AN ORDINANCE of the City of Kent, Washington, relating to the taxation of utilities and natural gas, adding a new Chapter 3.50 to the Kent City Code.

WHEREAS, due to a change in the federal regulations governing the sale of brokered natural gas, cities have lost significant revenues from the utility tax on natural gas; and

WHEREAS, the Washington State Legislature passed Substitute House Bill No. 1574, Chapter 384 of the 1989 Regular Session Laws, with the intent to adjust the utility and use tax authority of cities to maintain this revenue source for the municipalities and to provide equality of taxation between intrastate and interstate transactions; and

WHEREAS, the provisions of Substitute House Bill No. 1574, Chapter 384 of the 1989 Regular Session Laws, added a new section to Chapter 82.14 of the RCWs to allow the governing body of any city to by ordinance fix and impose upon every person a use tax for the privilege of using natural gas or manufactured gas in the city as a consumer; NOW, THEREFORE,

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

Section 1. Chapter 3.50 is added to the Kent City Code as follows:

3.50.010. NATURAL OR MANUFACTURED GAS LINE USE TAX IMPOSED. There is hereby levied and there shall be collected from every person in this City a use tax for the privilege of using natural gas or manufactured gas within the City as a consumer, effective July 1, 1990.
3.50.020. RATE. The tax shall be imposed in an amount equal to the value of the article used by the taxpayer multiplied by the rate in effect for the tax on the natural gas businesses under RCW 35.21.870 within the City of Kent (Kent City Code 3.04.040(1)(B)). The "value of the article used" does not include any amounts that are paid for the hire or use of a natural gas business in transporting the gas subject to tax under this subsection if those amounts are subject to tax under RCW 35.21.870.

3.50.030. EXEMPTIONS. The tax imposed under this section shall not apply to the use of natural or manufactured gas if the person who sold the gas to the consumer has paid a tax under RCW 35.21.870 with respect to the gas for which exemption is sought under this subsection.

3.50.040. CREDITS. There shall be a credit against the tax levied under this section in an amount equal to any tax paid by:

1. The person who sold the gas to the consumer when that tax is a gross receipts tax similar to that imposed pursuant to RCW 35.21.870 by another state with respect to the gas for which a credit is sought under this subsection; or

2. The person consuming the gas upon which a use tax similar to the tax imposed by this section was paid to another state with respect to the gas for which a credit is sought under this subsection.

3.50.050. ADMINISTRATION AND COLLECTION. The use tax hereby imposed shall be paid by the consumer. The administration and collection of the tax hereby imposed shall be pursuant to RCW 82.14.050.

3.50.060. CONTRACT EXECUTION. The Mayor is authorized to execute a contract with the Department of Revenue of the State of Washington for the administration and collection of the tax imposed by this section; provided, that the City Attorney shall first approve the form and content of such contract.
Section 2. Effective Date. This ordinance shall take effect and be in force thirty (30) days from the time of its final passage as provided by law.

DAW KELLEHER, MAYOR

ATTEST:

MARIE JENSEN, CITY CLERK

APPROVED AS TO FORM:

SANDRA DRISCOLL, CITY ATTORNEY

PASSED the 19 day of June, 1990.

APPROVED the 20 day of June, 1990.

PUBLISHED the 22 day of June, 1990.

I hereby certify that this is a true copy of Ordinance No. 2927, passed by the City Council of the City of Kent, Washington, and approved by the Mayor of the City of Kent as hereon indicated.

MARIE JENSEN, CITY CLERK

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