
HOUSE BILL 3134

State of Washington 56th Legislature 2000 Regular Session

By Representatives Kessler, Mulliken, Cairnes and Grant

Read first time . Referred to Committee on .

1 AN ACT Relating to municipal tax fairness; amending RCW 35.21.860;
2 adding a new section to chapter 35.21 RCW; adding a new chapter to
3 Title 35 RCW; creating a new section; recodifying RCW 35.21.717,
4 35.21.718, 35.21.840, 35.21.845, and 35.21.860; and repealing RCW
5 35.21.706, 35.21.710, 35.21.711, 35.21.712, 35.21.714, 35.21.715,
6 35.21.850, 35.21.865, 35.21.870, and 35.21.871.

7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

8 NEW SECTION. **Sec. 1.** (1) The legislature finds that:

9 (a) Persons engaging in business in multiple local jurisdictions
10 face inconsistent, complicated, and burdensome systems of local
11 business taxation;

12 (b) In some instances, the same gross income may be taxed by more
13 than one local jurisdiction resulting in unacceptable double taxation;

14 (c) While cities need flexibility and choices in the method of
15 taxation they employ to support their public services, that flexibility
16 and choice must not inhibit a person's right to expect predictability
17 and ease of administration from a tax system that relies so heavily on
18 voluntary compliance;

1 (d) Current statutes regarding city business tax authority are
2 vague and scattered throughout the Revised Code of Washington leading
3 to unnecessary and costly legal actions; and

4 (e) There is a need to investigate alternative ways of
5 administering city business taxes to ensure the efficient use of both
6 city and taxpayer resources.

7 (2) It is the intent of the legislature to produce a system of
8 business taxation by cities that strives for uniform and consistent
9 treatment of taxpayers, avoids multiple taxation of the same gross
10 income, provides taxpayers with certainty in the determination of their
11 tax liability, and allows for fair division of gross income of
12 businesses between and among local jurisdictions.

13 (3) It is not the intent of the legislature to create any new or
14 expand any existing city taxing authority upon business activities.
15 Rather, it is an attempt to consolidate into a single chapter the
16 current tax measures that cities use to tax business activities.

17 NEW SECTION. **Sec. 2.** The definitions in this section apply
18 throughout this chapter unless the context clearly requires otherwise.

19 (1) "Annualized full-time equivalent" means:

20 (a) For hourly employment positions, two thousand eighty paid
21 hours, excluding overtime hours, during a tax year;

22 (b) For salaried employment positions, twelve months during a tax
23 year.

24 (2) "Business" has the same meaning as that provided in RCW
25 82.04.140.

26 (3) "City" means a first class city as defined in RCW 35.01.010, a
27 second class city as defined in RCW 35.01.020, or a town as defined in
28 RCW 35.01.040.

29 (4) "Employment position" means an employee of a business who
30 engages in business activities in a local jurisdiction during a tax
31 year.

32 (5) "Engaging in business" has the same meaning as that provided in
33 RCW 82.04.150.

34 (6) "Gross income" means the gross income of the business as
35 defined in RCW 82.04.080.

36 (7) "Gross receipts tax" means a tax which is imposed on or
37 measured by the gross volume of business, in terms of gross income or
38 in other terms, and in the determination of which the deductions

1 allowed would not constitute an income tax or value added tax and which
2 is also not, pursuant to law or custom, separately stated from the
3 sales price.

4 (8) "Local jurisdiction" means any city, town, county, municipal
5 district or corporation, political subdivision, Indian reservation, or
6 federal area located in the state of Washington.

7 (9) "Public service business" means a person engaged in any of the
8 business activities provided in RCW 82.16.010(10) or a telephone
9 service as defined in RCW 82.04.065(3).

10 (10) "Return" means any document a person is required by a city to
11 file to satisfy or establish a tax obligation that is administered or
12 collected by the city, and that has a statutorily defined due date.

13 (11) "Square footage" means the product of the two horizontal
14 dimensions of each area of a building or space used by a business
15 measured from the inside finish of the permanent outer building walls
16 or other walls enclosing the space used by a business. "Square
17 footage" does not include (a) any areas that are not actually available
18 to the business for its furnishings and personnel, such as elevator
19 shafts, stairs, electrical closets, air conditioning rooms, public
20 foyers, lobbies, restrooms, and janitor closets or (b) any areas that
21 are not used by the business to engage in business activities such as
22 employee break rooms, employee gyms, or cafeterias.

