1525 Broadway
Longview, WA 98632
www.ci.longview.wa.us

City of Longview

Agenda

Revenue Committee

Monday, February 9, 2026 | **3:00 PM** | **Training Room, 2nd Floor, City Hall**

1. **HYBRID MEETING DETAILS**

    26-0079 Please click the link to join the webinar: https://us02web.zoom.us/j/84732007844
    Webinar ID: 847 3200 7844
    Or Telephone: (253) 205 0468; or (253) 215 8782; or (669) 444-9171

2. **CALL TO ORDER**

3. **ROLL CALL**

4. **APPROVAL OF MINUTES**

    26-0080 MINUTES FROM DECEMBER 8, 2025

5. **NEW BUSINESS**

    26-0081 PROPOSED AMENDMENTS TO LONGVIEW MUNICIPAL CODE CHAPTER 5.05, BUSINESS AND OCCUPATION TAX, FOR COMPLIANCE WITH STATE LAW

    RECOMMENDED ACTION:
    Committee may refer Ordinance to full Council or provide alternative guidance to the City Manager.

    26-0082 UTILITY TAX APPLICABILITY TO WATER AND SEWER CUSTOMERS OUTSIDE CITY LIMITS

    RECOMMENDED ACTION:
    DISCUSSION AND DIRECTION

    26-0083 CED PERMIT FEES

6. **UNFINISHED BUSINESS**

7. **CURRENT PROJECT UPDATES**

8. **PUBLIC COMMENT**

9. **ADJOURNMENT**

City of Longview

1525 Broadway
Longview, WA 98632
www.ci.longview.wa.us

Minutes

Revenue Committee

Monday, December 8, 2025 | **3:00 PM** | **Training Room, 2nd Floor, City Hall**

1. HYBRID MEETING DETAILS

25-001066 Please click the link to join the webinar: https://us02web.zoom.us/j/84732007844
Webinar ID: 847 3200 7844
Or Telephone: (253) 205 0468; or (253) 215 8782; or (669) 444-9171

2. CALL TO ORDER

The meeting is called to order at 3:01 pm.

3. ROLL CALL

Present: Councilmember Ruth Kendall, Councilmember Angie Wean, Councilmember MaryAlice Wallis, Assistant City Manager/PWD Chris Collins
Staff: Jen Wills, Chief Huhta, Lisa Wolff, Mike Sullivan, Sabrina, Nancy Vandehey
Guests: Chris Bryant, Wayne Nichols, Mike Claxton

4. APPROVAL OF MINUTES

25-001067 MINUTES FROM NOVEMBER 10, 2025

The minutes were approved as presented. This passed unanimously.

5. NEW BUSINESS

25-001069 PUBLIC SAFETY SALES TAX

Chief Huhta shared a presentation on his proposal of how to proceed with applying for the sales tax and how the monies could be spent. Staff provided answers to the detailed topic questions. This presentation will be shared at the Council meeting on Dec. 11th. Options for collecting sales taxes was discussed at length.

6. UNFINISHED BUSINESS

Chris Collins shared details on Peacehealth back taxes and will follow up with final numbers as we receive them. Currently, we believe them to be at $1.4 million.

7. PUBLIC COMMENT

8. ADJOURNMENT

Chris Collins thanked Angie Wean and MaryAlice Wallis for serving on the board.
Angie Wean shared her appreciation for the efforts by staff.

The meeting was adjourned at 3:56 pm.

City of Longview

Agenda Summary

PROPOSED AMENDMENTS TO LONGVIEW MUNICIPAL CODE CHAPTER 5.05, BUSINESS AND OCCUPATION TAX, FOR COMPLIANCE WITH STATE LAW

RECOMMENDED ACTION:
Committee may refer Ordinance to full Council or provide alternative guidance to the City Manager.

COUNCIL STRATEGIC INITIATIVE ADDRESSED:
Transparent and responsive government; continued effective financial management

CITY ATTORNEY REVIEW: December 2025/January 2026

SUMMARY STATEMENT:
In 2003, the Washington State legislature adopted Engrossed House Bill 2030, which required the 54 cities with local business and occupation (B&O) taxes to adopt a city B&O tax model ordinance to provide for municipal business and occupation tax uniformity and fairness. This legislation is codified at Chapter 35.102 RCW. The model was developed in compliance with the legislation by a workgroup of city finance directors and tax managers in conjunction with AWC, and was updated in 2007, 2012, 2019, and 2023. The model includes mandatory provisions that must be adopted for compliance with state law, as well as discretionary provisions that are subject to the local agency's review and adoption.[1]

During the 2025 legislative session, the legislature passed Engrossed Substitute Senate Bill 5814, which amended Chapter 82.04 RCW to require that certain services now be taxed when sold, including but not limited to information technology training services and technical support, custom website development services, custom software and customization of prewritten computer software, certain temporary staffing services, and certain advertising services. Following passage of SB 5814, the Washington Department of Revenue conducted outreach on implementation during the summer of 2025 and issued interim guidance to assist agencies with implementation. Additionally, the AWC workgroup developed an update to the B&O tax model ordinance to incorporate changes to the definition of sales at retail and sales at wholesale for consistency with the new law.

