



# City of Tukwila

Washington

Ordinance No. 2258

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF TUKWILA, WASHINGTON, ESTABLISHING NEW REGULATIONS, TO BE CODIFIED AT TUKWILA MUNICIPAL CODE CHAPTER 3.54, REGARDING WATER, SEWER AND SURFACE WATER UTILITY TAXES; PROVIDING FOR SEVERABILITY; AND ESTABLISHING AN EFFECTIVE DATE.**

**WHEREAS**, the City Council has determined the Financial Planning Model demonstrates there is projected to be a deficit balance in the General Government Funds by 2011; and

**WHEREAS**, the City has availed itself of all appropriate revenue sources currently authorized and has reduced expenditures by 3% in the General Fund; and

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

**WHEREAS**, implementation of a tax on the City's water, sewer and surface water utilities measured by gross earnings is expected to generate additional revenue to help maintain current levels of City services; and

**WHEREAS**, the City Council desires to accelerate the collection of the utility tax imposed herein; and

**WHEREAS**, the City Council has determined the public interest is best served by the implementation of a tax on the City's water, sewer and surface water utilities;

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF TUKWILA, WASHINGTON, HEREBY ORDAINS AS FOLLOWS:**

**Section 1. Regulations Established.** Tukwila Municipal Code Chapter 3.54, "City Utility Tax," is hereby established to read as follows:

## **CHAPTER 3.54 CITY UTILITY TAX**

Sections:

3.54.010 City Utility Tax

3.54.020 Definitions

3.54.030 Tax Rate

3.54.040 Tax Year

3.54.050 Exceptions and Deductions

3.54.060 Finance Director to Make Rules

### **3.54.010 City Utility Tax**

There is hereby imposed a tax to be levied on and after December 31, 2008, against and upon the gross earnings of the water, sewer and surface water utility funds and on all water, sewer and surface water utilities at the rates set forth in this chapter. The tax shall, however, be subordinate to any payments required to be made by any of said utility funds from said gross earnings into any fund or funds heretofore or hereafter

created for the payment of and interest on revenue bonds of the City heretofore or hereafter issued.

### **3.54.020 Definitions**

As used in this chapter, unless the context or subject matter clearly requires otherwise, the words or phrases defined in this section shall have the indicated meanings.

1. "*Finance Director*" means the Finance Director of the City of Tukwila, Washington, or his or her designee.

2. "*Gross earnings*" means the consideration, whether money, credits, rights or property expressed in terms of money, proceeding or accruing by reason of the transaction of business and includes gross proceeds of sales, compensation for rendition of services, gains realized from interest, rents, royalties, fees, commissions, dividends and other emoluments, however designated, all without any deduction on account of cost of property sold, materials used, labor, interest, losses, discount and any other expense whatsoever.

3. "*Sewer service*" means any connection to the City sewer system and shall be further defined by customer class.

4. "*Surface water service*" means any connection to the City surface water or storm drainage system and shall be further defined by customer class.

5. "*Water service*" means any connection to the City water system and shall be further defined by customer class.

### **3.54.030 Tax Rate**

There is levied upon water, sewer and surface water utilities, taxes in the amount to be determined by the application of rates given against gross earnings as follows:

1. Upon the City water, sewer and surface water funds, a tax equal to 15% of the total gross revenue from such business from all customers in the City during the period for which the tax is due. Such tax shall be effective from December 31, 2008 through April 30, 2010.

2. Upon the City water, sewer and surface water funds, a tax equal to 10% of the total gross revenue from such business from all customers in the City during the period for which the tax is due. Such tax shall be effective from May 1, 2010 through December 31, 2012.

### **3.54.040 Tax Year**

The tax year for purposes of this water, sewer and surface water utility tax shall commence December 31, 2008 and thereafter shall commence on January 1 and end on December 31 each year.

### **3.54.050 Exceptions and Deductions**

In computing the gross earnings tax due under the provisions of this chapter, there shall be deducted from the measure of the tax the following items:

1. Uncollected accounts, if the books of the utility are on an accrual basis as distinguished from a cash basis.

2. Amounts received through contemplated or actual condemnation proceedings or in account of any federal, state or local public works project.

3. Amounts received as compensation or reimbursement for damages to or protection of any property of the utility.

4. Contributions for or in aid of construction.

5. Amounts collected as sales tax.

6. Amounts received from surcharge to water rates charged outside-City-limits users for system improvements necessary to meet City standards.

**3.54.060 Finance Director to Make Rules**

The Finance Director shall have the power to adopt and enforce rules and regulations not inconsistent with this chapter or with the law for the purposes of carrying out the provisions thereof.

**Section 2. Severability.** If any section, subsection, paragraph, sentence, clause or phrase of this ordinance or its application to any person or situation should be held to be invalid or unconstitutional for any reason by a court of competent jurisdiction, such invalidity or unconstitutionality shall not affect the validity or constitutionality of the remaining portions of this ordinance or its application to any other person or situation.

**Section 3. Effective Date.** This ordinance shall be published in the official newspaper of the City, shall take effect and be in full force five days after the date of publication, and shall be retroactively applied to taxes payable beginning December 31, 2008.

PASSED BY THE CITY COUNCIL OF THE CITY OF TUKWILA, WASHINGTON, at a Regular Meeting thereof this 19<sup>th</sup> day of October, 2009.

ATTEST/AUTHENTICATED:

Christy O'Flaherty  
Christy O'Flaherty, CMC, City Clerk

Jim Haggerton  
Jim Haggerton, Mayor

APPROVED AS TO FORM BY:

[Signature]  
Office of the City Attorney

Filed with the City Clerk: 10-14-09  
Passed by the City Council: 10-19-09  
\*Published: 10-22-09  
\*Effective Date: 10-27-09  
Ordinance Number: 2258

\* PUBLISHED IN ITS ENTIRETY 10/22/2009  
Due to a problem at the Seattle Times, the ordinance was published 10/23/09 and becomes effective 10/28/09