



# BUSINESS OF THE CITY COUNCIL CITY OF SNOQUALMIE

**AB24-006**  
**January 4, 2024**  
**Ordinance**

## AGENDA BILL INFORMATION

<b>TITLE:</b>	AB24-006: Ordinance Amending SMC 5.06.080(C) and SMC 5.06.120(B) (Utility Tax Increase)	<input type="checkbox"/> Discussion Only
<b>PROPOSED ACTION:</b>	Adopt Ordinance XXXX Amending SMC 5.06.080(C) and SMC 5.06.120(B)	<input type="checkbox"/> Action Needed: <input type="checkbox"/> Motion <input checked="" type="checkbox"/> Ordinance <input type="checkbox"/> Resolution

<b>REVIEW:</b>	Department Director	Drew Bouta	12/27/2023
	Finance	Janna Walker	12/27/2023
	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 XXXX		

<b>AMOUNT OF EXPENDITURE</b>	\$ n/a
<b>AMOUNT BUDGETED</b>	\$ n/a
<b>APPROPRIATION REQUESTED</b>	\$ n/a

## SUMMARY

### INTRODUCTION

The largest source of revenues for the General Fund are property taxes, which are capped at 1% growth year over year. In years of high inflation, as the City has experienced over the last few years, pressure is placed on the City's ability to deliver similar levels of service. This agenda bill seeks to increase utility taxes to continue the high levels of service provided in prior years.

Snoqualmie Municipal Code (SMC) authorizes a utility tax of 9% on the City's combined utility (water, sewer, and stormwater) and solid waste collection. The Revised Code of Washington (RCW) does not cap the tax rate allowable on such services. Therefore, this agenda bill seeks to increase the current 9% utility tax rate by 3%, bringing the utility tax rate to 12%.

## LEGISLATIVE HISTORY

Chapters 5.06.080 and 5.06.120 of SMC address utility taxes for the City's combined utility and solid waste collection currently set at 9%.

Ordinance No. 964, adopted November 8, 2004 set the utility tax rate for these services at 6%. Ordinance No. 1076, adopted January 24, 2011, authorized a temporary rate increase, from 6% to 9%, which would sunset on March 1, 2021.

Ordinance No. 1135, approved July 28, 2014, made this temporary rate increase permanent, as codified in the SMC, resulting in the City's current combined utility and solid waste collection tax rate of 9%.

## ANALYSIS

Increasing the utility tax rate by three percent (3%) on these services would likely result in the following increased utility tax revenue to the General Fund (#001), assuming the tax goes into effect for the second quarter of 2024. Inflation for these calculations is based on the CPI-U estimate from King County's Office of Economic & Financial Analysis:

### Increased Revenue from the Utility Tax (9% to 12%):

2024	2025	2026	2027	2028
270,000	369,000	378,000	387,000	396,000

The median City utility bill (calculated by averaging the median utility billing from the months of December 2022 and June 2023) is \$177.59. For a household paying this amount in City utilities monthly, the increased cost related to a 3% utility rate increase would be \$4.89 monthly, or \$58.65 annually.

## 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. XXXX and adopt it immediately, or consider the second reading on January 8, 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. XXXX on first and final reading.

OR

Motion to authorize the first reading pertaining to adoption of Ordinance No. XXXX Amending SMC 5.06.080(C) and SMC 5.06.120(B).