2012 Seattle City Council Green Sheet

Ready for Notebook

Tab	Action	Option	Version
10	1	B	1

Budget Action Title: Amend and pass as amended C.B. 117311 - the solid waste tonnage tax ordinance, to modify SPU-proposed tonnage tax increases to provide funding of approximately $177,000/year for expanded litter pick-up along Third Avenue downtown.

Councilmembers: Bagshaw; Burgess; Clark; Rasmussen

Staff Analyst: Meg Moorehead

Council Bill or Resolution: C.B. 117311, gray tab 25

Date		Total	SB	BH	SC	TR	JG	NL	RC	TB	MO
	Yes										
	No										
	Abstain										
	Absent										

Summary of Dollar Effect

See the following pages for detailed technical information

	2012 Increase (Decrease)
General Subfund	
General Subfund Revenues	*$0*
General Subfund Expenditures	*$0*
Net Balance Effect	***$0***
Other Funds	
Solid Waste Fund	
Revenues	*$177,000*
Expenditures	*$303,000*
Net Balance Effect	***($126,000)***
Total Budget Balance Effect	***($126,000)***

Budget Action description:

This green sheet amends and recommends passage as amended C.B. 117311 (tab 25 in the gray budget legislation notebook and attached in mark-up format), the solid waste tonnage tax ordinance, to modify tonnage tax increases to 18.5% in 2012, 13.5% in 2013 and 13.5% in 2014.

The tonnage tax is charged for solid waste brought to City transfer stations. As the main station user, Seattle Public Utilities (SPU) pays about 72% of the City's tonnage taxes and private haulers pay the rest. SPU proposes to increase the $8.69/ton tonnage tax by 14% per year from 2012 through 2014 to fund streetside litter and public place recycling activities that were mistakenly excluded from Clean City costs in recent years, $142,000 of abandoned vehicle reporting activities formerly funded

by non-tonnage tax General Subfund (GSF), and account for an updated calculation of overhead costs for Clean City activities.

This green sheet amends the proposed C.B. 117311 to increase 2012 tonnage taxes $0.39 per ton more than proposed by SPU, to a level of $10.30 per ton. With the amendment, 2012 tonnage taxes would increase 18.5% instead of the proposed 14%. The $177,000 of added 2012 tax revenue would be used to enhance streetside litter pick-up along Third Avenue in the downtown core. Given the higher 2012 increase, tonnage taxes in 2013 and 2014 would increase 13.5% instead of the proposed 14%.

By raising the tax rate, the Solid Waste Fund's tax bill will increase. In 2012, the increased appropriation authority required for SPU's 72% share of the new tonnage tax obligation is $126,000.

In terms of impacts on the typical residential monthly solid waste bill, in 2011 $0.94 of the typical $34.75 bill is attributable to the tonnage tax. In 2014, the amount attributable to the tonnage tax would be $1.39 (of a $41.58 bill) under the SPU proposal and $1.44 with the increase in this green sheet.

Tab	*Action*	*Option*	*Version*
10	*1*	*B*	*1*

Budget Action Transactions

Budget Action Title: Amend and pass as amended C.B. 117311 - the solid waste tonnage tax ordinance, to modify SPU-proposed tonnage tax increases to provide funding of approximately $177,000/year for expanded litter pick-up along Third Avenue downtown.

#	Transaction Description	Position Title	Number of Positions	FTE	Dept	BCL or Revenue Source	Summit Code	Fund	Year	Revenue Amount	Expenditure Amount
1	Add appropriation for evening ground litter collection along Third Avenue in the downtown core				SPU	Other Operating	N400B-SW	45010	2012		$177,000
2	Add revenue from increased tonnage tax				SPU	Transfer Fee - In City	516457	45010	2012	$177,000	
3	Add appropriation for increased tonnage tax payments				SPU	General Expense	N000B-SW	45010	2012		$126,000
4	Increase use of working capital for the increased tonnage tax payment				SPU	Decrease (Increase) in Working Capital	379100	45010	2012	$126,000	

ORDINANCE _____

AN ORDINANCE relating to solid waste taxation; amending Section 5.48.055 of the Seattle Municipal Code; and increasing the transfer tax rate effective January 1, 2012.

