

ORDINANCE NO. 257

AN ORDINANCE OF THE CITY OF SHORELINE, WASHINGTON, ESTABLISHING UTILITY TAXES, AND ESTABLISHING UTILITY TAX RELIEF FOR ELIGIBLE CITIZENS

WHEREAS, the City Council has reviewed the City's current service levels and the currently unmet City needs in the areas of service delivery, infrastructure maintenance, and capital improvements; and

WHEREAS, the City Council has determined that the public interest is best served by the implementation of utility taxes, to provide revenue to offset a portion of the loss of state shared revenue from the reduction in the motor vehicle excise tax by the legislature in 2000, and to retain the current levels of City services;

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

Section 1. Utility Tax Imposed. There is levied and shall be collected from every person a tax for the act or privilege of engaging in utility occupation activities as defined in Section 2. Such tax shall be measured by the application of rates against the gross proceeds of sales from customers within the City. The tax provided for in this ordinance shall be known as the "utility tax," and is levied upon the privilege of conducting the business of manufacturing or distributing natural gas, telephone, cellular telephone, cable television, or solid waste collection business within the City of Shoreline. This tax is also levied upon any public or private operator of any municipal domestic water distribution and supply system or municipal domestic sewer system as a public utility, to the extent that such tax is or may in the future be authorized by law. All revenues collected pursuant to this ordinance shall be deposited into the General Fund and shall be used for the funding of general City services or capital projects as the City Council shall direct through its annual budget process.

Section 2. Definitions. As used in this ordinance, unless the context or subject matter clearly requires otherwise, the words or phrases defined in this section shall have the indicated meanings.

A. "Cable television services" means the one-way transmission of video programming and associated nonvideo signals to subscribers together with subscriber interaction, if any, which is provided in connection with video programming.

B. "Cellular telephone service" means two-way voice and data telephone/telecommunications system based in whole or substantially in part on wireless radio communications and which is not currently subject to regulation by the Washington Utilities and Transportation Commission (WUTC). Cellular telephone service includes cellular mobile service. The definition of cellular mobile service includes other wireless radio communications services such as specialized mobile radio (SMR), personal communications services (PCS) and

any other evolving wireless radio communications technology which accomplishes the same purpose as cellular mobile service.

C. "Gas distribution business" means the business of selling, furnishing, or transmitting gas, whether manufactured or natural.

D. "Gross proceeds of sale" or "Gross income of business" means the value proceeding or accruing from the sale of tangible personal property and/or for services rendered, without any deduction on account of the cost of property sold, the cost of materials used, labor costs, interest, discount paid, delivery costs, taxes, or any other expense whatsoever paid or accrued and without any deduction for losses.

E. "Pager service" means service provided by means of an electronic device which has the ability to send or receive voice or digital messages transmitted through the local telephone network, vial satellite or any other form of voice or data transmission.

F. "Person" means any person, firm, corporation, association, or entity of any type engaged in a business subject to taxation under this ordinance.

G. "Solid waste collection business" means every person who receives solid waste or recyclable materials, or both, as defined in this section, for transfer, storage, or disposal including but not limited to all collection services, public or private solid waste disposal sites, transfer stations, and similar operations.

"Solid waste" or "wastes" means all putrescible and nonputrescible solid and semisolid wastes including, but not limited to, garbage, rubbish, ashes, industrial wastes, swill, sewage sludge, demolition and construction wastes, abandoned vehicles or parts thereof, and recyclable materials.

"Recyclable materials" means those solid wastes that are separated for recycling or reuse, such as papers, metals, and glass, that are designated as recyclable materials pursuant to SMC 13.15.020.

H. "Telephone business" means the business of providing network telephone service as defined in this section. It includes cooperative or farmer line telephone companies or associations operating an exchange.

"Network telephone service" means the providing by any person of access to a local telephone network, local telephone network switching service, toll service, or coin telephone services, or the providing of telephonic, video, data, or similar communication or transmission for hire, via a local telephone network, toll line or channel, cable, microwave, or similar communication or transmission system. "Network telephone service" includes interstate service, including toll service, originating from or received on telecommunications equipment or apparatus in this state if the charge for the service is billed to a person in this state. "Network telephone service" does not include the providing of competitive telephone service, the providing of cable television service, or the providing of broadcast services by radio or television stations.

"Competitive telephone service" means the providing by any person of telecommunications equipment or apparatus, or service related to that equipment or apparatus such as repair or maintenance service, if the equipment or apparatus is of a type which can be

provided by persons that are not subject to regulation as telephone companies under RCW Title 80 and for which a separate charge is made.

I. "Sewerage Operation" means operation of sanitary sewer facilities, including collection, treatment and disposal facilities, and combined sanitary and surface water drains and outfalls.

J. "Water Distribution Operation" means the business of operating a plant or system for the distribution of water for hire or sale.

