ORDINANCE NO. 4020

AN ORDINANCE of the City Council of the City of Kent, Washington, amending section 3.18.020 reallocating utility taxes for the maintenance and operation of street lights and fire hydrants.

RECITALS

A. The Washington Supreme Court recently determined that providing fire hydrants and fire suppression systems as well as street lights are general government services payable out of the city’s general fund.

B. Because some of these costs were previously carried by the city’s water utility, it is appropriate to raise and reallocate the city utility tax to provide additional general fund revenue to cover these costs.

C. The city council has determined to raise its utility taxes by four percent (4%). This tax will not raise rates. Rather it will shift some existing revenue from the utility tax account into the general fund, where that new revenue will help pay for these street lighting and fire system costs, some of which were previously paid by the utility.

D. In order to assure that this additional revenue is applied conservatively, restrictions will be put in place to assure that these

1 Utility Taxes – Ch. 3.18 Allocation Adjustment Ordinance
revenues are only allocated to paying the cost to install, operate, maintain and repair street lighting, fire hydrants, and fire suppression systems in the city.

E. Further, any general fund revenues freed up by the infusion of this additional utility revenue will be allocated to the city's capital improvement fund(s). All transferred monies that become available in the reallocated capital improvement fund accounts must be applied equally to (1) information technology capital programs directed at funding long and short-term hardware and software replacement and (2) street capital programs, but further restricted to funding street maintenance, repair, and signage only.

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

ORDINANCE

SECTION 1. – Amendment. Section 3.18.020 of the Kent City Code is amended as follows:

Sec. 3.18.020. Certain utilities subject to tax.

A. In addition to the other business and license fees required by the ordinances of the city, the city levies upon all persons, firms, or corporations (including the city) engaged in certain business activities a utilities tax to be collected as follows:

1. Upon every person, firm, or corporation engaging in or carrying on any telephone business within the city, an annual tax equal to
six (6) percent of the total gross income, including revenues from intrastate toll, derived from the operation of such business within the city. This six (6) percent tax will be allocated as follows: four and seven-tenths (4.7) percent to the general fund, three-tenths (0.3) percent to youth/teen programs, and one (1.0) percent to street improvement programs.

2. Upon every person, firm, or corporation engaging in or carrying on a business of selling, wheeling, furnishing, distributing, or producing gas, whether manufactured or natural, for commercial or domestic use or purposes, a fee or tax equal to six (6) percent of the total gross income from such business in the city during the tax year for which the license is required. This six (6) percent tax will be allocated as follows: four and seven-tenths (4.7) percent to the general fund, three-tenths (0.3) percent to youth/teen programs, and one (1.0) percent to street improvement programs.

3. Upon every person, firm, or corporation engaged in or carrying on the business of selling, wheeling, furnishing, or distributing electricity for light and power, a fee or tax equal to six (6) percent of the total gross income from such business in the city during the tax year for which a license is required. This six (6) percent tax will be allocated as follows: four and seven-tenths (4.7) percent to the general fund, three-tenths (0.3) percent to youth/teen programs, and one (1.0) percent to street improvement programs.

4. Upon every person, firm, or corporation engaging in or carrying on a business providing solid waste collection services, a tax equal to seven and eight-tenths (7.8) percent of the total gross income from such business in the city during the tax year for which the license is required. This seven and eight-tenths (7.8) percent tax will be allocated
as follows: six and one-half (6 1/2) percent to the general fund, three-tenths (0.3) percent to youth/teen programs, and one (1.0) percent to street improvement programs.

5. Upon every person (including the city) engaging in or carrying on the business of selling, furnishing, or distributing water, sewer, or drainage services, a tax equal to six (6) ten (10) percent of the total gross income from such business in the city during the tax year. This six (6) ten (10) percent tax will be allocated as follows: four and seven-tenths (4.7) percent to the general fund, four (4) percent to the general fund, only for the installation, operation, maintenance and repair of street lighting, fire hydrants, and fire suppression systems, three-tenths (0.3) percent to youth/teen programs, and one (1.0) percent to street improvement programs. The four (4) percent allocation for street lighting and fire hydrants and suppression is further contingent on the requirement that the city allocate the funds freed up by this revenue to the city's capital improvement fund(s). All transferred monies that become available in these reallocated capital improvement fund accounts must be applied equally to (1) information technology capital programs directed at funding long and short-term hardware and software replacement and (2) street overlay—capital programs, but further restricted to funding street maintenance, repair, and signage only. If the cost to install, operate, maintain, and repair street lighting, fire hydrants, and fire suppression systems is less than the four percent (4%) allocation for these purposes, the full four percent (4%) amount must still be allocated from the general fund to capital programs for the above-stated purposes.

B. In computing the tax provided in subsection (A), the taxpayer may deduct from total gross income the following items:
1. The actual amount of credit losses and uncollectible receivables sustained by the taxpayer.

2. Amounts derived from transactions in interstate and foreign commerce which the city is prohibited from taxing under the laws and Constitution of the United States.

\textit{SECTION 2. – Severability.} If any one or more section, subsection, or sentence of this ordinance is 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.

\textit{SECTION 3. – Corrections by City Clerk or Code Reviser.} Upon approval of the City Attorney, the City Clerk and the code reviser are authorized to make necessary corrections to this ordinance, including the correction of clerical errors; references to other local, state or federal laws, codes, rules, or regulations; or ordinance numbering and section/subsection numbering.

\textit{SECTION 4. – Effective Date.} This ordinance shall take effect and be in force beginning January 1, 2012, which is more than (5) days after its passage and publication.

\textit{Suzette Cooke, Mayor}
ATTEST:

BRENDA JACOBER, CITY CLERK

APPROVED AS TO FORM:

TOM BRUBAKER, CITY ATTORNEY

PASSED: 13 day of December, 2011.
APPROVED: 14 day of December, 2011.
PUBLISHED: 16 day of December, 2011.

I hereby certify that this is a true copy of Ordinance No. 4020 passed by the City Council of the City of Kent, Washington, and approved by the Mayor of the City of Kent as hereon indicated.

BRENDA JACOBER, CITY CLERK