILITIES GROSS EARNINGS TAX – PUBLIC UTILITIES

Sections:

6A.100.005 Administrative provisions.

6A.100.010 Power, Water, and Rail Divisions – Department of Public Utilities.

6A.100.020 Solid Waste Utility and Sewer Utility – Department of ~~Public Works~~ Environmental Services.

6A.100.030 Gross earnings defined.

6A.100.040 Deductions.

6A.100.050 Overpayment of tax.

6A.100.005 Administrative provisions.

The administrative provisions of Chapter 6A.10 shall be fully applicable to the provisions of this chapter except that the provisions for interest and penalties in TMC 6A.10.090 and 6A.10.110 do not apply to this chapter as expressly stated to the contrary herein.

* * *

6A.100.020 Solid Waste Utility and Sewer Utility – Department of ~~Public Works~~ Environmental Services.

There is hereby imposed upon the Solid Waste Utility Division of the Department of ~~Public Works~~ Environmental Services, and upon the Sewer Utility of the Department of Public Works, for the benefit of the General Fund of the City, a tax upon the gross earnings of said utilities of 8 percent of said gross earnings, except that earnings from the activity involved in the sale of electricity or natural gas shall be taxed at the rate of 7.5 percent. The tax shall, however, be subordinate to any payments required to be made by any of said divisions from said gross earnings into any fund or funds heretofore or hereafter created for the payment of the principal of and interest on revenue bonds of the City heretofore or hereafter issued. Said taxes are hereby found to be reasonable and not disproportionate to the amount of taxes which said divisions or subdepartments would pay if operated as private utilities.

Department of Public Works <u>Environmental Services</u> Activity	Tax Rate
Solid Waste and Sewer Utility Divisions	8%
Sale of Electricity or Natural Gas	7.5%

* * *

6A.100.040 Deductions.

In computing the gross earnings tax due under the provisions of this chapter, there shall be deducted from the measure of the tax the following items:

A. Uncollected accounts, if the books of the utility are on an accrual basis as distinguished from a cash basis, except for charges or billings relating to providing cable television and telecommunications services.

B. Amounts received through contemplated or actual condemnation proceedings or on account of any federal, state, or local public work project.

C. Amounts received as compensation or reimbursement for damages to or protection of any property of the utility.

D. Contributions for or in aid of construction.

E. Discounts, returns, allowances, and reposessions.

F. Amounts received from the sale or exchange of capital assets other than Christmas trees.



G. Only interest earned from the proceeds of the sale of bonds for construction purposes.

H. Amounts collected as sales tax.

I. Amounts received for street light energy and for street light maintenance and operation.

J. Amounts received for office rental from the City Credit Union and Retirement Office.

K. Rental received or credits given for operators' cottages.

L. Fire service, hydrant rental.

M. Inter-departmental rent (deduction applicable only to Power Division) .

N. Amounts received from surcharge to water rates charged outside City limits users for system improvements necessary to meet City standards.

O. Amounts received by waste-to-energy facilities from services provided to the public for disposal of waste products characterized as "alternative fuels," which shall mean a waste commodity that may be utilized as a fuel in a waste-to-energy facility, may or may not require some processing, provides an acceptable BTU value, creates manageable residual waste, or provides enhancement to other fuels. For purposes of this deduction, alternative fuels shall not constitute "waste" or "RDF."

P. Amounts paid for the purchase of electricity from a City department or division that has paid gross earnings taxes on such transaction under the provisions of this chapter.

Q. One hundred percent (100%) of amounts received from the service of collecting commercial recycling materials.

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