

#8
CB 117311

Deborah Caul/mm
SPU Transfer Tax ORD
November 7, 2011
Version #3

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,

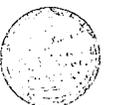
BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

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 per ton~~((:))~~. Effective January 1, 2012, a rate of \$10.30 per ton.



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

24
25 * * *



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

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

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

11 _____
12 _____
13 President _____ of the City Council

14
15 Approved by me this ____ day of _____, 2011.

16 _____
17 _____
18 Michael McGinn, Mayor

19
20 Filed by me this ____ day of _____, 2011.

21 _____
22 _____
23 Monica Martinez Simmons, City Clerk

24 (Seal)



2012 BUDGET LEGISLATION FISCAL NOTE

Department:	Contact Person/Phone:	CBO Analyst/Phone:
Seattle Public Utilities	Deborah Caul/ 733-9064	Karen Grove/ 684-5805

Legislation Title: 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.

Summary of the Legislation:

This ordinance would increase the solid waste transfer tonnage tax from \$8.69 per ton in 2011 to \$13.27 per ton by 2014. The increased tonnage tax revenue will support existing Clean Cities program costs that were previously funded by general solid waste rates, but are more appropriately funded by a general purpose tax. The increased revenue also will support enhancement of Clean City services in certain areas.

Background:

During the development of the 2012 budget, Seattle Public Utilities (SPU) determined some existing costs would be more appropriately grouped with the Clean Cities program costs that are funded by the Transfer Tax. These activities included the Street Side Litter and Public Place Recycling programs, Abandoned Vehicles work, and overhead costs associated with the Clean Cities program. The total amount of these new costs is approximately \$2,040,000. At the same time, SPU is proposing to cut \$360,000 of Clean Cities Program costs on an ongoing basis to minimize the Transfer Tax increase. The resulting net \$1,680,000 increase would be funded by the Transfer Tax. To avoid increasing the Transfer Tax too much in one year, SPU proposed that the tax be raised 14% each year, to \$9.91 in 2012, \$11.29 in 2013, and \$12.87 in 2014.

During review of the proposed 2012 budget, the Council modified SPU-proposed tonnage tax increases to provide \$177,000/year of funding for enhanced Clean Cities services along Third Avenue downtown. With the Council changes, 2012 tonnage taxes would increase 18.5% compared to 2011 and increase another 13.5% in 2013 and 2014, reaching a level of \$13.27 per ton in 2014.

This legislation has no impact on 2012 solid waste rates, which have already been adopted. Had this change been implemented when the 2012 rates were adopted, it would have represented a >0.2% offset to solid waste rates.

X This legislation has financial implications.

Summary of Changes to Revenue Generated Specifically from this Legislation:

	Revenue Source	2012 Proposed
	Transfer Fee—in City (516457)	\$729,000



Total Fees and Charges Resulting From Passage of This Ordinance		\$729,000
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(If new revenue is for a partial year, provide estimate for full year in the notes section below.)

Revenue Change Notes: 2013 and 2014 changes to revenue are \$1,350,000, and \$2,043,000, respectively.

Anticipated Total Revenue from Entire Program, Including Changes Resulting from this Legislation:

Fund Name and Number	Revenue Source	Total 2012 Revenue
Solid Waste Fund (45010)	Transfer Fee—in City (516457)	\$4.67 million
TOTAL		\$4.67 million

Other Implications:

- a) Does the legislation have indirect financial implications, or long-term implications?
 There are no indirect financial implications. The legislation impacts transfer tax rates through 2014. Future legislation may be required to address cost increases beyond 2014.
- b) What is the financial cost of not implementing this legislation?
 If this legislation is not implemented, sufficient revenues would not be available to support existing Clean Cities program costs, enhanced Clean City services along Third Avenue downtown, and Solid Waste Fund financial performance.
- c) Does this legislation affect any departments besides the originating department?
 No
- d) What are the possible alternatives to the legislation that could achieve the same or similar objectives?
 The only alternative to this legislation is to reduce the scope of the Clean Cities Program and level of service provided.
- e) Is the legislation subject to public hearing requirements?
 No
- f) Other Issues:
 None

Please list attachments to the fiscal note below:

None





City of Seattle
Office of the Mayor

September 26, 2011

Honorable Richard Conlin
President
Seattle City Council
City Hall, 2nd Floor

Dear Council President Conlin:

I am transmitting the attached proposed Council Bill for consideration with the 2012 Proposed Budget. This legislation would increase the solid waste transfer tonnage tax from \$8.69 per ton in 2011 to \$12.87 per ton by 2014. The funds collected from the tax will support Clean Cities program costs previously funded by general solid waste rates.

The transfer tax is charged on each ton of garbage transferred within the City of Seattle. It is paid primarily by Seattle Public Utilities and other private entities that maintain transfer stations in the city. Proceeds from the tax support Clean Cities programs, which combat litter, illegal dumping, and graffiti. Seattle Public Utilities has identified additional costs that should be included with the Clean Cities program for transfer tax funding. These include Street Side Litter and Public Place Recycling, Abandoned Vehicles work, and overhead costs associated with the Clean Cities program.

Thank you for considering this legislation, which will ensure these important programs are funded with tax revenues in 2012 and beyond. Should you have questions, please contact Deborah Caul at 733-9064.

Sincerely,

Michael McGinn
Mayor of Seattle

cc: Honorable Members of the Seattle City Council

