

Ordinance No. 121671

Council Bill No. 115094

AN ORDINANCE increasing the fee or tax on persons carrying on the business of selling or furnishing water for hire to consumers effective January 1, 2005, amending Seattle Municipal Code Section 5.48.050 in connection therewith, and providing a special referendum opportunity as required by state law.

CF No. \_\_\_\_\_

Date Introduced:	<u>NOV 8 2004</u>	
Date 1st Referred:	To: (committee)	<u>BUDGET</u>
<u>NOV 8 2004</u>		
Date Re - Referred:	To: (committee)	
Date Re - Referred:	To: (committee)	
Date of Final Passage:	Full Council Vote:	
<u>11-22-04</u>	<u>9-0</u>	
Date Presented to Mayor:	Date Approved:	
<u>11-22-04</u>	<u>11/30/04</u>	
Date Returned to City Clerk:	Date Published:	T.O. <input type="checkbox"/>
<u>11/30/04</u>	<u>3pp</u>	F.T. <input checked="" type="checkbox"/>
Date Vetoed by Mayor:	Date Veto Published:	
Date Passed Over Veto:	Veto Sustained:	

# The City of Seattle - Legislative Department

Council Bill/Ordinance sponsored by: McIVER  
Councilmember



## Committee Action:

PASS

11-10-04 RM, TC, RC, TD, DO, JG, NL, JR, PS

11-22-04 Passed 9-0

This file is complete and ready for presentation to Full Council. Committee: \_\_\_\_\_  
(initial/date)

## LAW DEPARTMENT

Law Dept. Review      OMP Review      City Clerk Review      Electronic Copy Loaded      Indexed

*Final Note  
11/28/04  
Format Note  
Entered  
NO Refs loaded  
NO Refs on menu  
all tables  
even filled*

ORDINANCE 121671

AN ORDINANCE increasing the fee or tax on persons carrying on the business of selling or furnishing water for hire to consumers effective January 1, 2005, amending Seattle Municipal Code Section 5.48.050 in connection therewith, and providing a special referendum opportunity as required by state law.

WHEREAS the water system of the City of Seattle provides hydrant services, which are used by municipal fire departments and fire districts to provide local fire protection service; and,

WHEREAS in 2005, the City's water system shall begin charging for the fire hydrant services provided to each municipal fire department and fire district, including the City of Seattle; and,

WHEREAS the City now collects a fee or tax of ten percent of the total gross income of every retail business selling or furnishing water for hire to consumers; and,

WHEREAS increasing the fee or tax on retail water businesses from ten percent to approximately fourteen percent will increase the amount of revenue from this fee or tax in the amount needed to pay the projected hydrant service costs of the City; NOW, THEREFORE,

**BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:**

Section 1. Effective January 1, 2005, Subsection C of Seattle Municipal Code Section 5.48.050 is amended as follows:

**SMC 5.48.050 Occupations subject to tax -- Amount.**

There are levied upon, and shall be collected from everyone, including The City of Seattle, on account of certain business activities engaged in or carried on, annual license fees or occupation taxes in the amount to be determined by the application of rates given against gross income as follows:

\* \* \*



1 C. Upon everyone, including The City of Seattle, engaged in or carrying on the business  
2 of selling or furnishing water for hire to consumers, a fee or tax equal to fourteen and four one-  
3 hundredths (14.04) ((ten (10))) percent of the total gross income from such retail business in the  
4 City; provided that as to The City of Seattle in the conduct of its municipal water utility, such tax  
5 shall be applicable to the business of such utility done without, as well as within, the City.  
6

