

ORDINANCE NO. 2000-05-022

**AN ORDINANCE AMENDING BELLINGHAM MUNICIPAL CODE SECTION 6.06.050 TO ELIMINATE THE EXEMPTION FROM CITY UTILITY TAXES FOR COMPANIES WHICH PURCHASE "BROKERED NATURAL GAS".**

WHEREAS, the City of Bellingham presently imposes a utility tax on persons who sell or furnish and natural gas to customers within its jurisdiction; and

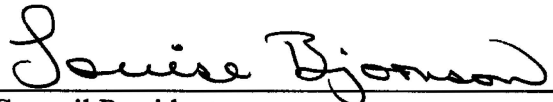
WHEREAS, the City of Bellingham had previously granted an exemption from the natural gas tax to companies that had entered into a contract to purchase natural or manufactured gas from a supplier other than a person transporting natural or manufactured gas to the person claiming the exemption, provided that such transporter was otherwise subject to the tax and that the term of the contract was greater than one year; and

WHEREAS, circumstances have changed since the exemption was enacted and it is no longer necessary or appropriate to provide the utility tax exemptions to those companies;


**NOW, THEREFORE, THE CITY OF BELLINGHAM DOES ORDAIN :**

**Section 1:** Bellingham Municipal Code Section 6.06.050 C. (2) (e) shall be deleted in its entirety.


PASSED by Council this 15th day of May, 2000.

  
Council President

APPROVED by me this 1st day of June, 2000.

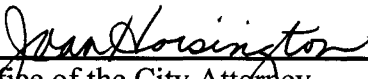
  
Mayor

ATTEST:

  
Finance Director

City of Bellingham  
CITY ATTORNEY  
210 Lottie Street  
Bellingham, Washington 98225  
Telephone (360) 676-6903

APPROVED AS TO FORM:

  
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Office of the City Attorney

Published:

May 19, 2000

## BELLINGHAM MUNICIPAL CODE - 6.06 Occupation Tax and Licenses

### **6.06.030 - Occupation License - Required**

- A. No person shall engage in or carry on any business, occupation, pursuit, or privilege for which a license fee or tax is imposed by this chapter without having first obtained, and being the holder of, a valid and subsisting license so to do, to be known as an occupation license.
- B. Any person engaging in or carrying on more than one such business, occupation, pursuit, or privilege shall pay the license tax so imposed upon each of the same.
- C. Any taxpayer who engages in or carries on any business subject to tax under this chapter without having his occupation license so to do, shall be guilty of a violation of this chapter for each day during which the business is so engaged in or carried on, and any taxpayer who fails or refuses to pay the license fee or tax on any part thereof on or before the due date shall be deemed to be operating without having his license so to do.  
(Prior code §15.04.030.)

### **6.06.040 - License Tax Year**

- A. All occupation licenses shall be for the tax year for which issued and shall expire at the end of such tax year.
- B. Such occupation license and the fee or tax therefor imposed by this chapter shall be for the year commencing January 1st and ending on the last day of December of each year; provided, however, that if the taxpayer in transacting his business keeps the books reflecting the same for a fiscal year not based on the calendar year, he may, with the assent of the Finance Director, obtain his license for the period of his current fiscal year which shares his tax year, and pay the fee or tax computed upon his gross income made during his fiscal year (next preceding his tax year) covering his accounting period as shown by the method of keeping the books of the business.  
(Prior code §15.04.040.)

### **6.06.050 - Occupations Subject To Tax - Amounts**

There are levied and shall be collected annual license fees or occupation taxes against the persons on account of the business activities, and in the amounts to be determined by the application of the rates against gross income, as follows:

- A. **Telephone Business.** Upon every person engaged in or carrying on a telephone business, there shall be levied a tax equal to the following percentages:

7.614% in 1987;  
7.345% in 1988;  
7.076% in 1989;

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6.807% in 1990;

6.538% in 1991;

6.269% in 1992;

6.000% in 1993 and each year thereafter of the total gross operating revenues, derived from the operation of such businesses within the city; provided, however, that the minimum fee shall not be less than \$100 per tax year. Gross operating revenue for this purpose shall not include charges which are passed on to the subscribers by a telephone company pursuant to tariffs required by the regulatory order to compensate for the cost to the company of the tax imposed by this chapter.

