

**Subject: Ordinance #1563 – Updating  
 RMC 5.20.030 – Utility Taxes  
 On Sewerage Systems**

**Dept. Origin: Finance Department**

**Prepared by: Jennifer Robertson  
 City Attorney’s Office**

**For Agenda of: October 18, 2021**

**Exhibits: Ordinance #1563**

**Proposed Council Action:**

This is on for First Reading. Unless directed  
 Otherwise, this matter will return for Second  
 Reading and Action on November 1, 2022.

	Initial & Date
<b>Concurred by Mayor:</b>	_____
<b>Approved/form by City Atty:</b>	<u>JSR/10-10-22</u>
<b>Approved by _____ Director:</b>	_____
<b>Approved by Department Head:</b>	_____

**INFORMATION / BACKGROUND**

The City of Ruston has the authority to levy utility taxes under Washington law.<sup>1</sup> Under Washington law the City may levy utility tax upon Cable TV, electricity, gas, sewer, storm water, solid waste, steam, telephone services, and water. The City first adopted its utility tax code (Chapter 5.20 RMC) was first enacted in 2010 and was significantly updated in 2018 by adoption of Ordinance No. 1501.

Due to the COVID-19 pandemic City resources have been diminished while needs have increased. In order to maintain current city services, new revenue sources need to be found. There is no state law limitation on levying utility taxes on stormwater, sewer, or solid waste. Therefore, the Finance Department is recommending that the utility taxes on sewerage services be increased. Note that Ruston combines storm water and sewer into a single definition of “sewer system business” which applies to both types of services. These are currently at 10 percent and are proposed to be increased to 25 percent. The increase in the taxes on sewerage businesses will not be passed through to the customer but are on the sewer utility itself.

Note, the Ordinance also contains a referendum clause for the portion that enacts the rate increase as required by law. If passed, these rate increases will take effect on January 1, 2023.

**RECOMMENDATION / MOTION**

This is on for First Reading. Unless directed otherwise, this will return for second reading and action on November 1, 2022.

<sup>1</sup> RCW 35A.82.020.