7 \* \* \*

8  
9 Section 2. Pursuant to RCW 35.21.706, this ordinance is subject to the referendum  
10 procedure specified in that state law. A referendum petition may be filed within seven days of  
11 the passage of the ordinance with the filing officer of the City, which is hereby designated to be  
12 the City Clerk, located on the third floor of City Hall, 600 Fourth Avenue, Seattle, Washington.  
13 Within ten days of filing the petition, the City Clerk shall confer with the petitioner concerning  
14 the form and style of the petition, issue the petition an identification number, and secure an  
15 accurate, concise, and positive ballot title from the City Attorney. The petitioner shall then have  
16 thirty days in which to secure the signatures of not less than fifteen percent of the registered  
17 voters of the City, as of the last municipal general election, upon petition forms which contain  
18 the ballot title and the full text of the measure to be referred. Signed petition forms that are  
19 submitted timely to the City Clerk shall be transmitted to the King County Director of Records  
20 and Elections who shall verify the sufficiency of the signatures on the petition and report to the  
21 City Clerk. If sufficient valid signatures are properly submitted, the City Clerk shall so inform  
22 the City Council, which shall submit the referendum measure to the voters at a special election to  
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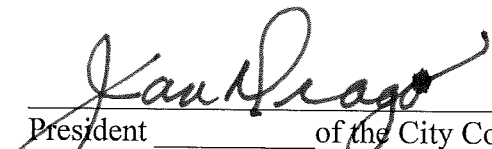


1 be held on the next City election date, as provided in RCW 29A.04.330, that occurs not less than  
2 forty-five days after the county's report of sufficiency is received by the City Clerk, unless a  
3 general election will occur within ninety days of receipt of that report, in which event the  
4 proposed ordinance will be submitted at the general election.

5  
6 State law, RCW 35.21.706, provides that the referendum procedure in this section  
7 is exclusive and that this ordinance is not subject to any other referendum or initiative process.

8  
9 Section 3. This ordinance shall take effect and be in force thirty (30) days from and after  
10 its approval by the Mayor, but if not approved and returned by the Mayor within ten (10) days  
11 after presentation, it shall take effect as provided by Municipal Code Section 1.04.020.

12  
13 Passed by the City Council the 22<sup>nd</sup> day of November, 2004, and signed by me in open  
14 session in authentication of its passage this 22<sup>nd</sup> day of November, 2004.

15  
16   
17 President \_\_\_\_\_ of the City Council

18 Approved by me this 30<sup>th</sup> day of November, 2004.

19   
20 Gregory J. Nickels, Mayor

21 Filed by me this 30<sup>th</sup> day of Nov., 2004.

22   
23 City Clerk

24  
25 (Seal)

**FISCAL NOTE FOR NON-CAPITAL PROJECTS**

<b>Department:</b>	<b>Contact Person/Phone:</b>	<b>DOF Analyst/Phone:</b>
Seattle Public Utilities	Chris Potter 6-1576	Cameron Keyes 4-8048

**Legislation Title (C.B. 115094):**

AN ORDINANCE increasing the fee or tax on persons carrying on the business of selling or furnishing water for hire to consumers effective January 1, 2005, amending Seattle Municipal Code Section 5.48.050 in connection therewith, and providing a special referendum opportunity as required by state law.

- **Summary of the Legislation:** This ordinance increases the utility tax on water service from 10% of retail revenues to 14.04% of retail revenues, effective January 1, 2005. This tax increase is expected to generate about \$3.8 million per year in additional General Fund utility tax revenues and Parks and Recreation Department charter revenues.
- **Background:** The City imposes revenue taxes on utility services, including water service. The current tax rate on water services is 10%. As allowed by state law, the water system provides hydrant services in its distribution service area, and now recovers the costs of this service from ratepayers. Starting in 2005, SPU proposes to charge cities and fire districts for the hydrant services provided within their boundaries. The City of Seattle's cost for the hydrant services provided within the city limits is about \$3.8 million. One way in which Seattle can generate the revenue to pay for these hydrant services is to increase the revenue tax on water utilities. This change would be rate-neutral to most customers, because the increased tax costs will be offset by reduced costs for hydrant services (i.e. hydrant services will now be recovered from cities and fire districts, and not retail rates).
- *Please check one of the following:*

☐ **This legislation does not have any financial implications.** *(Stop here and delete the remainder of this document prior to saving and printing.)*

☒ **This legislation has financial implications.** *(Please complete all relevant sections that follow.)*

**Appropriations:** This table should reflect appropriations that are a direct result of this legislation. In the event that the project/ programs associated with this ordinance have appropriations that were, or will be, received because of previous or future legislation or budget actions, please provide details in the Notes section below.

Fund Name and Number	Department	Budget Control Level*	2004 Appropriation	2005 Anticipated Appropriation
<b>TOTAL</b>	<b>N/A</b>			

**Notes:** This ordinance makes no appropriations. Appropriations associated with the change in hydrant service and tax rate will be included in the 2005-2006 Biennial Budget Proposal.

