

| <b>Comparison of Kent B&amp;O Tax Code's Deviations from Core Model Ordinance Provisions</b>        |   |  |
|---|---|--|
| <b>Kent B&amp;O Tax Provision</b>   | <b>Summary of Change from Core Model B&amp;O Tax Ordinance</b>  |  |
|   | <b>Includes discretionary provisions for the following as suggested in the Model Guidelines:</b>  | <b>Includes additional provisions for the following (not included in the Model Guidelines):</b>  |
| <b>KCC 3.28.030 Definitions.</b>  | Advance, Reimbursement<br>Agricultural product, Farmer<br>Artistic or cultural organization<br>Competitive telephone service<br>Consumer<br>Director<br>Newspaper, Magazine, Periodical<br>Nonprofit corporation or nonprofit organization<br>Office, place of business<br>Processing for hire<br>Product, Byproduct<br>Software, Prewritten software, Custom software, Customization of canned software, Master copies, Retained rights<br>Tuition fee |  |
| <b>KCC 3.28.040 Agency – Sales and services by agent, consignee, bailee, factor, or auctioneer.</b> | Explains under what conditions a taxpayer is acting merely in the capacity of a broker or agent when selling tangible personal property or procuring services.  |  |
| <b>KCC 3.28.050.A Gross receipts tax.</b>   | Tax rates for the following classifications (tax rates are discretionary)<br><br>Extractor: .152% (.00152)<br>Manufacturer: .046% (.00046)<br>Wholesale: .152% (.00152)<br>Retail sales: .046% (.00046)<br>Printing, Publishing, Printing and publishing, Extracting for hire, Processing for hire: .046% (.00046)<br>Retail services: .152% (.00152)<br>Service & other: .152% (.00152)  |  |
| <b>KCC 3.28.050.B Square footage tax.</b>   |   | Quarterly square footage tax rates<br>Warehouse: \$0.03/sq ft<br>Other business floor space: \$0.01/sq ft  |
| <b>KCC 3.28.050.C Gross receipts exemption / square footage threshold.</b>                          | Any person whose gross receipts are equal to or less than \$62,500 per quarter is exempt from the gross receipts tax; tax rates apply only to amounts in excess of \$62,500 each quarter.   | Square footage tax does not apply to any person with less than 4,000 taxable square feet of business warehouse space and less than 12,000 taxable square feet of other business floor space. |

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| <b>KCC 3.28.090 Exemptions.</b>  | <p>Exemptions provided for the following:</p> <p>Nonprofit organizations exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (except retail sales)</p> <p>Certain fraternal and beneficiary organizations</p> <p>Certain corporations furnishing aid and relief</p> <p>Operation of sheltered workshops</p> <p>Credit unions</p> <p>Health maintenance organizations, Health care service contractors, Certified health plans</p> <p>International banking facilities</p> <p>Farmers – agriculture</p> <p>Athletic exhibitions</p> <p>Racing</p> <p>Ride sharing</p>  | <p>United States, Washington State governmental entities</p> <p>Research and development under federal contracts</p>                             |
| <b>KCC 3.28.100 Deductions.</b>  | <p>Deductions provided for the following:</p> <p>Membership fees and certain service fees by nonprofit youth organizations</p> <p>Bona fide fees, dues, charges</p> <p>Artistic and cultural organizations</p> <p>Day care activities*</p> <p>Compensation from public entities for health or social welfare services – except employee benefit plans</p> <p>Interest on obligations of the state, its political subdivisions, and municipal corporations</p> <p>Interest on loans to farmers and ranchers, producers or harvesters of aquatic products, or their cooperatives</p> <p>Repair, maintenance, replacement of residential structures and commonly held Property by eligible organizations</p> <p>Radio and television broadcasting – advertising fees</p> | <p>Amounts derived from selling, altering, or repairing tangible personal property are deductible for 501(c)(3) nonprofit daycare providers.</p> |
| <b>KCC 3.28.130 Limitation of revenue received.</b>  |   | <p>Outlines how the tax revenues received shall be applied to specific purposes.</p>   |