ORDINANCE NO. 4128

AN ORDINANCE of the city council of the city of Kent, Washington, amending Section 3.18.020 of the Kent City Code to increase the solid waste utility tax to 18.4% and allocating the increase beyond the existing tax rate to be applied to the maintenance of residential roads.

RECITALS

A. The city operates its own solid waste utility, and contracts with Republic Services to collect, haul, recycle, and dispose of residential and commercial waste throughout the city.

B. The city’s solid waste contractor, like all solid waste haulers throughout the region, uses large, heavy trucks to collect solid waste, yard waste, and recyclable materials throughout the approximately 320 miles of city streets.

C. Although tractor-trailer combinations are generally heavier on average than the contractor’s trucks, the solid waste, yard waste, and recycling trucks are five or more times heavier than a typical car or SUV and have a disproportionate impact that causes increased maintenance, repair, and overlay of city streets. Unlike most tractor-trailer combinations, the solid waste hauler’s trucks by necessity regularly drive upon the city’s residential streets in order to serve the utility’s residential
customers. The City estimates that the impact of one of the hauler’s fully-loaded vehicles on a residential street is equal to the impact of 1,500 cars.

D. The utility’s constant truck traffic across residential streets dramatically decreases the life of residential streets in particular, because otherwise, heavy truck traffic use of residential streets occurs on a minimal basis.

E. Because of this disproportionate impact to city streets, and in particular, the city’s residential streets, the city council has determined that the solid waste utility should contribute additional funds to maintain and repair the city’s streets by raising the solid waste utility tax from the current rate of 7.8% to a new rate of 18.4%. The city estimates that this increase will generate approximately three million dollars in new revenue that will be limited to residential street repair and maintenance 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) 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) 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) percent to street improvement programs.

4. Upon every person, firm, or corporation engaged in or carrying on the business providing cable television services, a tax equal to six (6) percent of the total gross income from that business in the city during the tax year for which the license is required. All revenue received from this tax must be applied only to funding the city’s information technology department operations and capital projects budgets in the

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proportion determined by the city council in its biennial budget, including all amendments.

5. 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 (18.4%) 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 (18.4%) tax will be allocated as follows: six and one-half (6.5) percent (6.5%) to the general fund, three-tenths (0.3) percent (0.3%) to youth/teen programs, and one (1) percent (1%) to street improvement programs, and ten and six tenths (10.6%) percent to maintain and repair residential streets, including related impacts to curb, gutters, sidewalks and other road amenities, but this ten and six tenths percent (10.6%) portion of the solid waste utility tax shall not be used to expand, extend, or widen existing residential streets or to build new residential streets.

6. 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 thirteen (13) percent of the total gross income from such business in the city during the tax year. This thirteen (13) percent tax will be allocated as follows: four and seven-tenths (4.7) percent to the general fund for the use as allocated in the city’s budget; four (4) percent to the general fund only for the installation, operation, maintenance, and repair of street lighting, fire hydrants, and fire suppression systems subject to the limitations provided in subsection (A)(6)(a) of this section; two (2) percent dedicated solely to the repayment and elimination of debt in the city’s “other capital projects” fund subject to the limitations provided in subsection (A)(6)(b) of this section; one (1) percent to be applied only to establishing the city’s fund
balance consistent with council policy and subject to the limitations provided in subsection (A)(6)(c) of this section; one (1) percent to street improvement programs; and three-tenths (0.3) percent to youth/teen programs.

a. 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 (i) information technology capital programs directed at funding long- and short-term hardware and software replacement and (ii) street 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 (4) percent allocation for these purposes, the full four (4) percent amount must still be allocated from the general fund to capital programs for the above-stated purposes.

b. The two (2) percent internal tax allocation will be dedicated to the city’s capital improvements fund for the sole purpose of retiring all debt in the city’s other capital projects fund. This two (2) percent portion of the tax shall be eliminated on January 1, 2023, or on the first day of the year following the date the debt in this fund is fully retired, whichever occurs first.

c. The one (1) percent internal tax allocation will be dedicated to the city’s general fund balance solely for the purpose of increasing the fund balance until that balance equals ten (10) percent of the city’s prior year operating expenses. This one (1) percent portion of the tax shall be eliminated on the first day of the year following the date...
the city's general fund balance equals ten (10) percent of the prior year's operating expenses.

B. In computing the tax provided in subsection (A) of this section, 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.

**SECTION 2.** - **Severability.** If any one or more section, subsection, or sentence of this ordinance is held to be unconstitutional or invalid, that decision shall not affect the validity of the remaining portion of this ordinance and the same shall maintain its full force and effect.

**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; ordinance, section or subsection numbering; or references to other local, state or federal laws, codes, rules, or regulations.

**SECTION.** - **Effective Date.** This ordinance shall take effect and be in force five (5) days from and after its passage and publication as provided by law; however, the utility tax increase implemented in this ordinance will not take effect and the city will not impose this increase until January 1, 2015.
APPROVED AS TO FORM:
TOM BRUBAKER, CITY ATTORNEY

PASSED: 4th day of November, 2014.
APPROVED: 4th day of November, 2014.
PUBLISHED: 4th day of November, 2014.

I hereby certify that this is a true copy of Ordinance No. 4428 passed by the City Council of the City of Kent, Washington, and approved by the Mayor of the City of Kent as hereon indicated.

RONALD F. MOORE, CITY CLERK
(SEAL)