

**CITY OF MERCER ISLAND
ORDINANCE NO. 23C-03**

**AN ORDINANCE OF THE CITY OF MERCER ISLAND, WASHINGTON,
SUNSETTING THE INTERIM UTILITY TAX RATE INCREASE IMPOSED
ON AND COLLECTED FROM WATER, SEWER, AND STORMWATER
UTILITIES CONDUCTING BUSINESS WITHIN THE CITY OF MERCER
ISLAND PURSUANT TO THE PROVISIONS OF CHAPTER 4.12 MICC;
PROVIDING FOR SEVERABILITY; AND ESTABLISHING AN
EFFECTIVE DATE**

WHEREAS, the City of Mercer Island is classified as a non-charter code city under Title 35A of the Revised Code of Washington (“RCW”); and

WHEREAS, Ordinance No. 20C-20 implemented an interim utility tax rate increase on water, sewer, and stormwater utilities within the City from 5.3 percent to 8.0 percent from November 1, 2020 through October 31, 2023 to generate about \$1.5 million in new tax revenue to pay back loans from the City’s water and sewer utility funds that were approved by Resolution No. 1586; and

WHEREAS, it is anticipated that by April 3, 2023, the 2.7% interim tax increase will have generated enough tax revenue to pay back the \$1.5 million principal and interest for the water utility and sewer utility fund loans;

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MERCER ISLAND,
WASHINGTON, DO ORDAIN AS FOLLOWS:**

Section 1. Amendment to Section 4.12.030. Subject to the effective date described below in section 3, subsections G, H and I of MICC 4.12.030 are amended as follows:

G. A tax equal to eight percent effective November 1, 2020, through ~~October 31~~ April 3, 2023, and a tax equal to 5.3 percent effective on and after ~~November 1~~ April 4, 2023, of the total gross income derived from the sale, delivery, distribution, furnishing or maintenance of water services for residential, commercial, or public consumption and for the privilege of carrying on said business, such tax to be based on the total gross income from such business in the city; provided, however, that there shall not be any tax levied for water service connection or installation charge;

H. A tax equal to eight percent effective November 1, 2020, through ~~October 31~~ April 3, 2023, and a tax equal to 5.3 percent effective on and after ~~November 1~~ April 4, 2023, of the total gross income derived from the furnishing, operation, or maintenance of sewer services for residential, commercial, or public consumption and for the privilege of carrying on said business, such tax to be based on the total gross income from such

business in the city; provided, however, that there shall not be any tax levied for sewer service connection or installation charges;

I. A tax equal to eight percent effective November 1, 2020, through ~~October 31~~ April 3, 2023, and a tax equal to 5.3 percent effective on and after ~~November 1~~ April 4, 2023, of the total gross income derived from the furnishing, operation, or maintenance of storm-water services for residential, commercial, or public use and for the privilege of carrying on said business, such tax to be based on the total gross income from such business in the city; provided, however, that there shall not be any tax levied for storm-water service fee-in-lieu or installation charges.

Section 2. Severability. If any section, sentence, clause, or phrase of this ordinance should be held to be invalid or unconstitutional by a court of competent jurisdiction, or its application held inapplicable to any person, property, or circumstance, such invalidity or unconstitutionality shall not affect the validity of any other section, sentence, clause, or phrase of this ordinance or its application to any other person, property, or circumstance.

Section 3. Publication and Effective Date of Ordinance. A summary of this ordinance consisting of its title shall be published in the official newspaper of the City. This ordinance shall take effect and be in full force five days after adoption and publication.

ADOPTED by the City Council of the City of Mercer Island, Washington, at its Meeting on the 21st day of March 2023 and signed in authentication of its passage.

CITY OF MERCER ISLAND

Salim Nice, Mayor

APPROVED AS TO FORM:

ATTEST:

Bio Park, City Attorney

Andrea Larson, City Clerk

Date of Publication: