

CITY OF LYNDEN

EXECUTIVE SUMMARY - FINANCE



Meeting Date:	November 18, 2024	
Name of Agenda Item:	ORD-24-1693 Increase to the Utility Occupation Tax	
Section of Agenda:	New Business	
Department:	Finance	
Council Committee Review:		Legal Review:
<input type="checkbox"/> Community Development		<input type="checkbox"/> Public Safety
<input checked="" type="checkbox"/> Finance		<input type="checkbox"/> Public Works
<input type="checkbox"/> Parks		<input type="checkbox"/> Other: _____
		<input type="checkbox"/> Yes - Reviewed
		<input type="checkbox"/> No - Not Reviewed
		<input checked="" type="checkbox"/> Review Not Required
Attachments:		
ORD-24-1693		
Summary Statement:		
<p>Chapter 3.28 of the Lynden Municipal Code provides regulations for the collection of Utility Occupation Tax from utility providers within the city. Utility Occupation tax is charged to the City owned and operated Water, Stormwater, and Sewer utilities. The current rate is 6%, which has not been increased since 2003.</p> <p>As part of the budget cycle for 2025, there is an identified need for additional revenue for the General Fund, and an increase to City owned utilities is an allowable method to improve cash flow.</p> <p>This ordinance is written to increase the rate of collection by 2%, from the current 6% to 8%. In budget discussions, there has been further talk about increasing it an additional one or two percent.</p> <p>For Council consideration, each 1% increase provides approximately \$118,000 of additional revenue and cash flow to the General Fund, or just under \$10,000 per month.</p> <p>If the Council wishes to modify the increase to a different rate, this should be reflected in the record during discussion at the meeting. The approved rate increase will be incorporated into the 2025 budget for adoption on December 2nd.</p> <p>Customers will be notified on their next billing cycle, and this tax would increase as of January 1, 2025, for collection in February 2025.</p> <p>This was reviewed in Finance Committee on October 21, 2024</p>		
Recommended Action:		
That City Council determine what rate increase they would like to be included in the Budget 2025 and approve Ordinance No. 24-1693 increasing the Utility Occupation Tax and amending the relevant portions of Lynden's Municipal Code, and authorize the Mayor's signature.		