

ORDINANCE NO. 1998-05-024

AN ORDINANCE OF THE CITY OF BELLINGHAM AMENDING BELLINGHAM MUNICIPAL CODE SECTION 6.06.050 TO IMPOSE A UTILITY TAX ON "BROKERED NATURAL GAS."

WHEREAS the City of Bellingham presently imposes a six percent utility tax on persons who sell or furnish natural gas to customers within its jurisdiction; and,

WHEREAS changes in Federal law now require natural gas providers to carry and provide to local customers natural or manufactured gas sold to such customers by others ("brokered natural gas"); and,

WHEREAS this has resulted in a loss of tax revenue to the City since the utility tax ordinance as written is not broad enough tax sales of brokered natural gas; and,

WHEREAS RCW 82.14.230 permits cities to impose a tax on persons who use brokered natural or manufactured gas within the jurisdiction; and,

WHEREAS imposition of such a tax would benefit the City of Bellingham by helping to compensate for loss of revenue which has occurred due to Federal regulations,

NOW, THEREFORE, IT IS ORDAINED that Bellingham Municipal Code section 6.06.050(C) be and hereby is amended to read as follows:

**C. Gas Suppliers. (1)** Upon every person engaged in or carrying on the business of selling or furnishing gas for hire, a fee or tax equal to the following percentages:

6.6% in 1985;

6.5% in 1986;

6.4% in 1987;

6.3% in 1988;

6.2% in 1989;

6.1% in 1990;

6.0% in 1991 and each year thereafter of the total gross income from such business conducted within the city with a minimum fee or tax of \$100 per tax year; provided, however, that a fee or tax of 1% shall apply to that portion of gross income derived from a single use site in excess of \$250,000 per month. Suppliers claiming the reduced rate for volume sales to single users shall supplement monthly returns required by Section 6.06.070B as required by the Finance Director.

(2) (a) In accordance with applicable State law, the tax of this subsection (C)

shall apply to every person for the privilege of using natural gas or manufactured gas in the City as a consumer. The rate of tax herein shall be applied to the value of the article used by the taxpayer for domestic, business, or industrial consumption.

(b) The "value of the article used" shall have the meaning set forth in RCW 82.12.010(1) (as from time to time amended), and shall not include any amounts that are paid for the hire or use of a natural gas business in transporting the gas which are subject to and do pay the tax imposed by subsection (C)(1), above.

(c) There shall be a credit against the tax levied under this subsection (C)(2) in an amount equal to any tax paid by:

(i) The person who sold the gas to the consumer when that tax is a gross receipts tax similar to that imposed pursuant to this section 6.06.050 by another state with respect to the gas for which a credit is sought; or,

(ii) The person consuming the gas upon which a use tax similar to the tax imposed by this subsection was paid to another state with respect to the gas for which a credit is sought.

(d) The use tax hereby imposed shall be paid by the consumer. The administration and collection of the tax hereby imposed shall be by the Washington State Department of Revenue pursuant to RCW 82.14.050.

(e) There shall be exempt from the tax imposed by this subsection (C)(2) any person who, prior to the effective date of the ordinance enacting this subsection, has entered into a contract to purchase natural or manufactured gas from a supplier other than the person transporting natural or manufactured gas to the person claiming this exemption, provided (i) that such transporter is otherwise subject to and does pay the tax imposed by subsection (C)(1), above, (ii) that the term of such contract is greater than one year, and (iii) that this exemption only applies to the initial term of such contract.

PASSED by the Council this 4<sup>th</sup> day of May, 1998.

Bob Ryan  
Council President

APPROVED by me this 28<sup>th</sup> day of May, 1998.

Mark Asouh  
Mayor

ATTEST: *Jayme Carpenter*  
Finance Director

APPROVED AS TO FORM:  
*[Signature]*  
Office of the City Attorney

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CITY OF BELLINGHAM, WASHINGTON

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