**Anticipated Revenue/Reimbursement: Resulting From This Legislation:** This table should reflect revenues/reimbursements that are a direct result of this legislation. In the event that the issues/projects associated with this ordinance/resolution have revenues or reimbursements that were, or will be, received because of previous or future legislation or budget actions, please provide details in the Notes section below the table.

Fund Name and Number	Department	Revenue Source	2004 Revenue	2005 Revenue
General Fund	Finance General	Water Utility Tax – 90%	\$3,403,000	\$3,458,000
Parks Fund	Parks	Water Utility Tax – 10% (per Charter)	\$ 378,000	\$ 384,000
<b>TOTAL</b>			<b>\$3,761,514</b>	<b>\$3,813,931</b>

**Total Regular Positions Created Or Abrogated Through This Legislation, Including FTE Impact:** This table should only reflect the actual number of positions created by this legislation. In the event that positions have been, or will be, created as a result of previous or future legislation or budget actions, please provide details in the Notes section below the table.

Position Title and Department*	Fund Name	Fund Number	Part-Time/ Full Time	2004 Positions	2004 FTE	2005 Positions**	2005 FTE**
<b>TOTAL</b>	<b>N/A</b>						

- **Do positions sunset in the future?** (If yes, identify sunset date):

**Spending/Cash Flow:** *This table should be completed only in those cases where part or all of the funds authorized by this legislation will be spent in a different year than when they were appropriated (e.g., as in the case of certain grants and capital projects). Details surrounding spending that will occur in future years should be provided in the Notes section below the table.*

Fund Name and Number	Department	Budget Control Level*	2004 Expenditures	2005 Anticipated Expenditures
<b>TOTAL</b>	<b>N/A</b>			

\* See budget book to obtain the appropriate Budget Control Level for your department.

- **What is the financial cost of not implementing the legislation?** *(Estimate the costs to the City of not implementing the legislation, including estimated costs to maintain or expand an existing facility or the cost avoidance due to replacement of an existing facility, potential conflicts with regulatory requirements, or other potential costs if the legislation is not implemented.)*

If this proposal is not implemented, the General Fund will have to identify other revenues to pay for hydrant services. If no sources of new revenues can be identified, \$3.8 million in existing programs would have to be cut to pay for hydrant services.

- **What are the possible alternatives to the legislation that could achieve the same or similar objectives?** *(Include any potential alternatives to the proposed legislation, such as reducing fee-supported activities, identifying outside funding sources for fee-supported activities, etc.)*

See above.

- **Is the legislation subject to public hearing requirements:** *(If yes, what public hearings have been held to date, and/or what plans are in place to hold a public hearing(s) in the future.)*

No.

**FISCAL NOTE FOR NON-CAPITAL PROJECTS**

<b>Department:</b>	<b>Contact Person/Phone:</b>	<b>DOF Analyst/Phone:</b>
Seattle Public Utilities	Chris Potter 6-1576	Cameron Keyes 4-8048

**Legislation Title:**

AN ORDINANCE increasing the fee or tax on persons carrying on the business of selling or furnishing water for hire to consumers, amending Seattle Municipal Code Section 5.48.050 in connection therewith, and providing a special referendum opportunity as required by state law

- **Summary of the Legislation:** This ordinance increases the utility tax on water service from 10% of retail revenues to 14.04% of retail revenues, effective January 1, 2005. This tax increase is expected to generate about \$3.8 million per year in additional General Fund utility tax revenues and Parks and Recreation Department charter revenues.
- **Background:** The City imposes revenue taxes on utility services, including water service. The current tax rate on water services is 10%. As allowed by state law, the water system provides hydrant services in its distribution service area, and now recovers the costs of this service from ratepayers. Starting in 2005, SPU proposes to charge cities and fire districts for the hydrant services provided within their boundaries. The City of Seattle's cost for the hydrant services provided within the city limits is about \$3.8 million. One way in which Seattle can generate the revenue to pay for these hydrant services is to increase the revenue tax on water utilities. This change would be rate-neutral to most customers, because the increased tax costs will be offset by reduced costs for hydrant services (i.e. hydrant services will now be recovered from cities and fire districts, and not retail rates).
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**Appropriations:** This table should reflect appropriations that are a direct result of this legislation. In the event that the project/ programs associated with this ordinance have appropriations that were, or will be, received because of previous or future legislation or budget actions, please provide details in the Notes section below.

