

**CITY OF MERCER ISLAND
ORDINANCE NO. 20C-20**

AN ORDINANCE OF THE CITY OF MERCER ISLAND, WASHINGTON, TEMPORARILY INCREASING THE UTILITY TAX RATE 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; AUTHORIZING EXCLUSIVE REFERENDUM PROCEDURE; 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, RCW 35A.82.020 authorizes the City of Mercer Island to impose excises for regulation or revenue as to all places and kinds of businesses; and

WHEREAS, additional revenue is needed for potential litigation to enforce the terms of the City’s 2017 Settlement Agreement with Sound Transit, and related costs; and

WHEREAS, the Mercer Island City Council directed staff at its September 15, 2020 regular meeting to temporarily increase the utility tax rate on the City’s water, sewer, and stormwater utilities to generate additional tax revenue; and

WHEREAS, increasing the utility tax rate on water, sewer, and stormwater utilities within the City from 5.3 percent to 8.0 percent for a 36-month period from November 1, 2020 through October 31, 2023 is estimated to generate \$1,500,000 in new tax revenue;

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 5, subsections G, H and I of MICC 4.12.030 are amended as follows:

G. A tax equal to 8.0 percent effective ~~July 1, 2017, through December 31, 2018~~ November 1, 2020 through October 31, 2023, and a tax equal to 5.3 percent effective on and after ~~January 1, 2019~~ November 1, 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 8.0 percent effective ~~July 1, 2017, through December 31, 2018~~ November 1, 2020 through October 31, 2023, and a tax equal to 5.3 percent

effective on and after ~~January 1, 2019~~ November 1, 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 8.0 percent effective ~~July 1, 2017, through December 31, 2018~~ November 1, 2020 through October 31, 2023, and a tax equal to 5.3 percent effective on and after ~~January 1, 2019~~ November 1, 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. Referendum Authorized. A referendum petition to repeal this ordinance may be filed with the City Clerk within seven days of passage of this ordinance. Within ten days of such filing, the City Clerk shall confer with the petitioner concerning form and style of the petition, issue an identification number for the petition, and cause to be written a ballot title for the measure. The petitioner shall have thirty (30) days in which to secure on petition forms 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 that contain the ballot title and the full text of the measure to be referred, and to file the signed petitions with the City Clerk. 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).

Section 3. Exclusive Referendum Procedure. The referendum procedure set forth in section 2, above, shall be the exclusive referendum procedure for the utility tax rate increase imposed herein, and shall supersede the procedures provided under chapters 35.17 and 35A.11 RCW and all other statutory or charter provisions for initiative or referendum which might otherwise apply.

Section 4. 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 5. Effective Date of Section 1. Section 1 of this ordinance shall take effect and be in full force on and after November 1, 2020 and shall supersede any prior tax rate imposed on the City’s water, sewer, and stormwater utilities pursuant to MICC 4.12.060. Nothing contained herein shall affect the amount or collection of established rates, fees, and charges effective prior to November 1, 2020.

Section 6. 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. The effective date of section 1, as set forth above in section 5, notwithstanding, 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 regular meeting on the 15th day of September 2020 and signed in authentication of its passage.

CITY OF MERCER ISLAND

Benson Wong, Mayor

APPROVED AS TO FORM:

ATTEST:

Bio Park, City Attorney

Deborah A. Estrada, City Clerk

Date of Publication: