

ORDINANCE NO. 1449

AN ORDINANCE OF THE CITY OF KALAMA, WASHINGTON AMENDING KALAMA MUNICIPAL CODE CHAPTER 5.20 BUSINESS AND OCCUPATION UTILITY TAXES TO DECREASE UTILITY TAX RATES 1% ON THE SERVICES OF WATER, SEWER, AND GARBAGE FOR THE PORTION FUNDING THE GENERAL FUND CAPITAL FACILITIES PROJECTS AND DEBT SERVICE

WHEREAS, the Kalama City Council established a 5% utility tax rate under Ordinance No. 1395 to funding General Fund Capital Facilities (GFCF) in 2018 including paying for the debt service on the new Police Facility;

WHEREAS, the City Council has reviewed the needs of the debt service obligation and the amounts of tax collected and needed while considering utility rate increases;

WHEREAS, the Kalama City Council held a public hearing on the proposed increases to the water, and sewer rate which included consideration of lower the GFCF portion of utility taxes;

NOW THEREFORE the City Council of the City of Kalama do ordain:

Section 1. Kalama Municipal Code Chapter 5.20 Business and Occupation Utility Tax is amended to read as follows:

5.20.010 - Purpose.

The provisions of this chapter shall be deemed an exercise of the power of the city, as provided in RCW ch.35A.11 to license and/or tax for revenue, the privilege of engaging in utility business in the city. For the purpose of this chapter, the terms "license" and "tax" shall be synonymous.

5.20.020 - Tax imposed.

Upon every entity engaged within this city in any one or more of the utility businesses hereinafter mentioned, as to such entity there shall be imposed a tax equal to the gross service receipts of the business multiplied by the rate set out after the business as follows:

A. The business of selling, furnishing coaxial cable and fiber optic cable subscriber systems for television and other signal distribution within the city, six percent.

B. The business of selling, furnishing or distributing electrical energy within the city, six percent; provided, however, to encourage the location of new manufacturing industries within the city and the expansion of annexation of existing manufacturing industries therein, the tax shall not apply to that portion of any monthly billing in excess of one thousand dollars charged to any entity or division thereof using

electrical energy primarily for manufacturing purposes.

C. The business of selling, furnishing or distributing natural gas, six percent; provided, however, to encourage the location of new manufacturing industries within the city and the expansion or annexation of existing manufacturing industries therein, the tax shall not apply to that portion of any monthly billing in excess of one thousand dollars charged to any entity or division thereof using natural gas energy primarily for manufacturing purposes.

D. The business of selling, furnishing or distributing water through the city's system of water works, whether such works or customers are located within or beyond the city limits—six percent.

E. The business of selling, or furnishing sanitary sewer service through the city's systems, whether such works or customers are located within or beyond the city limits—six percent.

F. The business of selling or furnishing garbage or refuse service—six percent.

5.20.025 – Additional Tax imposed – General Fund Capital Facilities Fund

A. Upon every entity engaged within this city in the utility businesses of selling or furnishing water through the city's system of water works, whether such works or customers are located within or beyond the city limits, selling, or furnishing sanitary sewer service through the city's systems, whether such works or customers are located within or beyond the city limits, and selling or furnishing garbage or refuse service, as to such entity there shall be imposed a tax equal to the gross service receipts of the business multiplied by ~~five~~ **four (4)** percent in addition to the taxes outlined in section 5.20.020 of this chapter.

B. All revenues generated from the additional utility taxes will be restricted for the sole purpose of funding the General Fund Capital Facilities Fund No. 315 for the maintenance and improvements, including **associated** debt service (**Fund 215**) or purchases, of the City's capital facility needs.

5.20.030 - Gross service receipts defined.

"Gross service receipts" mean any and all compensation and other consideration received directly by the utility entity from customers or subscribers in payment for regularly furnished services of that utility. Gross service receipts shall not include non-collectible accounts or revenue from auxiliary services of the utility entity, such as rents and advertising.

5.20.040 - Payment.

The tax imposed shall be due and payable by the twenty-fifth day of the month succeeding the month for which the tax was accrued based upon the following annual gross revenue levels:

\$1 — \$5,000 in average monthly revenues	Report Annually — Due January 25 th of each year for the preceding year
\$5,001 — \$50,000 in average monthly revenues	Report Quarterly — Due on April 25 for 1 st quarter (Jan-March), July 25 for 2 nd quarter (April-June), October 25 for 3 rd quarter (July-Sept.), and January 25 for 4 th quarter (Oct.—Dec.)
\$50,001 and up in average monthly revenues	Report Monthly — Due on the 25 th of each month for preceding month.

5.20.050 - Effective date—Payment.

The tax rates provided herein shall become effective sixty days following the enactment of the ordinance codified in this chapter; provided, however, any existing ordinance providing for a tax, license or franchise fee for the operation of utility service shall remain in effect at the current rate until such time as the new rates become effective. The additional tax imposed in section 5.20.025 will be effective with bills issued **January 31, 2021**.

Section 2. Severability. If any section, subsection, paragraph, sentence, clause, or phrase of this ordinance is declared unconstitutional or invalid for any reason, such decision shall not affect the validity of the remaining parts of this ordinance.

Section 3. This ordinance shall become effective five days after passage, approval, and publication as provided by law.

Passed by the City Council of the City of Kalama at a regular meeting held on the 3rd day of December, 2019

Mayor Mike Reuter

Attest:

Coni McMaster, Clerk/Treasurer

Published: _____

Approved as to form:

Effective: _____

City Attorney