The City's regulations for B&O taxes are codified at Chapter 5.05 of the Longview Municipal Code. Staff have recommended amendments to Chapter 5.05 for consistency with the B&O tax model ordinance, as updated. These amendments add the following services as taxable services due and owing where the services are provided:

Service	What's included	What's NOT included	Interim Guidance
Advertising services	Ad design, ad placement, campaign planning, lead generation, and acquisition of advertising space on the internet, and more.	Web hosting, domain registration, certain newspaper/in-print advertising, radio and television ads, fixed signage, out-of-home ads, and more.	Interim guidance for advertising services
Information technology (IT) services	Help desk services, network support, training, IT consulting, data processing, and data entry.	Web hosting, domain registration, and payment processing services.	Interim guidance for IT services
Custom website development	Website design, development, and support.	Web hosting and domain registration services.	Interim guidance for custom website development
Live presentations	In-person or via the internet workshops, webinars and courses with real-time interaction.	Classes by preschools, elementary, secondary, and higher education as part of their accreditation, performances, sports events, tutoring and more.	Interim guidance for live presentations Interim guidance for live presentations for schools and higher education
Investigation, security, and armored car services	Security guard, background checks, armored car, investigation, and security systems services.	Locksmith services.	Interim guidance for security services
Temporary staffing	Supplying workers to businesses under contract or on short-term assignment.	Hospital staffing, direct hires, independent contractors, paymaster, and third-party outsourcing services.	Interim guidance for temporary staffing
Custom software & customization	Access to and use of custom software, and customization of prewritten software.	Unmodified off-the-shelf software.	Interim guidance for custom software

Changes to Digital Automated Services (DAS)

Removed exclusions: Some services that were **excluded** under DAS (advertising, live presentations, data processing, **and services provided through primarily human effort**) are no longer **excluded**.

Added exclusion: The law now specifically excludes **telehealth/telemedicine** services from retail sales tax.

The City is permitted, consistent with the adopted legislation, to grandfather existing contracts for services in place as of SB 5814's effective date of October 1, 2025. These services subject to existing contracts can continue to use the underlying tax treatment until March 31, 2026, unless substantially amended.

STAFF CONTACT:
Charlotte Archer, Interim City Attorney
Jennifer Wills, City Manager
Chris Collins, Asst. City Manager

[1] Notably, in the absence of a legal or constitutional prohibition, municipalities have the power to define taxation categories as they see fit in order to respond to the unique concerns and responsibilities of local government. *See* Enterprise Leasing v. City of Tacoma, 139 Wn.2d 546 (1999).

Attachments:
1. 2026factsheetbomodelordinancechanges
2. Ord No. XX - Model B&O Ordinance Update(11163288.1)

2026 changes to City B&O Tax Model Ordinance

A city workgroup of city finance directors and tax managers met over the summer to review changes needed to the B&O model ordinance in response to **SB 5814** changing the taxation of certain activities from services to sales.

Now B&O tax cities must adopt mandatory changes to model ordinance with same effective date: January 1, 2026.

SB 5814 changed the tax classification for the following services to retail sales:

- Advertising services;
- Live presentations;
- Information technology services;
- Custom website development services;
- Investigation, security, and armored car services;
- Temporary staffing services; and
- Sales of custom software and customization of prewritten software.

Changes to Model Ordinance
The workgroup decided to limit revisions to the model ordinance to changes necessary to implement the state's changes to sales at retail in **SB 5814**.

The model ordinance changes are as follows:

- **Core model ordinance .030: Definition of "sale at retail"**
    - adds new subsection (3) to incorporate changes to professional services.
    - (6) updates language related to custom software and customization of prewritten software.
    - (12) updates language related to digital goods and digital automated services.
- **Core model ordinance .030: Definition of "sale at wholesale"**: adds language to parallel updates to software in retail sales (6).
- **Technical change**: .030 "sale at retail": (1) moves misplaced language to correct typo created when extended warranties were added to the model.

While **SB 5814** also changed the definitions of digital automated services and digital goods, the model ordinance did not need to be updated because the model ordinance incorporates the state's definition by reference to the RCW.

Background on the Model Ordinance
53 cities impose a local B&O tax on the gross receipts of businesses engaging in business in their city.

