ORDINANCE No. 4217

AN ORDINANCE of the City Council of the City of Kent, Washington, amending Section 3.18.020 of the Kent City Code entitled "Certain utilities subject to tax," to include crosswalks and the residential traffic calming program as eligible expenses under the solid waste utility tax.

RECIPIALS

A. The City Council adopted a residential traffic calming program via resolution to address speeding in residential areas; and

B. No funding mechanism currently exists to fund residential traffic calming projects; and

C. The solid waste utility tax currently includes improvements to residential streets.

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

ORDINANCE

SECTION 1. Amendment - KCC 3.18.020. Section 3.18.020 of the Kent City Code, entitled "Certain utilities subject to tax," 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 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 eighteen and four-tenths (18.4) percent of the total gross income from such business in the city during the tax year for which the license is required. This eighteen and four-tenths (18.4) percent tax will be allocated as follows: six and one-half (6.5) percent to the general fund, three-tenths (0.3) percent to youth/teen programs, one (1) percent to street improvement programs, and ten and six-tenths (10.6) percent to maintain and repair residential streets, including related impacts to curbs, gutters, sidewalks, and other road amenities, including crosswalks along with necessary appurtenances, and improvements related to residential traffic calming, but this ten and six-tenths (10.6) percent 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. The amount used from this fund for neighborhood traffic calming devices and crosswalks shall not exceed $150,000 in any year.

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: five and seven-tenths (5.7) 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, 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 street improvement programs; and three-tenths (0.3) percent to youth/teen programs.

a. The four (4) percent allocation for street lighting 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). After payment of all capital debt, unless otherwise allocated by council, the remaining funds 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 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.

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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, 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 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 4.** - *Effective Date.* This ordinance shall take effect and be in force 30 days from and after its passage, as provided by law.

ATTEST:

KIMBERLEY A. KOMOTO, CITY CLERK

SUZETTE COOKE, MAYOR

Amend KCC 3.18.020 - Re: Certain Utilities Subject to Tax
APPROVED AS TO FORM:

TOM BRUBAKER, CITY ATTORNEY

PASSED: 18th day of October, 2016.

APPROVED: 18th day of October, 2016.

PUBLISHED: 21st day of October, 2016.

I hereby certify that this is a true copy of Ordinance No. 4217 passed by the City Council of the City of Kent, Washington, and approved by the Mayor of the City of Kent as hereon indicated.

KIMBERLEY A. KOMOTO, CITY CLERK