WHEREAS, the City established per-ton taxes on the transfer of solid waste in the city that support the costs of the Clean Cities programs, which combat litter, illegal dumping and graffiti; and

WHEREAS, the City determined there are Clean Cities program costs that should be funded by the per-ton taxes; and

WHEREAS, the City desires to phase in any increases to the transfer tax over three years to minimize the impact to taxpayers; NOW, THEREFORE**,**

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. Section 5.48.055 of the Seattle Municipal Code, last amended by Ordinance 123450, is amended as follows:

5.48.055 Solid waste activities subject to tax – Amount((~~.~~))

There is levied upon, and shall be collected from everyone including The City of Seattle, on account of the following business activities engaged in or carried on with respect to solid waste, an annual license fee or occupation tax in the amount to be determined by the application of the rates given below:

A. Transfer tax. There is imposed upon everyone engaged in or carrying on the business of operating a solid waste transfer station or upon the business of transferring solid waste generated in or outside of Seattle from one ((~~(1)~~)) mode of transportation to another a transfer tax equal to the solid waste tons handled for transportation or transported for landfill or incineration disposal purposes multiplied by the following rates. ((~~Effective January 1, 2010 a rate of Eight Dollars and Fifty Cents ($8.50) per ton.~~))Effective January 1, 2011, a rate of ((~~Eight Dollars and Sixty Nine Cents (~~))$8.69((~~)~~)). Effective January 1, 2012, a rate of $~~9.91~~10.30. Effective

January 1, 2013, a rate of $~~11.29~~11.69. Effective January 1, 2014, a rate of $~~12.87~~13.27. To prevent pyramiding of the tax under this subsection when two ((~~(2)~~))or more transfers occur in Seattle, the tax is imposed only upon the last transferor and shall not apply to earlier transfers. Solid waste is transferred from one ((~~(1)~~)) mode of transportation equipment to another, whenever it is moved from a motor vehicle (including, for example, landgrading or earthmoving equipment), barge, train or other carrier to another motor vehicle (including landgrading or earthmoving equipment), barge, train or other carrier, irrespective of whether or not temporary storage occurs in the process. Solid waste shall not be considered transferred if the solid waste was generated and placed in a sealed shipping container outside of the city prior to being moved from one mode of transportation to another within the city or the solid waste was put into a sealed shipping container at a transfer station and subjected to the transfer tax prior to being delivered to the railhead. Beginning January 1, 2009, the transfer tax shall also be imposed on the last transfer in the city of construction, demolition, and landclearing solid waste placed into an intermodal container at the construction, demolition, or landclearing site and transported for landfill or incineration disposal outside of the city. Solid waste transported for recycling, reuse, yard and food waste destined for composting, items to be scrapped for salvage, solid waste used for beneficial use as approved by Seattle Public Utilities, soils, dangerous waste and hazardous substances, and sand and gravel for construction of a public improvement shall not be included in the tonnage by which the transfer tax is measured. The measure of the transfer tax is the actual tonnage of the last in-city transfer of solid waste materials destined for landfill, or incineration disposal unless excluded above, and it is the intent of this subsection that all solid waste generated within the City, unless excluded above, destined to a landfill or incineration disposal be subject to this transfer tax.

* * *

Section 2. This ordinance does not affect any existing right acquired or liability or obligation incurred under the sections amended or repealed in this ordinance or under any rule or order adopted under those sections, nor does it affect any proceeding instituted under those sections.

Section 3. This ordinance shall take effect and be in force 30 days after its approval by the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it shall take effect as provided by Seattle Municipal Code Section 1.04.020.

Passed by the City Council the ____ day of _____, 2011, and signed by me in open session in authentication of its passage this _____ day of _____, 2011.

_____

President _____of the City Council

Approved by me this ____ day of _____, 2011.

_____

Michael McGinn, Mayor

Filed by me this ____ day of _____, 2011.

_____

Monica Martinez Simmons, City Clerk

(Seal)