

**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: November 1, 2022
Exhibits: Ordinance #1563

Proposed Council Action:

This is on for Second Reading and Action.

	Initial & Date
Concurred by Mayor:	_____
Approved/form by City Atty:	<u>JSR/10-25-22</u>
Approved by _____ Director:	_____
Approved by Department Head:	_____

INFORMATION / BACKGROUND

The City of Ruston has the authority to levy utility taxes under Washington law.¹ 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.

FISCAL IMPACT

This revenue increase is projected to raise approximately \$90,000 per year.

¹ RCW 35A.82.020.

RECOMMENDATION / MOTION

This is on for Second Reading and Action.

MOTION: I move approval of Ordinance No. 1563 updating Chapter 5.20 of the Ruston Municipal Code, amending Section 5.20.030 to adjust rates on sewer system service utility taxes, providing for referendum for certain portions of this ordinance, and establishing an effective date.

ORDINANCE NO. 1563

AN ORDINANCE OF THE CITY OF RUSTON, WASHINGTON, UPDATING CHAPTER 5.20 OF THE RUSTON MUNICIPAL CODE, AMENDING SECTION 5.20.030 TO ADJUST RATES ON SEWER SYSTEM SERVICE UTILITY TAXES, PROVIDING FOR REFERENDUM FOR CERTAIN PORTIONS OF THIS ORDINANCE, AND ESTABLISHING AN EFFECTIVE DATE.

WHEREAS, in accordance with RCW 35A.82.020 the City of Ruston has the authority to levy utility taxes; and

WHEREAS, under Washington law the City may levy utility tax upon Cable TV, electricity, gas, sewer, stormwater, solid waste, steam, telephone services, and water; and

WHEREAS, the utility tax code was first enacted in 2010 and was last updated in 2018; and

WHEREAS, due to the COVID-19 pandemic City resources have been diminished while needs have increased; and

WHEREAS, the basic City service levels could suffer a reduction without a new source of revenue; and

WHEREAS, the City Council deems it in the best interests of the City of Ruston to increase utility taxes on sewer systems; and

WHEREAS, this Ordinance was introduced at a Regular City Council meeting for first reading on October 18, 2022; and

WHEREAS, this Ordinance was adopted at a Regular City Council meeting during second reading on November 1, 2022; **NOW, THEREFORE**,

THE CITY COUNCIL OF THE CITY OF RUSTON, WASHINGTON DOES HEREBY ORDAIN AS FOLLOWS:

Section 1. Section 5.20.030 of the Ruston Municipal Code is hereby amended to read as

follows:

5.20.030 Tax imposed.

(a) There is levied upon, and there shall be collected from, every person, firm or corporation engaged in furnishing, for a monetary consideration, of the City and the inhabitants thereof, with electricity and electrical energy for lighting, heating, power, and other public purposes, within or partly within the corporate limits of the City, an annual tax for the privilege of so doing, such tax to be equal to the maximum percentage allowed under RCW 35.21.870 of the total gross subscriber revenues from business and residential electrical power service provided to the City and the inhabitants thereof.

(b) There is levied upon and there shall be collected from, every person, firm or corporation engaged in carrying on a telephone business for hire, within or partly within the corporate limits of the City an annual tax for the privilege of so doing, such tax to be equal to the maximum percentage allowed under RCW 35.21.870 of the total gross operation revenues within the City. Gross operating revenues for this purpose shall not include charges which are passed on to the subscribers by a telephone company pursuant to tariffs required by regulatory order to compensate for the cost to the company of the tax imposed by this chapter.

(c) There is levied upon, and there shall be collected from, every person, firm or corporation engaged in furnishing, for a monetary consideration, natural gas or manufactured gas for lighting, heating, power, and other public purposes, within or partly within the corporate limits of the City, an annual tax for the privilege of so doing, such tax to be equal to the maximum percentage allowed under RCW 35.21.870 of the total gross subscriber revenue from business and residential gas service, both natural and manufactured, in the City.

