



Staff Report – Public Hearing for Ordinance No. 22-024

November 21, 2022 Regular Meeting

Public Hearing for Ordinance No. 22-024 Establishing 2% Utility Tax on City-Owned Utilities

Presenter: Cathy Huber Nickerson, Finance Director

Time Estimate: 30 min.

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SUMMARY: Utility taxes are considered part of the “Three-Legged Stool” for revenue to fund general operations of a city in Washington State. Utility taxes are imposed on the utility business and not on individual utility customers. Cities are permitted to levy the utility tax upon the income of public and private utilities providing services within the boundaries of that city. In addition, cities may also levy taxes on revenues generated by the city’s own utility both inside and outside the city limits.

Currently, the City of Camas imposes a 3% utility tax on natural gas companies with the exception on the gas consumed by the City’s industrial customers.

Ordinance 22-024 would establish 2% utility tax on City of Camas water, sewer, solid waste, and stormwater utilities. This tax is estimated to generate approximately \$1,051,119 over the 2023-2024 biennium or approximately \$500,000 a year. As an example of the impact to a variety of customers, a table below calculates the potential impact:

2% Utility Tax Scenarios

City Utilities	Residence 1			Residence 2			Residence 3		
	Bi-monthly	2% Util Tax	Bi-Monthly Total	Bi-monthly	2% Util Tax	Bi-Monthly Total	Bi-monthly	2% Util Tax	Bi-Monthly Total
Water	\$ 144.50	\$ 2.89	\$ 147.39	\$ 74.90	\$ 1.50	\$ 76.40	\$ 316.18	\$ 6.32	\$ 322.50
Sewer	\$ 142.12	\$ 2.84	\$ 144.96	\$ 82.06	\$ 1.64	\$ 83.70	\$ 283.69	\$ 5.67	\$ 289.36
Garbage	\$ 43.10	\$ 0.86	\$ 43.96	\$ 29.30	\$ 0.59	\$ 29.89	\$ 33.90	\$ 0.68	\$ 34.58
Stormwater	\$ 26.32	\$ 0.53	\$ 26.85	\$ 26.32	\$ 0.53	\$ 26.85	\$ 26.32	\$ 0.53	\$ 26.85
Total	\$ 356.04	\$ 7.12	\$ 363.16	\$ 212.58	\$ 4.25	\$ 216.83	\$ 660.09	\$ 13.20	\$ 673.29
Annualized	\$ 2,136.24	\$ 42.72	\$ 2,178.96	\$ 1,275.48	\$ 25.51	\$ 1,300.99	\$ 3,960.54	\$ 79.21	\$ 4,039.75

Ordinance 22-024 also provides for utility tax assistance program in form of a rebate and a sunset clause to end at the end of the biennium or the formation of a Regional Fire Authority whichever is first.

EQUITY CONSIDERATIONS:

What are the desired results and outcomes for this agenda item? This ordinance will provide diversification of the City's revenues similar to the City's neighboring jurisdictions as well as bridge a funding gap in the City's General Fund until a solution for new funding of the CWFD.

What's the data? What does the data tell us? The data shows the City is not utilizing all the revenue options available.

How have communities been engaged? Are there opportunities to expand engagement? Staff provided an open house to educate the public on the need and impact of a utility tax. In addition, outreach was provided through social media each week in the month of October. The public also has this hearing to provide comment on the ordinance.

Who will benefit from, or be burdened by this agenda item? All citizens and businesses within the City stand to benefit from the enhance level of service which additional revenues could fund.

What are the strategies to mitigate any unintended consequences? Utilities customers may see higher utility bills but there are options available to the City to mitigate the impact on low-income households.

Does this agenda item have a differential impact on underserved populations, people living with disabilities, and/or communities of color? Please provide available data to illustrate this impact. There may be impacts on some lower income or disabled households, but the City will provide assistance.

Will this agenda item improve ADA accessibilities for people with disabilities? N/A

What potential hurdles exists in implementing this proposal (include both operational and political N/A.

How will you ensure accountabilities, communicate, and evaluate results? N/A

How does this item support a comprehensive plan goal, policy, or other adopted resolution? The City's Strategic Plan identifies a goal to diversify revenues.

RECOMMENDATION: Staff recommends Council open the Public Hearing to consider public comment followed by a motion to approve Ordinance 22-024.