

To: Mayor Chris Miller and City Council Members

From: Tara Dunford, CPA

Date: December 18, 2024

Re: Ordinance No. xx-24 Utility Tax Amendment

ATTACHMENTS: Ordinance No. xx-24

TYPE OF ACTION: None. First read.

Discussion: The City's Current Expense fund has been operating with an increasing shortfall for several years. One method available to Council is increasing water, sewer and stormwater utility taxes. The current rate is 8.99%. It is proposed that the utility tax on these three utilities be increased to 9.99%. The cost to customers is less than \$2.00 per month on base utility rates. This increase is expected to generate approximately \$23,000 in additional revenue to the Current Expense Fund.

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MCCLEARY RELATING TO UTILITY TAXES, AMENDING MUNICIPAL CODE 3.22.050 TO INCREASE THE TAX RATES FOR SEWERAGE, WATER, AND STORMWATER; PROVIDING FOR SEVERABILITY; AUTHORIZING PUBLICATION BY SUMMARY; AND ESTABLISHING AND EFFECTIVE DATE

R E C I T A L S:

WHEREAS, while certain utility tax rates are capped pursuant to state statute, utility tax rates for water, sewer and stormwater services are not subject to statutory limitations; and

WHEREAS, The City desires to increase the City's utility tax rates for water, sewer, and stormwater services to ensure that the revenue generated through these taxes keeps pace with the operational costs of the City and contributes its fair share to the City's current expense fund;

NOW, THEREFORE, the City Council of the City of McCleary, Washington do ordain as follows:

SECTION I: MMC Section 3.22.050 titled "Levy" last amended by Ordinance 776 sec. I, 2011, is hereby amended as follows, where ~~struckthrough~~ language is to be deleted and underlined language is to be added:

3.22.050 – Levy.

There is levied and there shall be collected from the following persons doing business within the city a tax in the amount to be determined by the application of the rates against gross revenue as follows:

- A. Upon every person engaged in providing a telephone service, as defined in Section 3.22.020, a tax determined as follows, such tax calculation to be subject to the provisions of and such restrictions as may from time to time be set forth in RCW 35A.82.060:
 1. As to all telephone service other than mobile telecommunications service, a tax equal to six percent of the total gross proceeds of sales calculated in the manner required by Section 3 of Chapter 67, Laws of 2002, to be codified in chapter RCW 82.04, as now existing or hereafter amended or succeeded;
 2. As to all mobile telecommunications service, a tax equal to six percent of the total gross proceeds of sales calculated in the manner required by Section 4 of Chapter 67, Laws of 2002, to be codified in chapter RCW 82.04, as now existing or hereafter amended or succeeded. For the purposes of this chapter, mobile

telecommunications services are deemed to have occurred at the location established pursuant to Section 5, Chapter 67, Laws of 2002, to be codified in Chapter 82.08 RCW, as that section may be hereafter amended or succeeded, it being the intent to be consistent with the Mobile Telecommunications Sourcing Act, P.L. 106-252, 4 U.S.C. Secs. 116 through 126.

- B. Upon every person engaged in or carrying on the business of selling or furnishing natural or manufactured gas for domestic or industrial consumption, a tax equal to six percent of the total gross revenue derived from such business in the city;
- C. Upon every person engaged in or carrying on the light and power business, a tax equal to six percent of the total gross revenue derived from such business in the city: Provided that, an electrical utility operated by the city of McCleary shall pay a tax equal to six percent of the total gross revenue derived from such business or such greater amount as may be authorized by the voters of the city;
- D. Upon every person engaged in or operating a cable system, a tax equal to six percent of the total gross revenue derived from such business in the city.
- E. Any utilities providing sewerage, water, or stormwater, shall be charged an ~~eight and 99/100~~ nine and 99/100 percent tax upon the gross revenue generated from provision of that utility service within the city.
- F. Any person providing solid waste pick up and disposal service within the city shall be charged a six percent tax upon the gross revenue generated from provision of that utility service within the city.

SECTION II: Should any section, paragraph, sentence, clause, or phrase of this ordinance, or its application to any person or circumstance, be declared unconstitutional or otherwise invalid for any reason, or should any portion of this ordinance be pre-empted by state or federal law or regulation, such decision or pre-emption shall not affect the validity of the remaining portions of this ordinance or its application to other persons or circumstances.

SECTION III: A referendum petition may be filed with the City Clerk within seven (7) days of passage of this ordinance. Within ten (10) days, the City Clerk shall confer with the petitioner concerning the form and style of the petition, issue the petition an identification number, and secure an accurate, concise and positive ballot title from the City Attorney. The petitioner shall have thirty (30) days in which to secure the signatures of not less than fifteen (15) percent of the registered voters of the city, as of the last municipal general election, upon petition forms which contain the ballot title and the full text of the measure to be referred. The City Clerk shall verify the sufficiency of the signatures on the petition and, if sufficient valid signatures are properly submitted, shall certify the referendum measure to the next election ballot within the city or at a special election ballot as provided pursuant to RCW 35.17.260(2). This above procedure shall be the exclusive method of referendum for this ordinance and shall supersede all other statutory or other provisions for initiative or referendum that might otherwise apply.

SECTION IV: The City Clerk is authorized and directed to publish the attached summary in lieu of this ordinance.

SECTION V: This ordinance shall be published in the official newspaper of the City, and shall take effect and be in full force sixty (60) days after passage and publication.

SECTION VI: This Ordinance shall take effect upon the fifth day following date of publication.

PASSED THIS _____ DAY OF December, 2024, by the City Council of the City of McCleary, and signed in approval therewith this _____ day of December, 2024.

CITY OF MCCLEARY:

CHRIS MILLER, Mayor

ATTEST:

, City Clerk

APPROVED AS TO FORM:

CHRISTOPHER JOHN COKER, City Attorney

PUBLISHED: _____