

**THE CITY OF SEATTLE**  
**DIRECTOR'S RULE**  
**IMPLEMENTING SEATTLE BUSINESS TAX ORDINANCE**  
**RULE 5-068**

FILED  
CITY OF SEATTLE  
MAY 15 2007 3:49  
CITY CLERK

**Seattle Rule 5-068**      **Pool purchases.**

- (1) **Introduction.** This rule explains Seattle's business license tax exemption requirements with regard to pool purchases.
- (2) **Definitions.**
  - (a) The term "pool purchase" means the joint purchase by two or more persons engaging in independent business activities, of commodities in carload or truck load quantities for the purpose of obtaining a purchase price or freight rate which is less than when purchased or delivered in smaller quantities.
  - (b) The term "principal member" means that member of the pool to whom the goods are charged by the vendor of the commodities purchased.
- (3) **Deduction.** In computing tax liability of the principal member under Seattle Municipal Code chapter 5.45, there may be deducted from gross proceeds of sales the amount received by the principal member from other members of the pool of their proportionate share of the cost thereof of the commodities purchased.
  - (a) This deduction is allowed only when all of the following conditions are met:
    - (i) The amount received is included in gross proceeds of sales;
    - (ii) The pool purchase agreement was entered into prior to the time of placing the order for the commodities purchased;
    - (iii) The pool purchase agreement provides that each member shall accept a specific portion of the shipment; and
    - (iv) Division of the shipment is made prior to warehousing of the commodities by a member of the pool.
  - (b) In no event will a "pool purchase" deduction be allowed when an agreement relative to the amount of the share to be distributed to any member is made after the date of the purchase order, or where one member of a pool pays an amount for its portion in excess of the proportionate amount paid by another member.

Effective: May 15, 2007.



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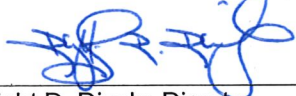
**DIRECTOR'S CERTIFICATION**

I Dwight D. Dively, Director of the Department of Finance of the City of Seattle, do hereby certify under penalty of perjury of law, that the within and foregoing is a true and correct copy as adopted by the City of Seattle, Department of Finance.

DATED this 14<sup>TH</sup> day of May, 2007.

CITY OF SEATTLE,  
a Washington municipality

By:

  
\_\_\_\_\_  
Dwight D. Dively, Director  
Department of Finance



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**STATE OF WASHINGTON – KING COUNTY**

--SS.

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209880  
CITY OF SEATTLE:REVENUE &

No. MAKING HEARING

**Affidavit of Publication**

The undersigned, on oath states that he is an authorized representative of The Daily Journal of Commerce, a daily newspaper, which newspaper is a legal newspaper of general circulation and it is now and has been for more than six months prior to the date of publication hereinafter referred to, published in the English language continuously as a daily newspaper in Seattle, King County, Washington, and it is now and during all of said time was printed in an office maintained at the aforesaid place of publication of this newspaper. The Daily Journal of Commerce was on the 12<sup>th</sup> day of June, 1941, approved as a legal newspaper by the Superior Court of King County.

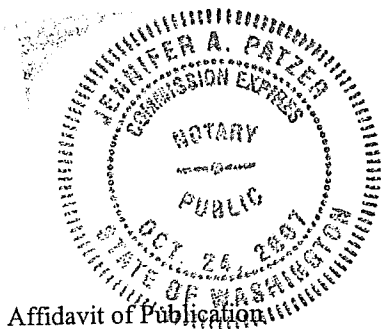
The notice in the exact form annexed, was published in regular issues of The Daily Journal of Commerce, which was regularly distributed to its subscribers during the below stated period. The annexed notice, a

CT:NOTICE PROPOSED RULE

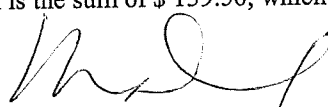
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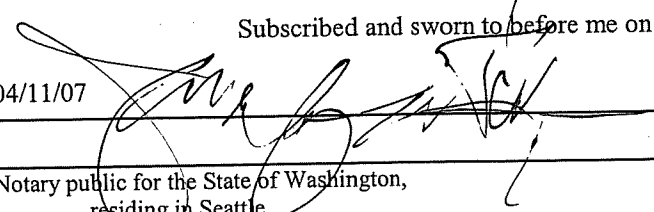
The amount of the fee charged for the foregoing publication is the sum of \$ 139.50, which amount has been paid in full.