23 (12) "Tax year" means either the calendar year, or, if given the
24 permission of the city, the taxpayer's fiscal year may be used in lieu
25 of the calendar year.

26 NEW SECTION. **Sec. 3.** (1) A city may levy and collect from every
27 person a tax for the act or privilege of engaging in a public service
28 business activity within the geographical boundaries of the city. The
29 tax shall be measured by the application of rates against the gross
30 income of a public service business.

31 (2) In addition to the tax authorized in subsection (1) of this
32 section, a city may levy and collect from every person a tax for the
33 act or privilege of engaging in a business activity within the
34 geographical boundaries of the city. The tax is measured by the
35 application of rates against either:

36 (a) The gross income of a business other than a public service
37 business;

1 (b) The number of annualized full-time equivalents of a business
2 other than a public service business; or

3 (c) The square footage of a business other than a public service
4 business.

5 (3) The taxes authorized under this section are imposed at a single
6 uniform rate upon all persons engaging in the same business activity.

7 (4) Notwithstanding the license fee authorized in section 11 of
8 this act, the taxes authorized in subsections (1) and (2) of this
9 section constitute the sole authority to tax the act or privilege of
10 engaging in business activities within the geographical limits of a
11 city.

12 (5) If a city had imposed more than one of the tax measures
13 provided in subsection (2) of this section prior to January 1, 2000, it
14 may continue to impose those tax measures subject to the limitations
15 provided for in section 5 of this act. However, under no circumstances
16 shall more than one of the tax measures provided for in subsection (2)
17 of this section be imposed on the same business.

18 NEW SECTION. **Sec. 4.** (1) The department of revenue shall, by July
19 1, 2001, create and publish a model resolution and ordinance regarding
20 the implementation of the gross receipts taxes authorized under section
21 3(1) and (2)(a) of this act. Annually thereafter, the department of
22 revenue shall review changes to the state's gross receipts taxes and
23 update the model ordinance to:

24 (a) Adopt the changes made to the state's gross receipts taxes into
25 the model ordinance;

26 (b) Amend the model ordinance to address, in a different manner,
27 the substance of the changes made to the state's gross receipts taxes;

28 (c) Reject the changes made to the state's gross receipts taxes
29 related to deductions, credits, or exemptions, and maintain the model
30 ordinance in its current form; or

31 (d) Perform a combination of the actions provided for in (a), (b),
32 or (c) of this subsection.

33 (2) To ensure ease of administration and compliance, the department
34 of revenue shall make every effort to ensure that the model ordinance
35 and any updates are as consistent and uniform as possible with the
36 state's gross receipts taxes. Appropriate deviations from the state's
37 gross receipts tax provisions related to deductions, credits, or

1 exemptions are authorized to be made to the model resolution and any
2 updates.

3 (3) To assist in the drafting of the model resolution and ordinance
4 and any updates, the department of revenue shall convene an advisory
5 group which consists of a balanced representation of cities that apply
6 a gross receipts tax and persons affected by gross receipts taxes
7 levied by cities. An individual from each of the largest state-wide
8 organizations representing these parties shall also be members of the
9 advisory group.

10 (4) By January 1, 2002, any city levying a gross receipts tax must
11 either:

12 (a) Adopt the model resolution and ordinance and all updates
13 developed under subsection (1) of this section; or

14 (b) Adopt and follow all statutory and regulatory provisions in
15 existence for the state's gross receipts taxes.

16 (5) The initial action taken under subsection (4) of this section
17 by a city levying a gross receipts tax at the time of the action is
18 exempt from the public vote requirements of RCW 43.135.090.

19 (6) A city taking either of the actions allowed in subsection (4)
20 of this section may, on January 1st of any subsequent year, choose the
21 alternative action allowed in subsection (4) of this section. However,
22 the city must follow the public vote requirements of RCW 43.135.090 if
23 the change results in a tax increase as defined in RCW 43.135.090.

