

**CITY COUNCIL REGULAR SESSION**

Ordinance amending the Bellevue City Code (BCC) Sections 4.09.050, 4.09.090 and 4.09.100 and establishing an effective date.

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**EXECUTIVE SUMMARY**

As directed by Council on September 7, staff is returning with this Ordinance that amends BCC sections 4.09.050, 4.09.090, and 4.09.100 to provide consistency and clarity in the treatment of digital goods in the calculation of square footage tax.

**RECOMMENDATION**

Move to adopt Ordinance No. 6604.

**BACKGROUND/ANALYSIS**

On September 7 during Council Study Session, staff presented the proposed changes to the City's square footage tax provisions. Council directed staff to return with the Ordinance implementing the changes.

In 2012, the City adopted changes to the B&O tax code to acknowledge the sale of digital goods and intangibles for the purpose of calculating the square footage tax. These changes codified Council's intent to treat the sales of tangible personal property and digital goods the same for purposes of calculating the square footage tax. Over the years businesses have asserted that these changes were not carried through the code consistently. The proposed changes clarify Council's original intent and ensures consistency throughout the code. These changes are summarized below.

4.09.050(A)(1) – Add verbiage to clarify digital products and intangibles for purposes of calculating the “adjusted gross receipts”.

4.09.090(A) – Change verbiage to be consistent with actual definition of “adjusted gross receipts.”

4.09.100 – Remove second sentence of introductory paragraph. This sentence is no longer necessary since the deductions are included in the definition of “adjusted gross receipts”.

4.09.100(F) – Remove last sentence as it is no longer necessary since the deductions are included in the definition of “adjusted gross receipts.” Also ensures this section comports with language of the model ordinance.

## **POLICY & FISCAL IMPACTS**

### **Policy Impact**

RCW 35.102.040(2) – A city that imposes a Business and Occupation tax must align with the mandatory provisions of the Model Ordinance.

### **Fiscal Impact**

The fiscal impact from the adoption of these changes is estimated to have a minimal impact to revenue.

## **OPTIONS**

1. Adopt the Ordinance amending the Bellevue City Code (BCC) Sections 4.09.050, 4.09.090 and 4.09.100 and establishing an effective date.
2. Do not adopt the Ordinance and provide alternative direction to staff.

## **ATTACHMENTS & AVAILABLE DOCUMENTS**

A. Strike Draft  
Proposed Ordinance No. 6604

## **AVAILABLE IN COUNCIL LIBRARY**

N/A