Affidavit of Publication

  
Subscribed and sworn to before me on

04/11/07

  
Notary public for the State of Washington,  
residing in Seattle



City of Seattle

NOTICE OF PROPOSED RULE  
MAKING HEARING  
AND OPPORTUNITY TO COMMENT

The Director of Finance, acting under the authority of Seattle Municipal Code Chapters 3.02 and 5.55, proposes to adopt new rules for implementing the Seattle Business License Tax Ordinance (Seattle Municipal Code, Chapter 5.45). Please note that although these rules are applicable to SMC 5.45, the individual rules may also apply to other chapters of the City's Tax Code, including, but not limited to, SMC 5.30 (Definitions), SMC 5.32 (Revenue Code), SMC 5.35 (Commercial Parking Tax), SMC 5.37 (Employee Hours Tax), SMC 5.40 (Admissions Tax), SMC 5.48 (Business Tax - Utilities), SMC 5.52 (Gambling Tax), and SMC 5.55 (General Administrative Provisions). The following rules are proposed for adoption and will become effective as of May 15, 2007:

- Seattle Rule 5-000 Rules adopted.
- Seattle Rule 5-002 Business license requirements.
- Seattle Rule 5-007 Penalties.
- Seattle Rule 5-008 Recordkeeping requirements.
- Seattle Rule 5-009 Limitations on tax assessments.
- Seattle Rule 5-033 When tax liability arises.
- Seattle Rule 5-034 Finance charges, carrying charges, interest, and penalties.
- Seattle Rule 5-037 Accounting methods.
- Seattle Rule 5-039 Employees distinguished from persons engaging in business.
- Seattle Rule 5-042 Successor liability.
- Seattle Rule 5-044 Value of products.
- Seattle Rule 5-064 Credit losses, bad debts, recoveries.
- Seattle Rule 5-065 Taxes, deductible and nondeductible.
- Seattle Rule 5-067 Accommodation sales.
- Seattle Rule 5-068 Pool purchases.
- Seattle Rule 5-125 Casual or isolated sales.
- Seattle Rule 5-275 Installing, cleaning, repairing or otherwise altering or improving personal property of consumers.
- Seattle Rule 5-276 Constructing and repairing of new or existing buildings or other structures upon real property.
- Seattle Rule 5-500 Computer software.
- Seattle Rule 5-501 Computer hardware.
- Seattle Rule 5-502 Taxation of information services and computer related services.
- Seattle Rule 5-804 Staffing businesses, staffing services.
- Seattle Rule 5-921 Exemptions, deductions and credits available under the employee hours tax.

**PUBLIC HEARING AND COMMENT:**  
The Department of Executive Administration has scheduled a public hearing on the proposed rule changes for 1:00 p.m. to 3:00 p.m., on Monday, April 30, 2007. The hearing will be held in a conference room on the 40th floor of the Seattle Municipal Tower, Suite 4096, located at 700 Fifth Avenue. All interested persons are invited to present data, views, or arguments, with regard to the proposed rules, orally at the hearing, or in writing at or before the hearing.

Written comments should be mailed or delivered to:

Department of Executive Administration  
Attn.: Mel McDonald,  
Deputy Director Revenue and Consumer Affairs  
700 Fifth Avenue - Suite 4250  
P.O. Box 34214 Seattle, Washington 98124-4214

The public may inspect copies of the proposed rules at the Revenue and Consumer Affairs offices, 700 Fifth Avenue, Suite 4250. If you would like a copy of the proposed rules, please call (206) 233-0071, FAX (206) 684-5170, email: rca.bizlctx@seattle.gov, or submit a written request to the address above.

Dwight D. Dively, Director,  
Department of Finance

Date of publication in the Seattle Daily Journal of Commerce, April 11, 2007.