24 NEW SECTION. **Sec. 5.** (1) Subject to the limitations contained in
25 this section, a city imposing a tax authorized under section 3 of this
26 act has the sole authority to set the rate of tax on any particular
27 business activity.

28 (2) Unless otherwise specifically provided for by law, a city may
29 not impose a tax under section 3 of this act at a rate that exceeds:

30 (a) In the case of a tax measured by the gross income of a public
31 service business, six percent;

32 (b) In the case of a tax measured by the gross income of a business
33 other than a public service business, two-tenths of one percent;

34 (c) In the case of a tax measured by the number of annualized full-
35 time equivalents, ninety dollars per annualized full-time equivalents;
36 or

37 (d) In the case of a tax measured by the square footage of a
38 business, 0.1522 dollars per square foot.

1 (3) If a city imposed a tax on one of the tax measures allowed in
2 section 3 of this act prior to January 1, 2000, at rates in excess of
3 those allowed in subsection (1) of this section, it may continue to
4 apply those same rates after the effective date of this act. However,
5 any increase in a rate after December 31, 1999, is subject to the
6 provisions of subsection (6) of this section.

7 (4) A city first imposing any of the tax measures provided for in
8 section 3 of this act may do so only if:

9 (a) The tax is authorized by a proposition approved by a majority
10 of the qualified voters of the city at a general election held within
11 the city or at a special election called by the city for the purpose of
12 submitting the proposition to the voters; and

13 (b) The initial rate of tax does not exceed thirty percent of the
14 limits set forth in subsection (1) of this section.

15 (5) A city may impose rates in excess of those provided for in
16 subsection (1) of this section only upon the approval of a majority of
17 the qualified voters of the city at a general election held within the
18 city or at a special election called by the city for the purpose of
19 submitting the proposition to the voters.

20 (6) A city may increase the rate of a tax authorized under section
21 3 of this act only upon the approval of a majority of the qualified
22 voters of the city at a general election held within the city or at a
23 special election called by the city for the purpose of submitting the
24 proposition to the voters. In addition, the rate of a tax may not be
25 increased by more than ten percent of the rate in effect as of the date
26 of the submittal of the proposal to the people.

27 NEW SECTION. **Sec. 6.** (1) If payment of any tax owed by a taxpayer
28 is not received by a city by the due date, there is assessed a penalty
29 of five percent of the amount of the tax or five dollars, whichever is
30 greater; and if the tax is not received on or before the last day of
31 the month following the due date, there is assessed a total penalty of
32 ten percent of the amount of the tax or ten dollars, whichever is
33 greater; and if the tax is not received on or before the last day of
34 the second month following the due date, there is assessed a total
35 penalty of twenty percent of the amount of the tax or twenty dollars,
36 whichever is greater.

37 (2) If payment of any tax assessed by a city is not received by a
38 city by the due date specified in the notice, or any extension, the

1 city shall add a penalty of ten percent of the amount of the additional
2 tax found due or ten dollars, whichever is greater.

3 (3) If a city finds that all or any part of a deficiency resulted
4 from the disregard of specific written instructions as to reporting or
5 tax liabilities, the city shall add a penalty of ten percent of the
6 amount of the additional tax found due because of the failure to follow
7 the instructions. A taxpayer disregards specific written instructions
8 when the city has informed the taxpayer in writing of the taxpayer's
9 tax obligations and the taxpayer fails to act in accordance with those
10 instructions unless the city has not issued final instructions because
11 the matter is under appeal. A city shall not assess the penalty under
12 this subsection upon any taxpayer who has made a good faith effort to
13 comply with the specific written instructions provided by the city to
14 that taxpayer. Specific written instructions may be given as a part of
15 a tax assessment, audit, determination, or closing agreement, provided
16 that these specific written instructions shall apply only to the
17 taxpayer addressed or referenced on such documents. Any specific
18 written instructions by a city shall be clearly identified and inform
19 the taxpayer that failure to follow the instructions may subject the
20 taxpayer to the penalties imposed by this subsection.

21 (4) If a city finds that all or any part of the deficiency resulted
22 from an intent to evade a tax payable under this chapter, a further
23 penalty of fifty percent of the additional tax found to be due shall be
24 added.