Fund Name and Number	Department	Budget Control Level*	2004 Appropriation	2005 Anticipated Appropriation
<b>TOTAL</b>	<b>N/A</b>			

See budget book to obtain the appropriate Budget Control Level for your department.

**Notes:** This ordinance makes no appropriations. Appropriations associated with the change in hydrant service and tax rate will be included in the 2005-2006 Biennial Budget Proposal.

**Anticipated Revenue/Reimbursement: Resulting From This Legislation:** This table should reflect revenues/reimbursements that are a direct result of this legislation. In the event that the issues/projects associated with this ordinance/resolution have revenues or reimbursements that were, or will be, received because of previous or future legislation or budget actions, please provide details in the Notes section below the table.

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Parks Fund	Parks	Water Utility Tax	\$ 378,000	\$ 384,000
<b>TOTAL</b>			<b>\$3,761,514</b>	<b>\$3,813,931</b>

**Notes:** Revenues shown assume the Mayor's Proposed 2005-2006 water rates.

**Total Regular Positions Created Or Abrogated Through This Legislation, Including FTE**

**Impact:** This table should only reflect the actual number of positions created by this legislation. In the event that positions have been, or will be, created as a result of previous or future legislation or budget actions, please provide details in the Notes section below the table.

Position Title and Department*	Fund Name	Fund Number	Part-Time/ Full Time	2004 Positions	2004 FTE	2005 Positions**	2005 FTE**
<b>TOTAL</b>	<b>N/A</b>						

\* List each position separately

\*\* 2005 positions and FTE are total 2005 position changes resulting from this legislation, not incremental changes. Therefore, under 2005, please be sure to include any continuing positions from 2004

- **Do positions sunset in the future?** (If yes, identify sunset date):

**Spending/Cash Flow:** This table should be completed only in those cases where part or all of the funds authorized by this legislation will be spent in a different year than when they were appropriated (e.g., as in the case of certain grants and capital projects). Details surrounding spending that will occur in future years should be provided in the Notes section below the table.

Fund Name and Number	Department	Budget Control Level*	2004 Expenditures	2005 Anticipated Expenditures
<b>TOTAL</b>	<b>N/A</b>			

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If this proposal is not implemented, the General Fund will have to identify other revenues to pay for hydrant services. If no sources of new revenues can be identified, \$3.8 million in existing programs would have to be cut to pay for hydrant services.

- **What are the possible alternatives to the legislation that could achieve the same or similar objectives?** (Include any potential alternatives to the proposed legislation, such as reducing fee-supported activities, identifying outside funding sources for fee-supported activities, etc.)

See above.

- **Is the legislation subject to public hearing requirements:** (If yes, what public hearings have been held to date, and/or what plans are in place to hold a public hearing(s) in the future.)

No.

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**STATE OF WASHINGTON – KING COUNTY**

--SS.

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179635  
CITY OF SEATTLE, CLERKS OFFICE

No.

**Affidavit of Publication**

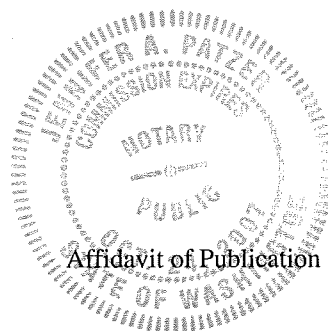
The undersigned, on oath states that he is an authorized representative of The Daily Journal of Commerce, a daily newspaper, which newspaper is a legal newspaper of general circulation and it is now and has been for more than six months prior to the date of publication hereinafter referred to, published in the English language continuously as a daily newspaper in Seattle, King County, Washington, and it is now and during all of said time was printed in an office maintained at the aforesaid place of publication of this newspaper. The Daily Journal of Commerce was on the 12<sup>th</sup> day of June, 1941, approved as a legal newspaper by the Superior Court of King County.