**B. Telegraph Business.** Upon every person engaged in or carrying on the telegraph business, a fee or tax equal to 3-1/2% of the total gross income from such business in the city during this fiscal year next preceding the tax year for which the license is required; provided, however, that the minimum fee or tax shall not be less than \$100 per tax year.

### **C. Gas Suppliers.**

(1) Upon every person engaged in or carrying on the business of selling or furnishing gas for hire, a fee or tax equal to the following percentages:

6.6% in 1985;

6.5% in 1986;

6.4% in 1987;

6.3% in 1988;

6.2% in 1989;

6.1% in 1990;

6.0% in 1991 and each year thereafter of the total gross income from such business conducted within the city with a minimum fee or tax of \$100 per tax year; provided, however, that a fee or tax of 1% shall apply to that portion of gross income derived from a single use site in excess of \$250,000 per month. Suppliers claiming the reduced rate for volume sales to single users shall supplement monthly returns required by Section 6.06.070B as required by the Finance Director.

(2) (a) In accordance with applicable State law, the tax of this subsection C shall apply to every person for the privilege of using natural gas or manufactured gas in the City as a consumer. The rate of tax herein shall be applied to the value of the article used by the taxpayer for domestic, business, or industrial consumption.

(b) The "value of the article used" shall have the meaning set forth in RCW 82.12.010(1) (as from time to time amended), and shall not include any amounts that are paid for the hire or use of a natural gas business in transporting the gas which are subject to and do pay the tax imposed by subsection (C)(1), above.

(c) There shall be a credit against the tax levied under this subsection C(1) in an amount equal to any tax paid by:

(i) The person who sold the gas to the consumer when that tax is a gross receipts tax similar to that imposed pursuant to this section 6.06.050 by another state with respect to the gas for which a credit is sought; or,

(ii) The person consuming the gas upon which a use tax similar to the tax imposed by this subsection was paid to another state with respect to the gas for which a credit is sought.

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(d) The use tax hereby imposed shall be paid by the consumer. The administration and collection of the tax hereby imposed shall be by the Washington State Department of Revenue pursuant to RCW 82.14.050.

(e) There shall be exempt from the tax imposed by this subsection C(2) any person who, prior to the effective date of the ordinance enacting this subsection, has entered into a contract to purchase natural or manufactured gas from a supplier other than the person transporting natural or manufactured gas to the person claiming this exemption, provided (i) that such transporter is otherwise subject to and does pay the tax imposed by subsection C(1) above, (ii) that the term of such contract is greater than one year, and (iii) that this exemption only applies to the initial term of such contract.

D. Upon every person engaged in or carrying on the business of selling or furnishing electric light and power, a fee or tax equal to the following percentages:

6.6% in 1985;

6.5% in 1986;

6.4% in 1987;

6.3% in 1988;

6.2% in 1989;

6.1% in 1990;

6.0% in 1991 and thereafter of the total gross income from such business in the city; provided, however, that the minimum fee or tax shall not be less than \$100 per tax year, and provided further, that this tax shall not apply to persons or entities selling electric power to a utility otherwise taxed under this subparagraph D which ultimately resells power to consumers.

E. **Water Suppliers.** Upon every person, including any water department, engaged in or carrying on the business of selling or furnishing water for domestic or commercial purposes, a fee or tax equal to 9-1/2% of the total gross income from such activity, such tax to be paid covering each month's business activity and to be paid within 30 days following the conclusion of the next preceding month. Such tax shall be applicable to the extraterritorial revenues of such businesses if their principal place of business is situated within the corporate limits of Bellingham and if the system which generates the extraterritorial revenue is interconnected with a portion of the system located within the city and at least 75% of the total system (by value) is located within the City of Bellingham.

F. Upon every person engaged in or carrying on the business of community antenna TV, also known as cable TV, there is provided a fee or tax to be levied and collected as provided herein, equal to 6% of the total gross income from such business from any source whatsoever, commencing on the 1st day of January, 1983.

G. **Sewer Collection and Treatment.** Upon every person, including any sewer utility, engaged in or carrying on the business of collecting and creating sewerage waste within the city, a fee or tax equal to 9-1/2% of the total gross income from such activities, such tax to be paid covering each month's business activities, and to be paid within 30 days following the conclusion of such month.

H. **Municipal Golf Course.** Upon every person or organization, including any Parks and Recreation Department, engaged in or carrying on the business of a municipal golf course, a fee or