25 (5) The aggregate of penalties imposed under subsections (1), (2),
26 and (3) of this section shall not exceed thirty-five percent of the tax
27 due, or twenty dollars, whichever is greater. This subsection does not
28 prohibit or restrict the application of other penalties authorized by
29 law.

30 (6) A city may not impose both the evasion penalty and the penalty
31 for disregarding specific written instructions on the same tax found to
32 be due.

33 NEW SECTION. **Sec. 7.** (1) If the city finds that the payment by a
34 taxpayer of a tax less than that properly due or the failure of a
35 taxpayer to pay any tax by the due date was the result of circumstances
36 beyond the control of the taxpayer, then the city shall waive or cancel
37 any penalties imposed under this chapter with respect to the tax.

1 (2) The city shall waive or cancel the penalties imposed under
2 section 6 of this act when the circumstances under which the
3 delinquency occurred do not qualify for waiver or cancellation under
4 subsection (1) of this section if:

5 (a) The taxpayer requests the waiver for a tax return required to
6 be filed under section 6(1) of this act; and

7 (b) The taxpayer has timely filed and remitted payment on all tax
8 returns due for that tax program for a period of twenty-four months
9 immediately preceding the period covered by the return for which the
10 waiver is being requested.

11 (3) The city shall waive or cancel interest imposed under this
12 chapter if:

13 (a) The failure to timely pay the tax was the direct result of
14 written instructions given the taxpayer by the city; or

15 (b) The extension of a due date for payment of an assessment of
16 deficiency was not at the request of the taxpayer and was for the sole
17 convenience of the city.

18 NEW SECTION. **Sec. 8.** (1)(a) If upon examination of any returns or
19 from other information obtained by a city it appears that a tax or
20 penalty has been paid less than that properly due, the city shall
21 assess against the taxpayer the additional amount found to be due and
22 shall add interest on the tax only. A city shall notify the taxpayer
23 by mail of the additional amount and the additional amount shall become
24 due and shall be paid within thirty days from the date of the notice,
25 or within such further time as the city may provide.

26 (b) For tax liabilities arising after December 31, 1999, the rate
27 of interest shall be variable and computed as provided in subsection
28 (3) of this section from the last day of the month following each
29 calendar year included in a notice, and the last day of the month
30 following the final month included in a notice if not the end of a
31 calendar year, until the due date of the notice. If payment in full is
32 not made by the due date of the notice, additional interest shall be
33 computed until the date of payment. The rate computed shall be
34 adjusted on the first day of January of each year for use in computing
35 interest for that calendar year.

36 (2)(a) If, upon receipt of an application by a taxpayer for a
37 refund or for an audit of the taxpayer's records, or upon an
38 examination of the returns or records of any taxpayer, it is determined

1 by a city that within the statutory period for assessment of taxes,
2 penalties, or interest provided in subsection (4) of this section any
3 amount of tax, penalty, or interest has been paid in excess of that
4 properly due, the excess amount paid within, or attributable to, the
5 period shall be credited to the taxpayer's account or shall be refunded
6 to the taxpayer, at the taxpayer's option.

7 (b) For refunds or credits of amounts paid or other recovery
8 allowed to a taxpayer after December 31, 1999, the rate of interest
9 shall be variable and computed as provided in subsection (3) of this
10 section from the last day of the month following each calendar year
11 included in the period, and the last day of the month following the
12 final month included in a period if not the end of a calendar year,
13 until the date the refund or credit is paid by the city. The rate
14 computed shall be adjusted on the first day of January of each year for
15 use in computing interest for that calendar year.

16 (3) For the purposes of this section, the rate of interest to be
17 charged shall be the same as that established by the department of
18 revenue under RCW 82.32.050(2).

19 (4) No assessment or correction of an assessment for additional
20 taxes, penalties, or interest due may be made by a city more than four
21 years after the close of the tax year, except:

22 (a) Against a taxpayer who has not registered to engage in a
23 business activity within the city pursuant to statute. However, no
24 assessment or correction of an assessment for additional taxes,
25 penalties, or interest due shall be made by a city against an
26 unregistered taxpayer more than seven years after the close of the tax
27 year;

28 (b) Upon a showing of fraud or misrepresentation of a material fact
29 by the taxpayer; or

30 (c) Where a taxpayer has executed a written waiver of this
31 limitation. However, the execution of a written waiver shall
32 identically extend the period for making a refund request as provided
33 in subsection (5) of this section.