Section 3. Utility Occupation Activities Subject to Taxation. Upon every person within the City in the following activities; as to such persons, the amount of the tax due with respect to such business in the City shall be equal to the gross income of the business, multiplied by the following applicable rates:

Activity	Tax Rate
A. Gas Distribution Business	6%
B. Telephone Business	6%
C. Cellular Telephone Service	6%
D. Cable Television Service	1%
E. Solid Waste Collection Business	6%
F. Water Distribution Operation	6%
G. Sewerage Operation	6%
H. Paging Service	6%

Section 4. Deductions. The following items may be deducted from the total gross income upon which the tax is computed:

A. Credit losses actually sustained by taxpayers whose regular books are kept on an accrual basis.

B. That portion of gross income derived from charges to another telecommunications company for connecting fees, switching charges, or carrier access charges relating to intrastate toll telephone services, or for access to, or charges for, interstate services, or charges for telephone service which the purchaser buys for the purpose of resale.

C. Adjustments made to a billing or customer account in order to reverse a billing or charge that was not properly a debt of the customer.

D. Amounts derived from a business which the City is prohibited from taxing under the constitution of this state or the Constitution or laws of the United States.

E. Grants from governmental agencies.

F. For municipal sewer utilities, the amount paid to another municipal corporation or agency for sewer interception, treatment, or disposal.

G. For municipal water operations, the amount paid to another municipal corporation or agency for water distributed within the City.

Section 5. Administration and Audit.

A. The administration and collection of the tax imposed by this Section 1 shall be by the City Manager or the Manager's designee. The Manager is instructed and authorized to adopt

appropriate reporting requirements and to make such further rules and regulations for the purpose of carrying out the provisions of this ordinance.

B. Each taxpayer shall keep records reflecting the amount of the taxpayer's gross income from sales and services within the City and such records shall be open at all reasonable times to the inspection of the finance director or the finance director's duly authorized agent upon reasonable notice for verification of tax returns. In the event that such audit discloses a discrepancy of more than ten percent (10%) between the amount reported by the taxpayer and the actual gross revenues collected by the taxpayer, the taxpayer shall reimburse the City for all costs associated with said audit.

Section 6. Due date-Delinquency.

A. The tax imposed under Section 1 shall be due and payable in monthly or quarterly installments at the taxpayers discretion, and shall accompany a return on a form approved by the Finance Director and be made on or before the thirtieth day of the month following the reporting period in which the tax accrued. Quarterly reporting periods shall begin the first day of the months of January, April, July and October.

B. If payment is not made by the fifteenth day following the due date there shall be a penalty of ten percent (10%). This penalty shall increase to fifteen percent (15%) on the thirtieth day following the due date and twenty percent (20%) on the forty-fifth day following the due date if payment is not made.

Section 7. Unlawful acts. It is unlawful for any person liable for the tax imposed by this chapter to fail to pay the tax when due or for any person to make any false or fraudulent return or any false statement in connection with the return.

Section 8. Violation – Penalty. Any person violating any provision of this chapter shall be guilty of a misdemeanor and upon conviction thereof punished pursuant to SMC 9.10.050.

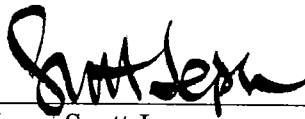
Section 9. Severability. Should any section, paragraph, sentence, clause or phrase of this ordinance, or its application to any person or circumstance, be declared unconstitutional or otherwise invalid for any reason, or should any portion of this ordinance be preempted by state or federal law or regulation, such decision or preemption shall not affect the validity of the remaining portions of this ordinance or its application to other persons or circumstances.

Section 10. Repeal Ordinance No. 210 is repealed in its entirety.

Section 11. Referendum. This ordinance shall be subject to the referendum procedure of RCW 35.21.706. A referendum petition may be filed within seven days of passage with the City Clerk to obtain a ballot title, final form and identification number in cooperation with the City Attorney and the petitioner. After issuance of the final petition by the Clerk, the petitioner shall have thirty days to secure signatures of not less than fifteen percent of the registered voters of the City of Shoreline as of the last municipal general election on the petition forms and file with the City Clerk. This procedure shall supersede SMC Ch. 1.12 and all statutes for referendum which might apply.

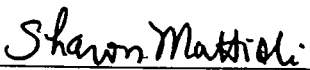
Section 12. Effective Date. A summary of this ordinance consisting of its title shall be published in the official newspaper of the City. This ordinance shall take effect and be in full force on December 7, 2000, provided, however, if a referendum petition is filed pursuant to Section 11 of this ordinance, the ordinance shall be suspended until either a deadline imposed under Section 11 is not met or there is a vote on the referendum.

PASSED BY THE CITY COUNCIL ON NOVEMBER 27, 2000.



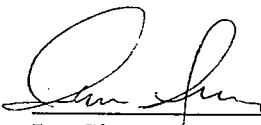
Mayor Scott Jepsen

ATTEST:



Sharon Mattioli
City Clerk

APPROVED AS TO FORM:



Ian Sievers
City Attorney

Date of Publication: November 29, 2000
Effective Date: December 7, 2000