Since 2004, cities with local B&O taxes were required to adopt the B&O tax model ordinance with mandatory uniform provisions related to a minimum threshold, tax classification definitions, engaging in business definition, and allocation and apportionment for activities occurring in more than one jurisdiction. (Chapter 35.102 RCW)

There are four main classifications: manufacturing, retail sales, wholesale sales, and services, but some cities have additional classifications.

The last revision was another technical fix to the B&O tax model ordinance in response to state law changes related to newspapers and took effect January 1, 2023.

ORDINANCE NO. 3546

AN ORDINANCE OF THE CITY OF LONGVIEW, WASHINGTON, AMENDING SECTIONS 5.05.040 AND SECTION 5.05.107 OF THE LONGVIEW MUNICIPAL CODE RELATING BUSINESS AND OCCUPATION TAX AND FEES LEVIED; PROVIDING FOR SEVERABILITY AND PUBLICATION; PROVIDING FOR REFERNDUM; AND SETTING AN EFFECTIVE DATE

WHEREAS, consistent with RCW 35A.82.020, the City of Longview imposes a Business and Occupation Tax (B&O tax) upon businesses operating within the City for the purpose of revenue, with applicable regulations codified at Chapter 5.05 of the Longview Municipal Code; and

WHEREAS, during the 2025 legislative session, the legislature adopted Engrossed Substitute Senate Bill 5814, which amended Chapter 82.04 RCW to requires that certain services now be taxed when sold, including but not limited to information technology training services and technical support; custom website development services; custom software and customization of prewritten computer software; certain temporary staffing services; and certain advertising services; and

WHEREAS, pursuant to RCW 35.102.040, the cities, working through the Association of Washington cities, developed a model ordinance for use by those cities levying a B&O tax, and the legislature requires the model be updated concurrent with legislative updates and adopted by the participating cities; and

WHEREAS, in response to ESSB 5814, amendments to the model ordinance were prepared and shall be adopted by the City consistent with RCW 35.102.040(2); and

WHEREAS, the City identified additional minor edits necessary to ensure the City's current regulations are consistent with the mandatory provisions of the model ordinance and applicable state law; and

WHEREAS, the City Council find it is in the best interests of the City and its residents to amend Chapter 5.05 consistent with the model ordinance;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF LONGVIEW DO ORDAIN AS FOLLOWS:

SECTION 1. Amendment. Section 5.05.040 Definitions of the Longview Municipal Code (LMC) shall be and is hereby amended to read as follows:

***

"Engaging in business."

(1) The term "engaging in business" means commencing, conducting, or continuing in business, and also the exercise of corporate or franchise powers, as well as liquidating a business when the liquidators thereof hold themselves out to the public as conducting such business.

(2) This section sets forth examples of activities that constitute engaging in business in the city, and establishes safe harbors for certain of those activities so that a person who meets the criteria may engage in de minimis business activities in the city without having to ~~pay~~ register and obtain a business license fee or pay City business and occupation taxes. The activities listed in this section are illustrative only and are not intended to narrow the definition of "engaging in business" in subsection (1) of this definition. If an activity is not listed, whether it constitutes engaging in business in the city shall be determined by considering all the facts and circumstances and applicable law.

(3) Without being all-inclusive, any one of the following activities conducted within the city by a person, or its employee, agent, representative, independent contractor, broker or another acting on its behalf, constitutes engaging in business and requires a person to register and obtain a business license:

(a) Owning, renting, leasing, maintaining, or having the right to use, or using, tangible personal property, intangible personal property, or real property permanently or temporarily located in the city.

(b) Owning, renting, leasing, using, or maintaining an office, place of business, or other establishment in the city.

(c) Soliciting sales.

(d) Making repairs or providing maintenance or service to real or tangible personal property, including warranty work and property maintenance.

(e) Providing technical assistance or service, including quality control, product inspections, warranty work, or similar services on or in connection with tangible personal property sold by the person or on its behalf.

(f) Installing, constructing, or supervising installation or construction of real or tangible personal property.

(g) Soliciting, negotiating, or approving franchise, license, or other similar agreements.

(h) Collecting current or delinquent accounts.

(i) Picking up and transporting tangible personal property, solid waste, construction debris, or excavated materials.

(j) Providing disinfecting and pest control services, employment and labor pool services, home nursing care, janitorial services, appraising, landscape architectural services, security system services, surveying, and real estate services, including the listing of homes and managing real property.

(k) Rendering professional services such as those provided by accountants, architects, attorneys, auctioneers, consultants, engineers, professional athletes, barbers, baseball clubs and other sports organizations, chemists, psychologists, court reporters, dentists, doctors, detectives, laboratory operators, teachers, and veterinarians.

(l) Meeting with customers or potential customers, even when no sales or orders are solicited at the meetings.