34 (5) No refund or credit shall be made for taxes, penalties, or
35 interest paid more than four years prior to the beginning of the
36 calendar year in which refund application is made or examination of
37 records is completed.

1 NEW SECTION. **Sec. 9.** (1) For the purposes of apportioning or
2 allocating gross income for taxes authorized under section 3(1) and
3 (2)(a) of this act, the total tax measure apportioned or allocated to
4 the applicable local jurisdictions shall not exceed the total tax
5 measure computed for the purpose of state gross receipts taxation.

6 (2) The following specific guidelines shall be applied by any city
7 that imposes a gross receipts tax under section 3(2)(a) of this act:

8 (a) For the purposes of imposing a gross receipts tax on
9 extracting, manufacturing, or processing for-hire activities, the
10 activities are subject to tax in the local jurisdiction where the
11 activities occur. If the activities occur in more than one local
12 jurisdiction, the activities are consistently, equitably, and
13 reasonably apportioned between or among those local jurisdictions even
14 though the taxpayer may not have an office or other permanent place of
15 business in each jurisdiction.

16 (b) For the purposes of imposing a gross receipts tax on retail or
17 wholesale sales, all sales are subject to tax in the local jurisdiction
18 where the sales occur. The following provisions are to be followed in
19 determining where a sale occurs:

20 (i) A retail or wholesale sale consisting solely of the sale of
21 tangible personal property is deemed to have occurred at the retail or
22 wholesale outlet at or from which delivery is made to the purchaser.
23 The term retail or wholesale outlet shall not include a sales office
24 unless purchasers regularly visit the sales office to place orders.
25 Dock sales or other sales of tangible personal property where the
26 purchaser takes possession of the tangible personal property is deemed
27 to have occurred at the location where the purchaser takes possession
28 of the tangible personal property regardless of where the purchaser may
29 ultimately transport the tangible personal property. Where a common
30 carrier, a private carrier or a seller's own transportation is used to
31 deliver tangible personal property, other than from a retail or
32 wholesale outlet, the sale of tangible personal property is deemed to
33 have occurred at the location where the carrier or seller delivers the
34 tangible personal property to the purchaser regardless of who pays the
35 carrier and notwithstanding any other terms of sale.

36 (ii) A retail sale consisting essentially of the performance of
37 professional business or professional services is deemed to have
38 occurred at the place at which the services were primarily performed,
39 except that for the performance of a tow truck service, as defined in

1 RCW 46.55.010, the retail or wholesale sale is deemed to have occurred
2 at the place of the business of the tow truck service.

3 (iii) A retail or wholesale sale consisting of the rental of
4 tangible personal property is deemed to have occurred, in the case of
5 rental involving periodic rental payments, in the primary place of use
6 by the lessee during the period covered by each payment, and in all
7 other cases, at the place of first use by the lessee.

8 (iv) A retail sale within the scope of RCW 82.04.050(2), and a
9 retail sale of tangible personal property to be installed by the seller
10 is deemed to have occurred at the place where the labor and services
11 involved were primarily performed.

12 (c) For the purposes of imposing a gross receipts tax on any person
13 rendering services, other than services defined as a retail sale under
14 RCW 82.04.050, the services are subject to tax in the local
15 jurisdiction where the services were primarily performed. If the
16 person rendering services performs substantial service activities in
17 more than one local jurisdiction, the person shall apportion to each
18 local jurisdiction that portion of the total gross income which is
19 derived from services rendered in each local jurisdiction. Where
20 apportionment cannot be accurately made by separate accounting methods,
21 the person shall apportion to each local jurisdiction that portion of
22 the total gross income which is derived from services which the cost of
23 performing the services within a local jurisdiction bears to the total
24 cost of performing the services in all local jurisdictions. The city
25 shall apportion the gross receipts derived from services even though
26 the taxpayer may not have an office or other permanent place of
27 business in each jurisdiction where it performs the services.

