

# City of Kent – Utility Tax Guide

## Solid Waste Collection Services

### Scope

This guide explains the utility tax reporting responsibilities for persons providing solid waste collection services, including recycling services, within the City of Kent (City). This information applies to dump truck operators, recyclers, and to similar operations within the City, including businesses that receive solid waste or recyclable materials for transfer, storage, processing, treatment, or disposal.

This guide is intended for general information purposes only. It is current at the time of publication, but potential future changes in the Kent City Code (KCC) or state law may have an impact on the information presented in this guide. Not all possible applications of tax are included. In the event of a conflict between the information presented in this guide, and an ordinance of the City, the ordinance prevails.

### Definitions

“Solid waste” is all putrescible and nonputrescible solid and semisolid wastes including, but not limited to, garbage, rubbish, ashes, industrial wastes, swill, sewage sludge, infectious, hazardous, or toxic wastes, demolition and construction wastes, abandoned vehicles or parts thereof, and recyclable or reusable materials collected, in whole or in part, for recycling or salvage.

“Solid waste collection service” is the receiving of solid waste for transfer, storage, processing, treatment, or disposal including, but not limited to, all residential and commercial collection services, public or private solid waste disposal sites, transfer stations, and similar operations. Solid waste collection service includes the activities of transferring, processing, treating, storing, or disposing of the solid waste collected.

### Measure of Tax, Filing and Due Dates

The gross income of the business derived from picking up or receiving solid waste within the City is subject to the solid waste utility tax at a rate of 18.4% (percent).

Tax returns are due monthly, by the last day of the month following the reporting period. Taxpayers who owe tax less than \$1,000 per month may file returns on a quarterly basis, due the last day of the month following the quarter.

Late return penalty applies if payment is received after the due date. The penalty rate ranges as follows (with a \$5 minimum):

Period Returns Overdue.....	Penalty Rates
1 day - 1 month.....	9%
Over 1 month - 2 months.....	19%
Over 2 months.....	29%

### Effect of the Utility Tax – Customer Billings

Although the utility tax is due from the taxpayer (company) providing the solid waste collection services, it is customary and ordinary for the taxpayer to *itemize the effect of the utility tax* separately on its customer's billing statements.

For example, on a solid waste collection invoice for \$100, the taxpayer may add an additional \$22.55 for the *effect* of the 18.4% utility tax. Any such amounts charged to the consumer must be included in the measure of tax on the company's return. (In this example, the company would report \$122.55 in gross income on the utility tax return.)

### Other tax types

Business activities that do not fall within the definition of “solid waste collection service” will generally be subject to the City's Business and Occupation (B&O) tax. If a company performs multiple business activities, it may need to file more than one type of tax return with the City (e.g. a utility tax return and a B&O tax return).

Unlike utility taxes, taxpayers cannot separately itemize the effect of B&O tax on customer's sales receipts or billing statements.

### Scenarios

The following scenarios describe the City's tax treatment of various commonly performed solid waste collection services.

#### Scenario 1 – Collection services

When providing collection services, the company's obligation is limited to picking up solid waste (including recyclable materials) for transfer, storage, or disposal. This may include collecting and hauling away construction, demolition, and land clearing debris. The gross income is subject to utility tax when solid waste is picked up or received by the company within Kent.

#### Scenario 2 – Collection services with earthmoving and/or construction

The company enters into a contract for a combination of collection services (see Scenario 1) along with construction and/or earthmoving services. Income from the entire contract is taxed based on the predominant activity under the contract or agreement, regardless of whether individual portions are separately stated. Contracts that predominantly involve collection services will be subject to solid waste utility tax. Contracts that predominantly entail construction and/or earthmoving services will be subject to B&O tax.

#### Scenario 3 – Rental of truck

The rental of a truck with an operator is taxed according to the nature of the activity performed, since the operator is performing contract services. Contracts that provide solid waste collection services are subject to utility tax. Bare truck rentals *without* an operator are generally subject to B&O tax.