(m) Training or recruiting agents, representatives, independent contractors, brokers or others, domiciled or operating on a job in the city, acting on its behalf, or for customers or potential customers.

(n) Investigating, resolving, or otherwise assisting in resolving customer complaints.

(o) In-store stocking or manipulating products or goods, sold to and owned by a customer, regardless of where sale and delivery of the goods took place.

(p) Delivering goods in vehicles owned, rented, leased, used, or maintained by the person or another acting on its behalf.

(4) If a person, or its employee, agent, representative, independent contractor, broker or another acting on the person's behalf, engages in no other activities in or with the city but the following, it need not register and obtain a business license and pay tax:

(a) Meeting with suppliers of goods and services as a customer.

(b) Meeting with government representatives in their official capacity, other than those performing contracting or purchasing functions.

(c) Attending meetings, such as board meetings, retreats, seminars, and conferences, or other meetings wherein the person does not provide training in connection with tangible personal property sold by the person or on its behalf. This provision does not apply to any board of directors member or attendee engaging in business such as a member of a board of directors who attends a board meeting.

(d) Renting tangible or intangible property as a customer when the property is not used in the city.

(e) Attending, but not participating in, a "trade show" or "multiple vendor events." Persons participating at a trade show shall review the city's trade show or multiple vendor event ordinances.

(f) Conducting advertising through the mail.

(g) Soliciting sales by phone from a location outside the city.

(5) A seller located outside the city merely delivering goods into the city by means of common carrier is not required to register and obtain a business license; provided, that it engages in no other business activities in the city. Such activities do not include those in subsection (4) of this definition.

The city expressly intends that engaging in business include any activity sufficient to establish nexus for purposes of applying the tax ~~license fee~~ under the law and the constitutions of the United States and the state of Washington. Nexus is presumed to continue as long as the taxpayer benefits from the activity that constituted the original nexus-generating contact or subsequent contacts.

***

"Newspaper," "magazine" or "periodical."

(1) "Newspaper", except where otherwise expressly defined in this chapter, means a publication offered for sale regularly at stated intervals at least once a week and printed on newsprint in tabloid or broadsheet format folded loosely together without stapling, glue, or any other binding of any kind.

(2) "Magazine" or "periodical" means any printed publication, other than a newspaper, issued and offered for sale regularly at stated intervals at least once every three months, including any supplement or special edition of the publication. Any publication meeting this definition qualifies regardless of its content.

***

"Sale at retail," "retail sale."

(1) "Sale at retail" or "retail sale" means every sale of tangible personal property (including articles produced, fabricated, or imprinted) to all persons irrespective of the nature of their business and including, among others, without limiting the scope hereof, persons who install, repair, clean, alter, improve, construct, or decorate real or personal property of or for consumers, other than a sale to a person who presents a resale certificate under RCW 82.04.470 and who:

(a) Purchases for the purpose of resale as tangible personal property in the regular course of business without intervening use by such person; or

(b) Installs, repairs, cleans, alters, imprints, improves, constructs, or decorates real or personal property of or for consumers, if such tangible personal property becomes an ingredient or component of such real or personal property without intervening use by such person; or

(c) Purchases for the purpose of consuming the property purchased in producing for sale a new article of tangible personal property or substance, of which such property becomes an ingredient or component or is a chemical used in processing, when the primary purpose of such chemical is to create a chemical reaction directly through contact with an ingredient of a new article being produced for sale; or

(d) Purchases for the purpose of consuming the property purchased in producing ferrosilicon which is subsequently used in producing magnesium for sale, if the primary purpose of such property is to create a chemical reaction directly through contact with an ingredient of ferrosilicon; or

(e) Purchases for the purpose of providing the property to consumers as part of competitive telephone service, as defined in RCW 82.04.065; or~~.~~ ~~The term shall include every sale of tangible personal property which is used or consumed or to be used or consumed in the performance of any activity classified as a "sale at retail" or "retail sale" even though such property is resold or utilized as provided in subsection (1)(a), (b), (c), (d), or (e) of this definition following such use; or~~

(f) Purchases for the purpose of satisfying the person's obligations under an extended warranty as defined in subsection (8~~7~~) of this definition, if such tangible personal property replaces or becomes an ingredient or component of property covered by the extended warranty without intervening use by such person.

The term shall include every sale of tangible personal property which is used or consumed or to be used or consumed in the performance of any activity classified as a "sale at retail" or "retail sale" even though such property is resold or utilized as provided in (a), (b), (c), (d), (e), or (f) of this subsection following such use.

The term also means every sale of tangible personal property to persons engaged in any business that is taxable under RCW 82.04.280(1)(a), (b), and (g), 82.04,290, and 82.04.2908.

(2) "Sale at retail" or "retail sale" also means every sale of tangible personal property to persons engaged in any business activity which is taxable under LMC 5.05.060(1).

(3) The term "sale at retail" or "retail sale" includes the sale of or charge made for personal, business, or professional services including amounts designated as interest, rents, fees, admission, and other service emoluments however designated, received by persons engaging in the following business activities:

(a) Information technology training services, technical support, and other services including, but not limited to, assisting with network operations and support, help desk services, in-person training related to hardware or software, network system support services, data entry services, and data processing services; or

(b) Custom website development services. For the purposes of this subsection (3), "website development services" means the design, development, and support of a website provided by a website developer to a customer; or

(c) Investigation, security services, security monitoring services, and armored car services including, but not limited to, background checks, security guard and patrol services, personal and event security, armored car transportation of cash and valuables, and security system services and monitoring. This does not include locksmith services; or

(d) Temporary staffing services. For the purposes of this subsection (3), "temporary staffing services" means providing workers to other businesses, except for hospitals licensed under chapter 70.41 or 71.12 RCW, for limited periods of time to supplement their workforce and fill employment vacancies on a contract or for fee basis; or

(e) Advertising services. (i) For the purposes of this subsection (3), "advertising services" means all digital and nondigital services related to the creation, preparation, production, or dissemination of advertisements including, but not limited to: (A) Layout, art direction, graphic design, mechanical preparation, production supervision, placement, referrals, acquisition of advertising space, and rendering advice concerning the best methods of advertising products or services; and (B) Online referrals, search engine marketing, and lead generation optimization, web campaign planning, the acquisition of advertising space in the internet media, and the monitoring and evaluation of website traffic for purposes of determining the effectiveness of an advertising campaign.

(ii) "Advertising services" do not include:

(A) Web hosting services and domain name registration;

(B) Services rendered in respect to the following:

(I) "Newspapers" as defined in RCW 82.04.214;

(II) Printing or publishing under RCW 82.04.280; and

(III) "Radio and television broadcasting" within this state as defined in RCW 82.04 (section 1, chapter 9, Laws of 2025); and

(C) Services rendered in respect to out-of-home advertising, including: Billboard advertising; street furniture advertising; transit advertising; place-based advertising, such as in-store display advertising or point-of-sale advertising; dynamic or static signage at live events; naming rights; and fixed signage advertising. Out-of-home advertising does not include direct mail; or

(f) Live presentations including, but not limited to, lectures, seminars, workshops, or courses where participants attend either in person or via the internet or telecommunications equipment that allows audience members and the presenter or instructor to give, receive, and discuss information with each other in real time.

For the purposes of (a) through (c) and (e) of this subsection (3), the terms "sale at retail" and "retail sale" do not include a sale between members of an affiliated group as defined in RCW 82.04.299(1)(f).

(4~~3~~) “Sale at retail” or “retail sale” shall include the sale of or charge made for tangible personal property consumed and/or for labor and services rendered in respect to the following:

(a) The installing, repairing, cleaning, altering, imprinting, or improving of tangible personal property of or for consumers, including charges made for the mere use of facilities in respect thereto, but excluding charges made for the use of coin-operated laundry facilities when such facilities are situated in an apartment house, rooming house, or mobile home park for the exclusive use of the tenants thereof, and also excluding sales of laundry service to nonprofit health care facilities, and excluding services rendered in respect to live animals, birds and insects;

(b) The constructing, repairing, decorating, or improving of new or existing buildings or other structures under, upon, or above real property of or for consumers, including the installing or attaching of any article of tangible personal property therein or thereto, whether or not such personal property becomes a part of the realty by virtue of installation, and shall also include the sale of services or charges made for the clearing of land and the moving of earth excepting the mere leveling of land used in commercial farming or agriculture;

(c) The charge for labor and services rendered in respect to constructing, repairing, or improving any structure upon, above, or under any real property owned by an owner who conveys the property by title, possession, or any other means to the person performing such construction, repair, or improvement for the purpose of performing such construction, repair, or improvement and the property is then reconveyed by title, possession, or any other means to the original owner;

(d) The sale of or charge made for labor and services rendered in respect to the cleaning, fumigating, razing or moving of existing buildings or structures, but shall not include the charge made for janitorial services; and for purposes of this section the term “janitorial services” shall mean those cleaning and caretaking services ordinarily performed by commercial janitor service businesses including, but not limited to, wall and window washing, floor cleaning and waxing, and the cleaning in place of rugs, drapes and upholstery. The term “janitorial services” does not include painting, papering, repairing, furnace or septic tank cleaning, snow removal or sandblasting;

(e) The sale of or charge made for labor and services rendered in respect to automobile towing and similar automotive transportation services, but not in respect to those required to report and pay taxes under Chapter 82.16 RCW;

