



BUSINESS OF THE CITY COUNCIL CITY OF SNOQUALMIE

AB24-004
January 4, 2024
Ordinance

AGENDA BILL INFORMATION

TITLE:	AB24-004: Ordinance Establishing a One-Tenth of One Percent (0.1%) Sales and Use Tax Within the Boundaries of the Snoqualmie Transportation Benefit District for the Purpose of Financing the Costs Associated with Transportation Improvements as Authorized by RCW 36.73.065 and RCW 82.14.0455.	☐ Discussion Only ☒ Action Needed:
PROPOSED ACTION:	Adopt Ordinance 1285 Establishing a One-Tenth of One Percent (0.1%) Sales and Use Tax Within the Boundaries of the Snoqualmie Transportation Benefit District for the Purpose of Financial the Costs Associated with Transportation Improvements as Authorized by RCW 36.73.065 and RCW 82.14.0455.	☐ Motion ☒ Ordinance ☐ Resolution

REVIEW:	Department Director	Drew Bouta	12/26/2023
	Finance	Janna Walker	12/26/2023
	Legal	David Linehan	12/29/2023
	City Administrator	Mike Chambless	1/2/2024

DEPARTMENT:	Finance		
STAFF:	Janna Walker, Budget Manager		
COMMITTEE:	Finance & Administration	COMMITTEE DATE: January 2, 2024	
EXHIBITS:	1. Ordinance 1285		

AMOUNT OF EXPENDITURE	\$ n/a
AMOUNT BUDGETED	\$ n/a
APPROPRIATION REQUESTED	\$ n/a

SUMMARY

INTRODUCTION

Chapter 36.73 of the Revised Code of Washington (RCW) authorized Cities to establish a Transportation Benefit District (TBD) with certain associated revenues, including a voted sales tax of 0.2% and a vehicle license fee up to \$50. The code was amended by Senate Bill 5974 Section 406 to include a 0.1% sales tax that can be imposed by a majority vote of the governing board of the district. This agenda bill seeks to implement the 0.1% TBD sales tax, bringing the total TBD sales tax to the current statutory maximum of 0.3%.

LEGISLATIVE HISTORY

The City established a TBD on June 14, 2010 through Ordinance No. 1061, specifying the governing board of the Transportation Benefit District (the District) as Snoqualmie City Council. The District has certain authority to collect revenue and use it for projects that preserve, maintain, and operate existing infrastructure of the City, consistent with RCW 36.73 and as defined in Ordinance No. 1061.

Ordinance No. 1163, adopted October 26, 2015, updated Snoqualmie Municipal Code and specified that the City of Snoqualmie assumes all the rights, powers, immunities, functions, and obligations of the District.

The City authorized a \$20 vehicle license fee on June 14, 2010, increasing the fee temporarily to \$40 on March 9, 2020. However, a voted TBD sales tax initiative repealed both vehicle license fees on November 2, 2021, imposing instead a 0.2% sales tax.

ANALYSIS

The enactment of this sales tax before January 16 would allow the City to prepare the Department of Revenue for an April 1, 2024 start date, and given the lag time between actual retail sales and distribution of the tax, the City of Snoqualmie would likely not receive any revenue until June 2024. This would result in the following estimated revenue collected from the tax, with inflation based on the CPI-U estimate from King County's Office of Economic & Financial Analysis:

Estimated Revenue from the TBD Sales Tax (0.1%):

2024	2025	2026	2027	2028
156,000	319,000	328,000	337,000	345,000

If a decision is made after January 16, but before April 17, the implementation of the sales tax would be delayed by three months and the City would expect to receive approximately \$78,000 less in revenue during 2024 than the above estimated \$156,000.

This revenue should be used in accordance with RCW 36.73 to support transportation improvements listed in the City's 6-year Transportation Improvement Plan, including construction, maintenance, and operation. The eligible uses of this revenue source can apply to both the General Fund (#001), which funds the street maintenance division of the Parks and Public Works Department, and the Non-Utility Capital Fund (#310) which funds transportation capital programs and projects.

Currently, the City diverts one third (33.3%) of utility tax revenues (the City's combined utility and solid waste only) from the General Fund (#001) to the Non-Utility Capital Fund (#310) to support the Street Resurfacing Program (capital program) in accordance with Ordinance No. 1135. To simplify and streamline the accounting of revenues at the City, and where they should go, the Administration recommends receipting the new TBD sales tax revenue into the Non-Utility Capital Fund (#310) and decreasing the amount of the City's combined utility and solid waste utility tax diverted from 33.3% to 15%. The effect on each fund is shown below:

2024	Non-Utility Capital Fund (#310)		General Fund (#001)		Total
	<i>Increase</i>	<i>(Decrease)</i>	<i>Increase</i>	<i>(Decrease)</i>	
TBD Sales Tax (0.1%)	156,000				156,000
Utility Tax		(142,000)	142,000		-
Net Effect =	14,000		142,000		156,000

2025	Non-Utility Capital Fund (#310)		General Fund (#001)		Total
	<i>Increase</i>	<i>(Decrease)</i>	<i>Increase</i>	<i>(Decrease)</i>	
TBD Sales Tax (0.1%)	319,000				319,000
Utility Tax		(292,000)	292,000		-
Net Effect =	27,000		292,000		319,000

The Administration intends to bring an agenda bill to Council to replace Ordinance No. 1135 with a new ordinance specifying that 15% of the City's combined utility tax and solid waste utility tax will be diverted to the Non-Utility Capital Fund (#310) rather than the 33.3% currently specified.

BUDGET IMPACTS

This Agenda Bill relates to revenue and will increase revenues within the Biennial budget. However, it will not increase expenditures and no budgetary amendment is required.

NEXT STEPS

This is the first reading of this ordinance. Council may choose to waive the second reading of Ordinance No. 1285 and adopt it immediately, or consider the second reading on January 22, 2024 at which time Council may choose to adopt the ordinance at that time.

PROPOSED ACTION

Motion to waive Council Rule of Procedure 9.6.2.2 and adopt Ordinance No. 1285 on first and final reading.

OR

Motion to authorize the first reading pertaining to adoption of Ordinance No. 1285 Establishing a One-Tenth of One Percent (0.1%) Sales and Use Tax Within the Boundaries of the Snoqualmie Transportation Benefit District for the Purpose of Financing the Costs Associated with Transportation Improvements as Authorized by RCW 36.73.065 and RCW 82.14.0455 and set forth the second reading and adoption at the January 22, 2024 City Council meeting.