

AGENDA BILL
CITY OF BREMERTON
CITY COUNCIL

7B

No. 5170

SUBJECT: An Ordinance of the City Council amending BMC 3.50 relating to the utility taxes for Water, Wastewater, and Stormwater utilities.

Study Session Date: November 9, 2011
COUNCIL MEETING Date: December 7, 2011
Department: Finance
Presenter: Becky Hasart
Phone: 360-473-5722

SUMMARY: As part of the 2012 budget, it is proposed to raise the utility tax portion of PILOT on Wastewater and Stormwater from 9.5% to 14%. These changes would increase the total PILOT to the Wastewater and Stormwater Funds from 15.5% to 20%. There would be no change to the PILOT on the Water Fund.

This proposed ordinance was first presented as part of the budget public hearing on November 16, 2011. There were no comments received regarding this specific item.

ATTACHMENTS: Ordinance No. 5170 of the City Council of the City of Bremerton, Washington, amending Chapter 3.50 of the Bremerton Municipal Code relating to the utility taxes for Water, Wastewater, and Stormwater utilities.

FISCAL IMPACTS (Include Budgeted Amount): If approved, the \$104,157 revenue realized from the increase to the Stormwater Utility would be a tax stream to the Parking Fund (approximately \$324,044 for the entire 14%). The \$613,666 increase to the Wastewater Fund would be a tax stream to the General Fund.

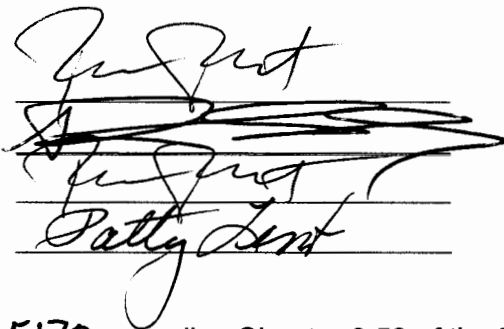
APPROVALS:

DEPARTMENT DIRECTOR:

CITY ATTORNEY:

FINANCE DIRECTOR:

MAYOR



RECOMMENDED MOTION:

Move to approve Ordinance No. 5170 amending Chapter 3.50 of the Bremerton Municipal Code relating to the utility taxes for Water, Wastewater, and Stormwater utilities.

STUDY SESSION ACTION: Consent Agenda General Business Public Hearing

COUNCIL PRESIDENT: _____

COUNCIL ACTION: Approve Deny Table Continue No Action

ORDINANCE NO. 5170

AN ORDINANCE of the City Council of the City of Bremerton, Washington, amending Chapter 3.50 of the Bremerton Municipal Code relating to the utility taxes for water, wastewater, and stormwater utilities.

WHEREAS, current economic conditions have resulted in significantly reduced revenue to the City's general fund; and

WHEREAS, without additional revenue the City would have to reduce essential services below acceptable levels possibly resulting in the loss of outside revenue; and

WHEREAS, the City Council desires adequate funding for the City's essential services; and

WHEREAS, it is the intent of the City Council that as economic conditions improve and or the City identifies alternative revenue sources the additional utility taxes provided in this ordinance are to be reduced and or eliminated; NOW THEREFORE,

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

SECTION 1. Section 3.50.050 of the Bremerton Municipal Code entitled "Persons Subject to Tax – Amount" relating to utility taxes is hereby amended to read as follows:

3.50.050 PERSONS SUBJECT TO TAX – AMOUNT.

In addition to other taxes or fees that may be imposed or levied by the City, there is hereby levied upon all persons (including the City) engaging in business within the City, a fee or tax to be collected as follows:

- (a) Gas. Upon every person engaging in the business of transmitting, distributing or the selling of manufactured or natural gas, a fee or tax equal to six (6) percent of the total gross income from such business conducted within the City.
- (b) Water. Upon every person engaging in the business of providing water utility service, a fee or tax equal to nine and one-half (9.5) percent of the total gross income from such business conducted within the City. The total gross income from the business of providing water utility service includes the "gross income from timber sales" of the utility as that term is defined in this chapter.
- (c) Wastewater. Upon every person engaging in the business of providing wastewater utility service, a fee or tax equal to ~~nine and one-half~~ fourteen (14) percent of the total gross income from such business conducted within the City.
- (d) Stormwater. Upon every person engaging in the business of providing stormwater utility service, a fee or tax equal to ~~nine and one-half~~ fourteen (14) percent of the total gross income from such business conducted within the City.