28 (3) The following credits are allowed for persons performing
29 multiple activities in multiple local jurisdictions:

30 (a) Every person engaged in manufacturing activities is allowed a
31 credit against the measure of tax of any manufacturing gross receipts
32 tax imposed by a local jurisdiction for any portion of the measure of
33 tax which has been previously subjected to a local jurisdiction gross
34 receipts tax on either extracting or previously performed manufacturing
35 activities.

36 (b) Every person engaged in making retail or wholesale sales is
37 allowed a credit against the measure of tax of any retailing or
38 wholesaling gross receipts tax imposed by a local jurisdiction for any
39 portion of the measure of tax which has been previously subjected to a

1 local jurisdiction gross receipts tax on either extracting or
2 manufacturing activities.

3 NEW SECTION. **Sec. 10.** (1) The legislature finds that the
4 multitude of city gross receipts tax systems are a significant burden
5 on taxpayers. The legislature also finds that the potential for the
6 application of duplicative forms and enforcement procedures, as well as
7 differential appeals processes, are daunting challenges to taxpayers in
8 a voluntary compliance system. However, the legislature clearly
9 recognizes the needs of cities to have flexible, local administration
10 and enforcement mechanisms. Therefore, the legislature intends to
11 study options to reduce the administrative complexities placed on both
12 cities and taxpayers.

13 (2) The department of revenue shall conduct a study of the gross
14 receipts tax systems applied by cities in the state of Washington. The
15 study shall, at a minimum, include an examination of:

16 (a) The costs to cities related to the administration and
17 collection of gross receipts taxes;

18 (b) The possibility of creating a single reporting, enforcement,
19 audit, and appeals system for city gross receipts taxes either at the
20 state or local level;

21 (c) The logistical and administrative requirements, including
22 financial costs, of the department of revenue or other entity assuming
23 the administration and collection of all or a portion of city gross
24 receipts taxes;

25 (d) The logistical and administrative requirements, including
26 financial costs, of the cities maintaining the administration and
27 collection of all or a portion of city gross receipts taxes;

28 (e) The potential savings that could be achieved by cities by
29 transferring the administration and collection of all or a portion of
30 city gross receipts taxes;

31 (f) The potential for increased compliance by taxpayers resulting
32 from any option to administer and collect city gross receipts taxes in
33 a different manner, including any financial gains for cities that may
34 result from this action.

35 (3) To perform the study, the department of revenue shall form a
36 study advisory committee with balanced representation from different
37 segments of cities imposing gross receipts taxes and persons obligated
38 to pay city gross receipts taxes. The department shall ensure that the

1 individuals appointed to the advisory committee are representative in
2 terms of the size of the city or business.

3 (4) The department of revenue shall provide staff for the study
4 advisory committee.

5 (5) The department of revenue shall report the findings and any
6 recommendations to the committees of the legislature that deal with
7 revenue matters no later than December 1, 2001.

8 NEW SECTION. **Sec. 11.** A new section is added to chapter 35.21 RCW
9 to read as follows:

10 (1) A city may charge a general license fee upon a person for
11 registration or certification purposes that ensures efficient
12 administration of the taxes provided for in section 3 of this act.

13 (2) A city may only charge a person the general license fee
14 provided in subsection (1) of this section when:

15 (a) The person's gross income earned within the geographical
16 boundaries of the city triggers the city's gross receipts tax;

17 (b) The person engages in business activities within the
18 geographical boundaries of the city for more than forty hours in a
19 calendar year and the city imposes the tax provided for in section
20 3(2)(b) of this act; or

21 (c) The person maintains a direct physical presence within the
22 geographical boundaries of the city. For the purposes of this
23 subsection, "direct physical presence" means (i) maintaining,
24 occupying, or using a permanent building or facility, or fixed location
25 as an office or location for conducting business; (ii) a location where
26 the regular business of the taxpayer is conducted and which is either
27 owned by the taxpayer or over which the taxpayer exercises legal
28 dominion and control; and (iii) a place where the taxpayer holds
29 himself or herself out to do business with the public at large.

30 (3) The rate of the general license fee provided in subsection (1)
31 of this section is applied uniformly among all persons regardless of
32 employment levels, gross receipts, type of business, square footage, or
33 any other measure and shall not exceed the equivalent of one hundred
34 dollars per calendar year.