(f) The sale of and charge made for the furnishing of lodging and all other services, except telephone business and cable service, by a hotel, rooming house, tourist court, motel, or trailer camp, and the granting of any similar license to use real property, as distinguished from the renting or leasing of real property, and it shall be presumed that the occupancy of real property for a continuous period of one month or more constitutes a rental or lease of real property and not a mere license to use or enjoy the same. For the purposes of this subsection, it shall be presumed that the sale of and charge made for the furnishing of lodging for a continuous period of one month or more to a person is a rental or lease of real property and not a mere license to enjoy the same;

(g) The installing, repairing, altering, or improving of digital goods for consumers;

(h) The sale of or charge made for tangible personal property, labor and services to persons taxable under subsections (3)(a), (b), (c), (d), (e), (f), and (g) of this definition when such sales or charges are for property, labor and services which are used or consumed in whole or in part by such persons in the performance of any activity defined as a "sale at retail" or "retail sale" even though such property, labor and services may be resold after such use or consumption. Nothing contained in this subsection shall be construed to modify subsection (1) of this definition and nothing contained in subsection (1) of this definition shall be construed to modify this subsection.

(5~~4~~) "Sale at retail" or "retail sale" shall also include the providing of competitive telephone service to consumers.

(6~~5~~)(a) "Sale at retail" or "retail sale" shall also include the sale of prewritten software, and customization of prewritten computer software to a consumer, other than a sale to a person who presents a resale certificate under RCW 82.04.470, regardless of the method of delivery to the end user.

For purposes of this subsection (6~~5~~)(a), the sale of prewritten computer software includes the sale of or charge made for a key or an enabling or activation code, where the key or code is required to activate prewritten computer software and put the software into use. There is no separate sale of the key or code from the prewritten computer software, regardless of how the sale may be characterized by the vendor or by the purchaser.

~~The term "sale at retail" or "retail sale" does not include the sale of or charge made for:~~

~~(i) Custom software; or~~

~~(ii) The customization of prewritten software.~~

(b)(i) The term "sale at retail" or "retail sale" also includes the charge made to consumers for the right to access and use prewritten computer software, custom software, and customization of prewritten computer software, where possession of the software is maintained by the seller or a third party, regardless of whether the charge for the service is on a per use, per user, per license, subscription, or some other basis.

(ii)(A) The service described in subsection (6~~5~~)(b)(i) of this section includes the right to access and use prewritten software to perform data processing.

(B) For purposes of this subsection (6~~5~~)(b)(ii), "data processing" means the systematic performance of operations on data to extract the required information in an appropriate form or to convert the data to usable information. Data processing includes check processing, image processing, form processing, survey processing, payroll processing, claim processing, and similar activities.

(7~~6~~) "Sale at retail" or "retail sale" shall also include the sale of or charge made for labor and services rendered in respect to the building, repairing, or improving of any street, place, road, highway, easement, right-of-way, mass public transportation terminal or parking facility, bridge, tunnel, or trestle which is owned by a municipal corporation or political subdivision of the state or by the United States and which is used or to be used primarily for foot or vehicular traffic, including mass transportation vehicles of any kind (public road construction).

(8~~7~~) "Sale at retail" or "retail sale" shall also include the sale of or charge made for an extended warranty to a consumer. For purposes of this subsection, "extended warranty" means an agreement for a specified duration to perform the replacement or repair of tangible personal property at no additional charge or a reduced charge for tangible personal property, labor, or both, or to provide indemnification for the replacement or repair of tangible personal property, based on the occurrence of specified events. The term "extended warranty" does not include an agreement, otherwise meeting the definition of "extended warranty" in this subsection, if no separate charge is made for the agreement and the value of the agreement is included in the sales price of the tangible personal property covered by the agreement.

(~~8~~9) "Sale at retail" or "retail sale" shall also include the sale of or charge made for labor and services rendered in respect to the constructing, repairing, decorating, or improving of new or existing buildings or other structures under, upon, or above real property of or for the United States, any instrumentality thereof, or a county or city housing authority created pursuant to Chapter 35.82 RCW, including the installing or attaching of any article of tangible personal property therein or thereto, whether or not such personal property becomes a part of the realty by virtue of installation (government contracting).

(10~~9~~) "Sale at retail" or "retail sale" shall not include the sale of services or charges made for the clearing of land and the moving of earth of or for the United States, any instrumentality thereof, or a county or city housing authority. Nor shall the term include the sale of services or charges made for cleaning up for the United States, or its instrumentalities, radioactive waste and other by-products of weapons production and nuclear research and development. (This should be reported under the service and other classification.)

(11~~10~~) "Sale at retail" or "retail sale" shall not include the sale of or charge made for labor and services rendered for environmental remedial action. (This should be reported under the service and other classification.)

