

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE: Adopt Ordinance No. 400, Reducing the City Gambling Tax on Social Card Rooms to 10% of Gross Receipts after September 30, 2005, and Amending Shoreline Municipal Code 3.30.020
DEPARTMENT: Finance
PRESENTED BY: Debbie Tarry, Finance Director

PROBLEM/ISSUE STATEMENT:

On September 12, 2005, the City Council approved a motion to have staff draft an ordinance that would reduce the City's gambling tax on social card rooms to 10% of gross receipts beyond September 30, 2005. Ordinance No. 400 does this.

FINANCIAL IMPACT: Adoption of Ordinance No. 400 will reduce the City's gambling tax on social card rooms from 11% to 10%. The budgeted card room gambling tax revenue for 2005 is \$2,650,000. Assuming a 10% card room tax rate and based on historical trends and collection of gambling tax for the first two quarters of 2005, staff projects that actual collections may be slightly under the 2005 budget.

The Council's policy has been to leave an amount equal to a 7% card room tax rate in the General Fund and transfer an amount equal to the remainder to capital funds to fund capital improvements. Based on this policy, the 2006-2011 Capital Improvement Program (CIP) estimates approximately \$1 million annually will be transferred to the Roads Capital Fund. As actual gambling tax collections are received staff will monitor if this amount will need to be changed and what impact it may have on the adopted CIP.

RECOMMENDATION

Staff recommends that Council adopt Ordinance No. 400.

Approved By: City Manager  City Attorney 

Attachment A: Ordinance No. 400

ORDINANCE NO. 400

AN ORDINANCE OF THE CITY OF SHORELINE, WASHINGTON, REDUCING THE CITY GAMBLING TAX ON SOCIAL CARD ROOMS TO 10% OF GROSS RECEIPTS AFTER SEPTEMBER 30, 2005; AND AMENDING SHORELINE MUNICIPAL CODE 3.30.020.

WHEREAS, the City Council adopted a six- month reduction in the gambling tax on social card rooms from 11% to 10% after receiving requests from Shoreline card room operators during preparation of the 2005 budget; and

WHEREAS, City staff conducted a study to investigate the operators' claim that a tax rate of 11% threatens the continued profitability of operating licensed card rooms; and

WHEREAS, the Council finds there is a sufficient showing that a return to an 11% tax rate may result in unprofitable operations in the City and the gambling tax rate should be retained at 10% beyond the automatic termination date of September 30 established in Ordinance No. 375; NOW, THEREFORE,

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

Section 1. Amendment. Section 2 of Ordinance No. 375, "Amendment in Effect After September 30, 2005," and Shoreline Municipal Code 3.30.020 are amended to read as follows:

3.30.020 Imposed.

Pursuant to RCW 9.46.110 as the same now exists or may hereafter be amended, there is levied upon all persons, associations or organizations a tax on all gambling activities occurring within the city as permitted by state law at the following rates:

... [A- C unchanged]

D. All social card game rooms licensed under the provisions of RCW ~~9.46.030(1) and (4)~~ 9.46.0311 and 9.46.0325 at a rate equal to ~~11~~ 10 percent of the annual gross receipts exceeding \$10,000.

Section 2. Publication, 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 five days after passage and publication.

PASSED BY THE CITY COUNCIL ON September 19, 2005.

Mayor Ronald B. Hansen

ATTEST:

APPROVED AS TO FORM:

Scott Passey
City Clerk

Ian Sievers
City Attorney

Date of Publication: , 2005
Effective Date: , 2005