35 (4) Nothing in this section prohibits a city from charging license
36 fees on persons for a regulatory or nonrevenue generating purpose.

1 **Sec. 12.** RCW 35.21.860 and 1983 2nd ex.s. c 3 s 39 are each
2 amended to read as follows:

3 (~~(1)~~) No city or town may impose a franchise fee or any other fee
4 or charge of whatever nature or description upon the light and power,
5 or gas distribution businesses, as defined in RCW 82.16.010, or
6 telephone business, as defined in RCW 82.04.065, except that (~~(a)~~) a
7 tax authorized by (~~RCW 35.21.865~~) section 3 of this act may be
8 imposed (~~and (b)~~). However, a fee may be charged to (~~such~~)
9 businesses that (~~recovers~~) recover actual administrative expenses
10 incurred by a city or town that are directly related to receiving and
11 approving a permit, license, and franchise, to inspecting plans and
12 construction, or to the preparation of a detailed statement pursuant to
13 chapter 43.21C RCW.

14 (~~(2) Subsection (1) of this section does not prohibit franchise~~
15 ~~fees imposed on an electrical energy, natural gas, or telephone~~
16 ~~business, by contract existing on April 20, 1982, with a city or town,~~
17 ~~for the duration of the contract, but the franchise fees shall be~~
18 ~~considered taxes for the purposes of the limitations established in RCW~~
19 ~~35.21.865 and 35.21.870 to the extent the fees exceed the costs~~
20 ~~allowable under subsection (1) of this section.~~)

21 NEW SECTION. **Sec. 13.** The following acts or parts of acts are
22 each repealed:

23 (1) RCW 35.21.706 (Imposition or increase of business and
24 occupation tax--Referendum procedure required--Exclusive procedure) and
25 1983 c 99 s 6;

26 (2) RCW 35.21.710 (License fees or taxes on certain business
27 activities--Uniform rate required--Maximum rate established) and 1983
28 2nd ex.s. c 3 s 33, 1983 c 99 s 7, 1982 1st ex.s. c 49 s 7, 1981 c 144
29 s 6, & 1972 ex.s. c 134 s 6;

30 (3) RCW 35.21.711 (License fees or taxes on certain business
31 activities--Excess rates authorized by voters) and 1982 1st ex.s. c 49
32 s 8;

33 (4) RCW 35.21.712 (License fees or taxes on telephone business to
34 be at uniform rate) and 1983 2nd ex.s. c 3 s 35 & 1981 c 144 s 8;

35 (5) RCW 35.21.714 (License fees or taxes on telephone business--
36 Imposition on certain gross revenues authorized--Limitations) and 1989
37 c 103 s 1, 1986 c 70 s 1, 1983 2nd ex.s. c 3 s 37, & 1981 c 144 s 10;

1 (6) RCW 35.21.715 (Taxes on network telephone services) and 1989 c
2 103 s 2 & 1986 c 70 s 2;

3 (7) RCW 35.21.850 (Taxation of motor carriers of freight for hire--
4 Limitation--Exceptions) and 1982 c 169 s 3;

5 (8) RCW 35.21.865 (Electricity, telephone, or natural gas
6 business--Limitations on tax rate changes) and 1983 c 99 s 4 & 1982 1st
7 ex.s. c 49 s 3;

8 (9) RCW 35.21.870 (Electricity, telephone, natural gas, or steam
9 energy business--Tax limited to six percent--Exception) and 1984 c 225
10 s 6, 1983 c 99 s 5, & 1982 1st ex.s. c 49 s 4; and

11 (10) RCW 35.21.871 (Tax on telephone business--Deferral of rate
12 reduction) and 1986 c 70 s 3.

13 NEW SECTION. **Sec. 14.** Sections 1 through 9 of this act constitute
14 a new chapter in Title 35 RCW.

15 NEW SECTION. **Sec. 15.** RCW 35.21.717, 35.21.718, 35.21.840,
16 35.21.845, and 35.21.860 are recodified as sections in chapter 35.--
17 RCW (sections 1 through 9 of this act).

--- END ---