The notice in the exact form annexed, was published in regular issues of The Daily Journal of Commerce, which was regularly distributed to its subscribers during the below stated period. The annexed notice, a

CT:ORDINANCE 121671

was published on

12/9/2004



Journal of Commerce  
Subscribed and sworn to before me on

12/9/2004

Jennifer Patzer

Notary public for the State of Washington,  
residing in Seattle

## State of Washington, King County

### City of Seattle

#### ORDINANCE 121671

AN ORDINANCE increasing the fee or tax on persons carrying on the business of selling or furnishing water for hire to consumers effective January 1, 2005, amending Seattle Municipal Code Section 5.48.050 in connection therewith, and providing a special referendum opportunity as required by state law.

WHEREAS the water system of the City of Seattle provides hydrant services, which are used by municipal fire departments and fire districts to provide local fire protection service; and,

WHEREAS in 2005, the City's water system shall begin charging for the fire hydrant services provided to each municipal fire department and fire district, including the City of Seattle; and,

WHEREAS the City now collects a fee or tax of ten percent of the total gross income of every retail business selling or furnishing water for hire to consumers; and,

WHEREAS increasing the fee or tax on retail water businesses from ten percent to approximately fourteen percent will increase the amount of revenue from this fee or tax in the amount needed to pay the projected hydrant service costs of the City; NOW, THEREFORE,

#### BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. Effective January 1, 2005, Subsection C of Seattle Municipal Code Section 5.48.050 is amended as follows:

#### SMC 5.48.050 Occupations subject to tax -- Amount.

There are levied upon, and shall be collected from everyone, including The City of Seattle, on account of certain business activities engaged in or carried on, annual license fees or occupation taxes in the amount to be determined by the application of rates given against gross income as follows:

\*\*\*

C. Upon everyone, including The City of Seattle, engaged in or carrying on the business of selling or furnishing water for hire to consumers, a fee or tax equal to fourteen and four one-hundredths (14.04) ~~((ten and 40/100))~~ percent of the total gross income from such retail business in the City; provided that as to The City of Seattle in the conduct of its municipal water utility, such tax shall be applicable to the business of such utility done without, as well as within, the City.

\*\*\*

Section 2. Pursuant to RCW 35.21.706, this ordinance is subject to the referendum procedure specified in that state law. A referendum petition may be filed within seven days of the passage of the ordinance with the filing officer of the City, which is hereby designated to be the City Clerk, located on the third floor of City Hall, 600 Fourth Avenue, Seattle, Washington. Within ten days of filing the petition, the City Clerk shall confer with the petitioner concerning the form and style of the petition, issue the petition an identification number, and secure an accurate, concise, and positive ballot title from the City Attorney. The petitioner shall then have thirty days in which to secure the signatures of not less than fifteen percent of the registered voters of the City, as of the last municipal general election, upon petition forms which contain the ballot title and the full text of the measure to be referred. Signed petition forms that are submitted timely to the City Clerk shall be transmitted to the King County Director of Records and Elections who shall verify the sufficiency of the signatures on the petition and report to the City Clerk. If sufficient valid signatures are properly submitted, the City Clerk shall so inform the City Council, which shall submit the referendum measure to the voters at a special election to be held on the next City election date, as provided in RCW 29A.04.330, that occurs not less than forty-five days after the county's report of sufficiency is received by the City Clerk, unless a general election will occur within ninety days of receipt of that report, in which event the proposed ordinance will be submitted at the general election.

State law, RCW 35.21.706, provides that the referendum procedure in this section is exclusive and that this ordinance is not subject to any other referendum or initiative process.

Section 3. This ordinance shall take effect and be in force thirty (30) days from and after its approval by the Mayor, but if not approved and returned by the Mayor within ten (10) days after presentation, it shall take effect as provided by Municipal Code Section 1.04.020.

Passed by the City Council the 22nd day of November, 2004, and signed by me in open session in authentication of its passage this 22nd day of November, 2004

JAN DRAGO,

President of the City Council.

Approved by me this 30th day of November, 2004

GREGORY J. NICKELS,

Mayor.

Filed by me this 30th day of November, 2004

(Seal) JUDITH PIPPIN,

City Clerk.

Publication ordered by JUDITH PIPPIN, City Clerk.

Date of publication in the Seattle Daily Journal of Commerce, December 9, 2004.

12/9/179835