



City of Bainbridge Island
Finance & Administrative Services
280 Madison AVE N
Bainbridge Island WA 98110-1812

December 2016

Dear Utility System Manager:

This letter informs you of a change to the utility tax related to water and sewer utility systems on Bainbridge Island. We are sending this letter to all water systems of record with the Department of Health to provide information to any organization which may be affected by the change. Starting in 2017, the City's utility tax of 6% on gross income will apply to all water and sewer systems which are owned or managed by a municipal corporation or a for-profit entity. This change is occurring pursuant to Ordinance No. 2016-19 (see enclosure), which was enacted by the Bainbridge City Council on November 22, 2016. Ordinance No. 2016-19 amends Sections 5.08.040, 5.08.050, 5.08.100, and 5.08.110 of the City's municipal code. This tax may apply to revenue from one or more utility systems that your entity owns or manages.

During 2016, the City Council and the City's administration had numerous discussions at Council meetings regarding the possible extension of the City's utility tax to additional entities, including Council consideration that occurred after a public hearing was held on the matter. Ultimately, the Council adopted Ordinance No. 2016-19, which extends the City's utility tax to all water, sewer, and storm water utilities owned or managed by a municipal corporation or a for-profit entity. The tax is due quarterly, with the first payment due to the City by April 30, 2017, for the first quarter of 2017.

If you believe that this tax does not apply to your entity, please reply in writing to the City at the address included below with an explanation of why the tax does not apply so that the City's records will accurately reflect the status of your entity in this regard.

Please do not hesitate to contact the City for remittance information, or if we may be of assistance as you calculate the tax amount.

Sincerely yours,

Ellen Schroer
Director of Finance and Administrative Services
City of Bainbridge Island

Enclosure: Ordinance 2016-19: An ordinance relating to utility tax