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Updates to city Business & Occupation (B&O) Tax –effective January 1, 2013

Legislation adopted in the 2003 session required the 39 cities with local B&O taxes to adopt a city B&O tax model ordinance. (RCW 35.102). The last update occurred in 2007, which implemented allocation and apportionment provisions in 2008.

Over the summer a workgroup of cities revised the City B&O Tax Model Ordinance to include changes to RCW 35.102 and to reflect other changes made to state law since 2008. The model ordinance revisions are now final and all cities with local B&O taxes have adopted the mandatory portions of the changes effective January 1, 2013 (35.102.040(1)(c)) .

The 2012 revised model ordinance reflects six changes to the 2007 version of the model, primarily reflecting changes in state law:

- **Digital Goods definitions and apportionment** – (3.52.030 & 3.52.077) Adopt changes required by HB 2620 (Ch. 111 Laws of 2010), which amended apportionment for digital goods in RCW 35.102.130. These changes mirror those made to state law in 2009 with adoption of ESHB 2075 Digital Goods legislation required by Streamlined Sales Tax changes separating digital books, music, and videos goods from their tangible equivalents.
- **Board of Director licensing and tax** – (3.52.030) Engaging in business definition clarification that the board meeting nexus exclusion applies to the corporation, not the individual board members or consultants attending meetings.
- **"Super Nexus" provision repeal** – (3.52.060) reflects requirements that allocation and apportionment provisions in RCW 35.102.130 (3.52.077) should be used for contracts with the city executed after January 1, 2008.
- **Insurance business preemption** – (3.52.090) updates language to reflect preemption of taxation of insurers/appointed insurance producers in RCW 48.14.020(4) and repeal of RCW 48.17.010-020.
- **First mortgage deduction** – (3.52.100) updates language to refer to state required tax treatment in RCW 82.14A.
- **Confidentiality** – (3.10.200) Adopts language of state confidentiality provision RCW 82.32.330, reflecting option that cities may adopt under RCW 35.102.145 (Chapter 106, Laws of 2010).

See more information at Ci.Shelton.WA.US

~Shelton Municipal Code

~Chapter 3.52 for Business & Occupation Taxes; and Chapter 3.10 for Administrative Provisions.

