

CODE ORDINANCE

**CITY OF REDMOND
ORDINANCE NO. 2673**

AN ORDINANCE OF THE CITY OF REDMOND,
WASHINGTON, ADJUSTING THE RATE OF TAX OF THE
UTILITY BUSINESS AND OCCUPATION TAX ON THE
CITY OF REDMOND WATER UTILITY; AND PROVIDING
FOR REFERENDUM AND ESTABLISHING AN EFFECTIVE
DATE

WHEREAS, the City of Redmond's water utility provides water for fire hydrant service, which is used by the City of Redmond's fire department to provide local fire protection service; and

WHEREAS, the City's water utility enterprise fund is charging the City of Redmond's general fund for the costs of providing fire hydrant service; and

WHEREAS, imposing a tax on the City's water utility enterprise fund of 8.53 percent of the retail sales income from the sale of water will raise the amount of revenue needed to pay for the projected costs of providing fire hydrant service to the City; and

WHEREAS, this system of taxing utilities carrying on the business of selling or furnishing water to raise revenue needed in the City's general fund to pay for the costs of providing fire hydrant service has been upheld as constitutional in *Lane v. City of Seattle*, 164 Wn.2d 875, 194 P.3d 977 (2008).

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF REDMOND,
WASHINGTON DO ORDAIN AS FOLLOWS:

Occupations subject - Rate, is hereby amended to read as follows:

5.44.050 Occupations subject - Rate.

(A) There are levied and shall be collected annual license fees and occupation taxes against the persons designated on account of the business activities, and in the amounts to be determined by the application of the respective rates against gross income or sales income as follows:

(1) Telephone Business. Upon every person engaged in or carrying on any telephone business within the city, a fee or tax equal to six percent of the total gross income, including revenues from intrastate long distance toll service, from such business in the city during the current calendar year for which a license is required.

(2) Electric Light and Power. Upon every person engaged in or carrying on the business of furnishing electric light and power within the city, a fee or tax equal to six percent of the total gross income from such business in the city during the current calendar year for which a license is required.

(3) Natural or Manufactured Gas. Upon every person engaged in or carrying on the business of transmitting, distributing, selling and furnishing natural and/or manufactured gas, a tax equal to six percent of the total gross income from such business derived from the sale of gas within the city during the calendar year for which a license is required.

(4) Water. Upon the City of Redmond public water utility, which engages in and carries on the business of furnishing water, a tax equal to 8.53 [~~9.229~~] percent of the total income derived from the sale of water to properties located within the Redmond Service Area as provided in RMC 13.16 during the calendar year in which service is furnished. The taxable income derived from the sale of water to properties located within the Redmond Service Area includes revenues generated from all fixed monthly charges and volume charges imposed for water service and reportable to the Washington State Department of Revenue as Water Distribution Revenues under RCW 82.16.020. The taxable income does not include revenue derived from the sale of water for irrigation purposes, connection fees, accrued interest, or other sources not directly

attributable to the quantity of water sold during the monthly period described in Section 5.44.040.

Section 2. Severability. If any section, sentence, clause or phrase of this ordinance should be held to be invalid or unconstitutional by a court of competent jurisdiction, such invalidity or unconstitutionality shall not affect the validity or constitutionality of any other section, sentence, clause or phrase of this ordinance.

Section 3. Effective Date. This ordinance is subject to referendum as set forth in RCW 35.21.706. Any duly qualified person may file a referendum petition with the City Clerk within seven (7) days after the passage of this ordinance. In the event that such a petition is filed, the City Clerk shall, within ten (10) days confer with the petitioner regarding the form and style of the petition, secure an accurate, concise, and positive ballot title from the City Attorney, and assign an identification number to the petition. Thereafter, the petitioner shall have thirty (30) days within which to gather signatures from not less than 15 percent of the City's registered voters 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. In the event that no referendum petition is filed, this ordinance shall take effect on and after

the 1st day January, 2013, and after publication of an approved summary thereof consisting of the title.

ADOPTED by the Redmond City Council this 4th day of December, 2012.

CITY OF REDMOND

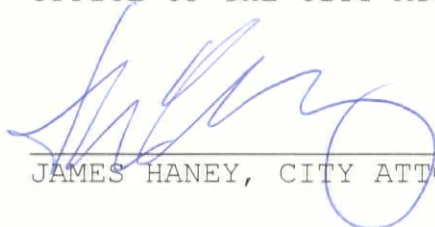

JOHN MARCHIONE, MAYOR

ATTEST:


MICHELLE M. MCGEHEE, MMC, CITY CLERK

(SEAL)

APPROVED AS TO FORM:
OFFICE OF THE CITY ATTORNEY:


JAMES HANEY, CITY ATTORNEY

FILED WITH THE CITY CLERK:	November 28, 2012
PASSED BY THE CITY COUNCIL:	December 4, 2012
SIGNED BY THE MAYOR:	December 4, 2012
PUBLISHED:	December 11, 2012
EFFECTIVE DATE:	December 16, 2012
ORDINANCE NO. 2673	

ADOPTED 5-2: YES: Allen, Flynn, Margeson, Stilin and Vache
NO: Carson and Myers