

ORDINANCE NO. 2016-19

AN ORDINANCE of the City of Bainbridge Island, Washington, relating to utility tax and amending Chapter 5.08 of the Bainbridge Island Municipal Code (BIMC) to levy a tax on all utilities for the purpose of providing sufficient revenue to carry on the normal activities of the City as required by law.

WHEREAS, utility taxes may be levied on the gross operating revenues earned by private utilities from operations within the boundaries of a city and by a city's own municipal utilities; and

WHEREAS, the Utility Advisory Committee (UAC) recommended that the City Council eliminate the utility tax charged against the City water utility, sewer utility, and stormwater utility based on the UAC's concern that the tax is inequitable because it only applies to the City of Bainbridge Island systems and does not apply to other water and sewer systems providing service to Bainbridge Island customers; and

WHEREAS, the City Council considered the recommendation of the UAC at its July 12, 2016, meeting, as well as information provided by the City Manager related to the City's financial position; and

WHEREAS, the City's ongoing revenues are not likely to keep pace with ongoing expenditures; and

WHEREAS, the City's capital projects demand, including street, facility, and non-motorized improvements, include many unfunded projects and will not be met without General Fund contributions; and

WHEREAS, the City Council directed staff to bring forward an ordinance to levy a 6% tax on water and sewer utilities not owned by the City for the purpose of providing sufficient revenue to carry on the normal activities of the City as required by law; and

WHEREAS, the City Council considered the ordinance on September 13, 2016, and a public hearing was held on September 27, 2016; and

WHEREAS, on November 7, 2016, the City Council discussed this topic further in the context of budget discussions and directed staff to bring an ordinance which extends the utility tax to all publicly-owned utilities meaning, in this context, utilities that are owned or managed by municipal corporations, and to all for-profit utilities.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF BAINBRIDGE ISLAND, WASHINGTON, DOES ORDAIN AS FOLLOWS:

Section 1. Section 5.08.040 of the Bainbridge Island Municipal Code is hereby amended to read as follows:

5.08.040 Tax – Levy.

There is levied upon and there shall be collected from every person, firm or corporation engaged in carrying on the following business for hire or for sale of a commodity or a service within or partly within the corporate limits of the city a tax for the privilege of so doing business as hereinafter defined:

A. Upon any ~~city-owned~~ utility that is owned or managed by a municipal corporation or a for-profit entity, selling, transmitting or distributing water a tax to be equal to a percent of the total gross income derived from the operation of such business within the city as established by resolution of the city council.

B. Upon any ~~city-owned~~ utility that is owned or managed by a municipal corporation or a for-profit entity providing sewer service, a tax to be equal to a percent of the total gross income from the operation of such business within the city as established by resolution of the city council.

C. Upon any ~~city-owned~~ utility providing storm drain service, a tax to be equal to a percent of the total gross income from the operation of such business within the city as established by resolution of the city council.

D. Upon any person selling or otherwise providing coaxial or other cable distribution of entertainment or information including television, radio, computer data, or any other electronically transmitted information, a tax equal to a percentage of the total gross income derived from the operation of such business within the city which percentage shall be the lower of the percentage charged to utility providers under Chapter 3.88 BIMC or the percentage charged to utility providers under other subsections of this section.

Section 2. Section 5.08.050 of the Bainbridge Island Municipal Code is hereby amended to read as follows:

5.08.050 Tax – Payment.

A. The tax imposed by this chapter shall be due and payable in quarterly installments and remittance shall be made on or before the last day of the month next succeeding the end of the quarterly period in which the tax accrued. These quarterly periods are as follows:

1. First quarter, January, February, March;
2. Second quarter, April, May, June;
3. Third quarter, July, August, September;
4. Fourth quarter, October, November, December.

B. The first payment made under this chapter shall be made by April 30th for the 3-month period ending March 31st. On or before said due date the taxpayer shall file with the finance director clerk a written return, upon such form and setting forth such information as the finance director clerk shall reasonably require, together with the payment of the amount of the tax.

Section 3. Section 5.08.100 of the Bainbridge Island Municipal Code is hereby deleted in its entirety.

~~**5.08.100 Procedure upon annexations to city.**~~

~~Whenever the boundaries of the city are extended by annexation, all persons, firms and corporations subject to this chapter will be provided copies of all annexation ordinances by the city.~~

Section 4. Section 5.08.110 of the Bainbridge Island Municipal Code is hereby amended to read as follows:

5.08.110 Enforcement.

The finance director clerk is authorized to adopt, publish and enforce, from time to time, such rules and regulations for the proper administration of this chapter as shall be necessary, and it shall be a violation of this chapter to violate or to fail to comply with any such rule or regulation lawfully promulgated under this chapter.

Section 5. In accordance with RCW 35.21.706, this ordinance is subject to referendum. A referendum petition may be filed within seven (7) days of passage of this ordinance with the City Clerk. Within ten (10) days, the City Clerk shall confer with the petitioner concerning 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 have thirty (30) days in which to secure the signatures of not less than fifteen (15) 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. The City Clerk shall verify the sufficiency of the

signatures on the petition and, if sufficient valid signatures are properly submitted, shall certify the referendum measure to the next election ballot within the city or at a special election ballot as provided pursuant to RCW 35.17.260(2).

Section 6. This ordinance shall take effect and be in force as of January 1, 2017.


PASSED BY THE CITY COUNCIL this 22nd day of November, 2016.

APPROVED BY THE MAYOR this 22nd day of November, 2016.



Val Tollefson, Mayor

ATTEST/AUTHENTICATE:



Rosalind D. Lassoff, CMC, City Clerk

FILED WITH THE CITY CLERK:	September 7, 2016
PASSED BY THE CITY COUNCIL:	November 22, 2016
PUBLISHED:	December 2, 2016
EFFECTIVE DATE:	January 1, 2016
ORDINANCE NUMBER:	2016-19