(d) There is levied upon, and there shall be collected from, every person, firm or corporation engaged in furnishing, for a monetary consideration, solid waste collection services, within or partly within the corporate limits of the City, an annual tax for the privilege of so doing, an amount of ten percent of the total gross revenue from all solid waste collection service within the City.

(e) There is levied upon, and there shall be collected from, every person, firm or corporation engaged in furnishing, for a monetary consideration, sewerage system business, within or partly within the corporate limits of the City, an annual tax for the privilege of so doing, an amount of ~~ten-twenty-five~~ percent of the total gross revenue from all sewerage system service within the City.

Section 2. Portion of Ordinance Subject to Referendum. The provisions of this Ordinance which increase taxes, namely Section 5, RMC 5.20.030, subsection (e) of this Ordinance, is subject to the referendum procedure as follows:

1. A referendum petition seeking to repeal this ordinance shall be filed with the City Clerk who shall be designated the person to receive petitions of all types within seven (7) days of the passage by the City Council of this ordinance or publication thereof whichever is later.

2. Within ten days the City Clerk shall confer with the petitioner concerning the form and style of the petition issue an identification number for the petition and cause to be written a ballot title for the measure.

3. The ballot title shall be posed as a question so that an affirmative answer to the question and an affirmative vote on the measure results in the tax or tax rate increase being imposed and a negative answer to the question and a negative vote on the measure results in the tax or tax rate increase not being imposed. The petitioner shall be notified of the identification number and ballot title within this ten (10) day period.

4. After notification of the identification number and ballot title the petitioner shall have 30 days in which to secure on petition forms the signatures of not less than 15 percent of the registered voters of the City and to file the signed petitions with the City Clerk.

5. Each petition form shall contain the ballot title and the full text of the measure to be referred. The City Clerk shall verify the sufficiency of the signatures on the petitions. If sufficient valid signatures are properly submitted the City Clerk shall cause the referendum measure to be submitted to the City voters at the next election within the City or at a special election as provided pursuant to RCW 35.17.260(2).

Section 3. Severability. If any section, sentence, clause or phrase of this Ordinance should be held to be unconstitutional by a court of competent jurisdiction, such invalidity or unconstitutionality shall not affect the validity or constitutionality of any other section, sentence, clause or phrase of this Ordinance.

Section 4. Corrections. Upon the approval of the city attorney, the city clerk and/or code publisher is authorized to make any necessary technical corrections to this Ordinance, including but not limited to the correction of scrivener's/clerical errors, references, Ordinance numbering, section/subsection numbers, and any reference thereto.

Section 5. Publication. This Ordinance shall be published by an approved summary consisting of the title.

Section 6. Effective Date. This Ordinance shall be effective five days after publication as provided by law. The utility tax increases adopted in Section 1, RMC 5.20.030, subsection (e) of this Ordinance shall be effective on January 1, 2023.

ADOPTED by the City Council of the City of Ruston and attested by the City Clerk in authentication of such passage on this 1st day of November, 2022.

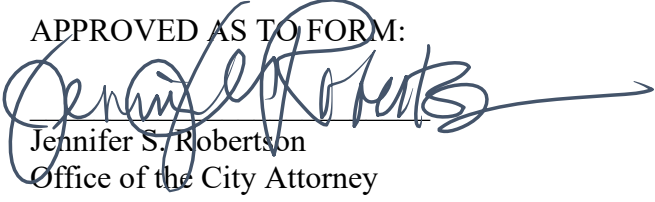
APPROVED by the Mayor this 1st day of November, 2022.

Bruce Hopkins, Mayor

ATTEST/AUTHENTICATED:

Judy Grams, City Clerk

APPROVED AS TO FORM:



Jennifer S. Robertson
Office of the City Attorney

FILED WITH THE CITY CLERK: _____

PASSED BY THE CITY COUNCIL: _____

PUBLISHED: _____

EFFECTIVE DATE: _____

ORDINANCE NO: 1563