(12~~11~~)(a) "Sale at retail" or "retail sale" shall also include the following sales to consumers of digital goods, digital codes, and digital automated services:

(i~~a~~) Sales in which the seller has granted the purchaser the right of permanent use;

(ii~~b~~) Sales in which the seller has granted the purchaser a right of use that is less than permanent;

(iii~~c~~) Sales in which the purchaser is not obligated to make continued payment as a condition of the sale; and

(iv~~d~~) Sales in which the purchaser is obligated to make continued payment as a condition of the sale.

(b) A retail sale of digital goods, digital codes, or digital automated services under this subsection ~~(11)~~ includes any services provided by the seller exclusively in connection with the digital goods, digital codes, or digital automated services, whether or not a separate charge is made for such services.

(c) A retail sale of digital goods, digital codes, or digital automated services does not include the following services if the sale occurs between members of an affiliated group as defined in RCW 82.04.299(1)(f):

(i) Any service that primarily involves the application of human effort by the seller, and the human effort originated after the customer requested the service;

(ii) Live presentations, such as lectures, seminars, workshops, or courses, where participants are connected to other participants via the internet or telecommunications equipment, which allows audience members and the presenter or instructor to give, receive, and discuss information with each other in real time;

(iii) Advertising services. For purposes of this subsection, "advertising services" means all services directly related to the creation, preparation, production, or dissemination of advertisements. Advertising services include layout, art direction, graphic design, mechanical preparation, production supervision, placement, and rendering advice to a client concerning the best methods of advertising that client's products or services. Advertising services also include online referrals, search engine marketing and lead generation optimization, web campaign planning, the acquisition of advertising space in the internet media, and the monitoring and evaluation of website traffic for purposes of determining the effectiveness of an advertising campaign. Advertising services do not include web hosting services and domain name registration; and

(iv) Data processing services. For purposes of this subsection, "data processing service" means a primarily automated service provided to a business or other organization where the primary object of the service is the systematic performance of operations by the service provider on data supplied in whole or in part by the customer to extract the required information in an appropriate form or to convert the data to usable information. Data processing services include check processing, image processing, form processing, survey processing, payroll processing, claim processing, and similar activities. Data processing does not include the service described in subsection (6)(b) of this section.

(d) For purposes of this subsection, "permanent" means perpetual or for an indefinite or unspecified length of time. A right of permanent use is presumed to have been granted unless the agreement between the seller and the purchaser specifies or the circumstances surrounding the transaction suggest or indicate that the right to use terminates on the occurrence of a condition subsequent.

(13~~12~~) "Sale at retail" or "retail sale" shall also include the installing, repairing, altering, or improving of digital goods for consumers.

"Sale at wholesale" or "wholesale sale" means any sale of tangible personal property, digital goods, digital codes, digital automated services, prewritten computer software, custom software, customization of prewritten software to a consumer, or services described in subsection (~~5~~6)(b)(i) of this definition which is not a retail sale, and any charge made for labor and services rendered for persons who are not consumers, in respect to real or personal property, if such charge is expressly defined as a retail sale when rendered to or for consumers. "Sale at wholesale" also includes the sale of telephone business to another telecommunications company as defined in RCW 80.04.010 for the purpose of resale, as contemplated by RCW 35.21.715.

"Services" includes those activities that do not fall within one of the other tax classifications used by the City.

***

SECTION 3. Amendment. Section 5.05.107 Allocation and apportionment of printing and publishing income when activities take place in more than one jurisdiction of the Longview Municipal Code (LMC) shall be and is hereby amended to read as follows:

5.05.107 Allocation and apportionment of printing and publishing income when activities take place in more than one jurisdiction.

Notwithstanding RCW 35.102.130, effective January 1, 2008, gross income from the activities of printing, and of publishing newspapers, periodicals, or magazines, shall be allocated to the principal place in this state from which the taxpayer's business is directed or managed. Beginning January 1, 2024, until January 1, 2034, ~~A~~as used in this section, the activities of printing, and of publishing newspapers, periodicals, or magazines, are those activities to which the exemption in RCW 82.04.759 and the tax rate in RCW 82.04.280(1)(a) apply. ~~have the same meanings as attributed to those terms in RCW 82.04.280(1) by the Department of Revenue.~~

SECTION 4. Severability. If any section, subsection, sentence, clause, or phrase of this ordinance is, for any reason, held to be unconstitutional, such decision shall not affect the validity of the remaining portions of this ordinance and the same shall remain in full force and effect. The City of Longview hereby declares that it would have passed this ordinance, and each section, subsection, clause or phrase thereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses and phrases be declared unconstitutional.

SECTION 5. Publication. The City of Longview City Clerk is hereby ordered and directed to cause Ordinance to be published.