(e) Cable. Upon every person engaging in the business of transmitting television signals by means of a cable distribution system commonly known as television cable service, a fee or tax equal to seven (7) percent of the total gross income from such business conducted within the City.

(f) Solid Waste. Upon every person engaging in the business of providing solid waste collection service, a fee or tax equal to nine and one-half (9.5) percent of the total gross income from such business conducted within the City.

(g) Electricity. Upon every person engaging in the business of producing, transmitting, distributing or selling electricity, a fee or tax equal to six (6) percent of the total gross income from such business conducted within the City.

(h) Telephone. Upon every person engaged in carrying on a telephone business for hire or for sale of a commodity or a service within or partly within the corporate limits of the City, a tax for the privilege of so doing business equal to six (6) percent of the total gross income rendered within the City.

(1) Deductions. In computing the telephone tax, there shall be deducted from the gross operating revenues the following items:

(i) Amounts derived from transactions in interstate or foreign commerce or from any business which the City is prohibited from taxing under the Constitutions of the United States or the State of Washington.

(ii) Amounts derived from that portion of network telephone service, as defined in RCW 82.04.065, which represents charges to another telecommunications company, as defined in RCW 80.04.010, for connecting fees, switching charges or carrier access charges relating to intrastate toll telephone services, or for access to, or charges for, interstate services or charges for network telephone service that is purchased for the purpose of resale.

(iii) Adjustments made to a billing or to a customer account or to a telecommunications company accrual account in order to reverse a billing or charge that had been made as a result of third-party fraud or other crime and was not properly a debt of a customer.

(iv) A complete deduction from gross income shall be allowed for credit losses, only to cellular telephone service companies which keep their regular books of account on an accrual basis, for cash discounts and credit losses actually sustained by a taxpayer as a result of telephone service business.

(2) Allocation of Income – Cellular Telephone Service.

(i) Service Address. Payments by a customer for the telephone service from telephones without a fixed location shall be allocated among taxing jurisdictions to the location of the customer's principal service address during the period for which the tax applies.

(ii) Roaming Phones. When the service is provided while a subscriber is roaming outside the subscriber's normal cellular network area, the gross income shall be assigned consistent with the taxpayer's accounting system to the location of the originating cell site of the call, or to the location of the main cellular switching office that switched the call.

(i) *Additional payment in lieu of tax fee.* In addition to the fees ~~of nine and one-half (9.5) percent~~ set forth above in subsection (b) for water, subsection (c) for wastewater and subsection (d) for stormwater, there shall be effective January 1, ~~2010-2012~~ an additional payment in lieu of tax fee of six percent (6%) for water, six percent (6%) for wastewater and six percent (6%) for stormwater.

SECTION 2. Effective Date of Amendments. The amendments set forth in this ordinance shall become effective January 1, 2012.

SECTION 3. Severability. If any one or more sections, subsections, or sentences of this ordinance are held to be unconstitutional or invalid, such decision shall not affect the validity of the remaining portion of this ordinance and the same shall remain in full force and effect.

SECTION 4. Effective Date. This ordinance shall take effect and be in force ten (10) days from and after its passage, approval and publication as provided by law.

PASSED by the City Council the _____ day of _____, 2011

WILL MAUPIN, Council President

Approved this _____ day of _____, 2011

PATTY LENT, Mayor

ATTEST:

APPROVED AS TO FORM:

SHANNON CORIN, Interim City Clerk

ROGER A. LUBOVICH, City Attorney

PUBLISHED the _____ day of _____, 2011

EFFECTIVE the _____ day of _____, 2011

ORDINANCE NO. _____

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