ORDINANCE NO. 1501

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF BONNEY LAKE, PIERCE COUNTY, WASHINGTON, AMENDING CHAPTER 5.04 OF THE BONNEY LAKE MUNICIPAL CODE AND ORDINANCE NO. 1398 RELATING TO UTILITY TAXES ON WATER, SEWER, AND STORMWATER SERVICES.

WHEREAS, the utility tax rate on local water, sewer or stormwater service has not been increased in more than fifteen years; and

WHEREAS, the overall General Fund revenues of the City have been stagnant since 2008 while the City has grown substantially and resident service demands have increased; and

WHEREAS, the local utility tax is one of the few options that City Council has for raising additional revenue to meet the growing needs of the community.

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF BONNEY LAKE, WASHINGTON, DO ORDAIN AS FOLLOWS:

Section 1. BLMC Chapter 5.04.030 and the corresponding section of Ordinance No. 1398 are hereby amended to read as follows:

5.04.030 Tax designated.

A. There is levied upon, and there shall be collected from, every person, firm or corporation engaged in furnishing, for a monetary consideration, the city and the inhabitants thereof with electricity and electrical energy for lighting, heating, power, and other public purposes, within or partly within the corporate limits of the city, an annual tax for the privilege of so doing, such tax to be equal to six percent of the total gross subscriber revenues from business and residential electrical power service in the city.

B. There is levied upon, and there shall be collected from, every person, firm or corporation engaged in carrying on a telephone business for hire, including cellular telephone service, within or partly within the corporate limits of the city an annual tax for the privilege of so doing, such tax to be equal to six percent of the total gross operation revenues within the city. Gross operating revenues for this purpose shall not include charges which are passed on to the subscribers by a telephone company pursuant to tariffs required by regulatory order to compensate for the cost to the company of the tax imposed by this chapter.

“Telephone business” means the business of providing access to local telephone network, local telephone switching service, toll service, or coin telephone services, or providing telephonic, video, data or similar communication or transmission for hire, via a local
system. It includes cooperative or farmer line telephone companies or associations operating an exchange. “Telephone business” does not include the providing of competitive service.

“Cellular telephone service” means a two-way voice and data telephone/telecommunications system based in whole or substantially in part on wireless radio communications, which are not subject to regulation by the Washington State Utilities and Transportation Commission (WUTC). This includes cellular mobile service. The definition of cellular mobile service includes other wireless radio communications services such as specialized mobile radio (SMR), personal communications services (PCS), and any other evolving wireless radio communications technology which accomplishes a purpose similar to cellular mobile service. Cellular telephone service is included within the definition of “telephone business” for the purposes of this chapter.

“Competitive telephone service” means the providing by any person of telecommunications equipment or apparatus, or service related to that equipment or apparatus such as repair or maintenance service, if the equipment or apparatus is of a type which can be provided by persons that are not subject to regulations as telephone companies under RCW Title 80 and for which a separate charge is made.

C. There is levied upon, and there shall be collected from, every person, firm or corporation engaged in furnishing, for a monetary consideration, natural gas or manufactured gas for lighting, heating, power, and other public purposes, within or partly within the corporate limits of the city, an annual tax for the privilege of so doing, such tax to be equal to six percent of the total gross subscriber revenue from business and residential gas service, both natural and manufactured, in the city.

D. There is levied upon, and there shall be collected from, every person, firm or corporation engaged in carrying on the business of selling or furnishing water for domestic or industrial consumption, or sewer service, within or partly within the corporate limits of the city, a tax equal to eight percent of the total gross income from such business in the city. Effective January 1, 2015 the tax rate shall be equal to ten percent of the total gross income from such business in the city. Effective January 1, 2016 the tax rate shall be equal to twelve percent of the total gross income from such business in the city.

E. There is levied upon, and there shall be collected from, every person, firm or corporation engaged in carrying on the business of selling or furnishing garbage service, including recyclables and yard waste, within or partly within the corporate limits of the city, a tax equal to six percent of the total gross income from such business in the city.

F. There is levied upon, and there shall be collected from, every person, firm or corporation engaged in carrying on the business of selling or furnishing cable television service, for domestic or commercial consumption, within or partly within the corporate limits of the city, a tax equal to one and one-half percent of the total gross subscriber revenue from such service.
G. There is levied upon and there shall be collected from every person, firm or corporation engaged in carrying on the business of selling or furnishing stormwater service, within or partly within the corporate limits of the city, a fee or tax equal to eight percent of the total gross revenues from such business in the city. Effective January 1, 2015 the tax rate shall be equal to ten percent of the total gross income from such business in the city. Effective January 1, 2016 the tax rate shall be equal to twelve percent of the total gross income from such business in the city.

Section 2. The Mayor is hereby authorized to implement such administrative procedures as may be necessary to carry out the directions of this legislation.

Section 3. This Ordinance shall take effect and be in force five (5) days from and after its passage, approval and publication, as required by law.

PASSED by the City Council and approved by the Mayor this 9th day of December, 2014.

Neil Johnson, Jr., Mayor

AUTHENTICATED:

Harwood T. Edvalson, MMC, City Clerk

APPROVED AS TO FORM:

Kathleen Haggard, City Attorney
City Council Agenda Bill (AB)

Agenda Subject: Utility Tax Rates on City Water, Sewer, and Stormwater Utilities

Full Title/Motion: An Ordinance Relating To Utility Taxes On Water, Sewer, And Stormwater Utilities.

Administrative Recommendation: Approve

Background Summary: The utility tax rate on local water, sewer or stormwater service has not been increased in more than fifteen years. The overall General Fund revenues of the City have been stagnant since 2008 while the City has grown substantially and resident service demands have increased. The local utility tax is one of the few options that City Council has for raising additional revenue to meet the growing needs of the community. The revised proposal (recommended by the FC/COW) would increase the utility tax of City water, sewer, and stormwater revenues by an additional 2% in 2015, another 2% in 2016, for a total increase of 4% (from 8% to 12%).

Attachments: Ordinance D14-154; AWC Local Utility Tax Rate Survey

Budget Information

Budget Explanation: Each 1% increase in the utility tax rate would raise an estimated $124,000 annually for the General Fund. The costs would be paid from the respective City utility fund revenues. Whether the current rate structure of the various utilities is sufficient to absorb the additional tax hike will depend on the sales of utility services and the budgeted expenditures. The stormwater and sewer utilities appear to be able to absorb the hike without having to raise offsetting rates. Water will depend somewhat on overall sales, which can vary depending on weather and consumer conservation.

Committee, Board & Commission Review

Council Committee Review: Finance Committee
Date: 28 November 2014

Approvals:
- Chair/Councilmember: Dan Swatman
- Councilmember: Katrina Minton-Davis
- Councilmember: Donn Lewis

Consent Agenda: Yes No

Commission/Board Review:
Hearing Examiner Review:

Council Action

Workshop Date(s):
Meeting Date(s): Tabled to Date:

Approvals

Director: Mayor: Date Reviewed