SECTION 6. Ratification. Any act consistent with the authority and prior to the effective date of this Ordinance is hereby ratified and affirmed.

SECTION 7. Effective Date. This Ordinance shall be in full force and effect on the five (5) days after the date of publication.

Passed by the City Council this __ day of _________ 2026.

Approved by the Mayor the __ day of _________ 202.

-

Mayor

ATTEST:

____

City Clerk

APPROVED AS TO FORM:

____

Charlotte Archer
City Attorney

Published: ________________________

City of Longview

Agenda Summary

UTILITY TAX APPLICABILITY TO WATER AND SEWER CUSTOMERS OUTSIDE CITY LIMITS

RECOMMENDED ACTION:
DISCUSSION AND DIRECTION

CITY ATTORNEY REVIEW: N/A

SUMMARY STATEMENT:
Purpose of Discussion
The purpose of this agenda item is to discuss the City's authority to impose a utility tax on water and sewer customers who receive City utility services but are located outside the City limits. The Committee will review potential revenue impacts and the procedural steps required should Council wish to pursue this option.

Background
The City of Longview currently assesses a utility tax on water and sewer customers located within City limits. The City also provides water and sewer services to customers outside City boundaries; however, these customers are not currently subject to the City's utility tax.
As part of ongoing revenue discussions and long-term financial sustainability planning, staff is bringing forward this topic to explore whether extending the utility tax to out-of-city customers is legally permissible, financially meaningful, and operationally feasible.

Discussion Topics
Staff will present information and facilitate discussion on the following:

- **Authority to Impose the Tax:**
  Overview of statutory and legal considerations related to taxing utility customers outside City limits, including any limitations or requirements.
- **Revenue Potential:**
  Preliminary estimates of potential annual revenue generation based on current out-of-city water and sewer customer usage and existing utility tax rates.
- **Implementation Considerations:**
  Key steps required to move forward, including:
  - Required ordinance amendments
  - Billing system updates and administrative impacts
  - Customer notification and outreach
  - Timeline considerations

Next Steps
Following Committee discussion, staff will seek direction on whether to proceed with additional legal analysis and refined revenue estimates. If supported, staff would return with a more detailed implementation framework and proposed policy options for Council consideration.

STAFF CONTACT:
Chris Collins, Public Works Director/ Asst. City Manager

Attachments:
1. LMC 5.06.120

5.06.120 Imposition of the tax – Tax or fee levied.

(1) Upon every person engaging within this city in any one or more of the businesses hereinafter mentioned, as to such person the license fee shall be a tax equal to the gross operating revenue of the business multiplied by the rate set out after the business as follows:

(a) The business of selling or furnishing water for hire, commencing January 1, 2025, 18 percent, and commencing January 1, 2026, 21.5 percent;

(b) The business of selling or furnishing or distributing electrical energy within the city, exclusive of the revenue derived from the sale of electrical energy for the purpose of resale, six percent; provided, however, to encourage the location of new manufacturing industries within the city and the expansion of existing manufacturing industries therein, thereby increasing the ultimate revenue to the city, the tax shall not apply to that portion of any monthly billing in excess of $1,000 charged to any person or company using electrical energy primarily for manufacturing purposes;

(c) Upon any telephone business there shall be levied a tax equal to six percent of the total gross operating revenue derived from the operation of such businesses within the city;

(d) The business of selling or furnishing sanitary sewer service, commencing January 1, 2025, 18 percent, and commencing January 1, 2026, 21.5 percent;

(e) The business of selling or furnishing a garbage or refuse collection service, 18 percent, and commencing January 1, 2026, 21.5 percent;

(f) The business of selling or furnishing or distributing natural gas, six percent; provided, however, to encourage the location of new manufacturing industries within the city and the expansion of existing manufacturing industries therein, thereby increasing the ultimate revenue to the city, the tax shall not apply to that portion of any monthly billing in excess of $1,000 charged to any person or company using natural gas primarily for manufacturing purposes;

(g) The business of selling or furnishing or distributing television by way of coaxial cable within the city, six percent;

(h) The business of conducting wireless telecommunications carrier services, as defined in Chapter 16.75 LMC, by wireless telecommunications carrier providers that are regulated by Chapter 80.36 RCW, six percent;

(i) The business of selling or furnishing stormwater services, commencing January 1, 2025, 18 percent, and commencing January 1, 2026, 21.5 percent. (Ord. 3547 § 1, 2024; Ord.

3472 § 1, 2022; Ord. 3333 § 9, 2016; Ord. 3282 § 1, 2014; Ord. 3229 § 1, 2012; Ord. 3147 § 1, 2010; Ord. 3072 § 1, 2008; Ord. 2914 § 1, 2004).