

ORDINANCE NO. 2010-12-081

AN ORDINANCE OF THE CITY OF BELLINGHAM, WASHINGTON, AMENDING CHAPTER 6.06.050 OF THE BELLINGHAM MUNICIPAL CODE, AMENDING A TAX ON WATER UTILITY REVENUES.

WHEREAS, the City water utility currently pays a utility tax on its gross income; and,

WHEREAS, Washington state law has changed whereby the operation and maintenance of fire hydrants must be paid for by the general fund even though it has historically been paid for by the water utility; and,

WHEREAS, the City has, as required by law, transferred the foregoing costs from the water utility fund to the general fund starting in 2011; and,

WHEREAS, the increase of the water utility tax will increase the general fund revenue by the same amount needed to cover the referenced fire hydrant costs; and,

WHEREAS, the water utility will not have to change its water customer rates as a result of this increased tax rate because the decrease in fire hydrant costs and increase in water utility gross revenue tax rate will offset so as to be neutral to the water customer; and,

WHEREAS, City Council does not intend to raise the water utility tax on fees the City water utility collects under Bellingham Municipal Code Section 15.08.250(D)(6) to operate the Lake Whatcom Watershed Land Acquisition and Preservation Program; and,

WHEREAS, this ordinance is necessary to ensure compliance with state law;

NOW THEREFORE, THE CITY OF BELLINGHAM DOES ORDAIN:

Section 1: Chapter 6.06 of the Bellingham Municipal Code is amended to read as follows:

6.06.050 - Occupations Subject To Tax - Amounts

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

A. Through D. [Unchanged]

E. Water Suppliers. Upon every person, including any water department, engaged in or carrying on the business of selling or furnishing water for domestic or commercial purposes (for purposes of this section "Water Utility"), a fee or tax equal to 18.25% of the total gross income from such activity, such tax to be paid covering each month's business activity and to be paid within 30 days following the conclusion of the next preceding month. Such tax shall be applicable to the extraterritorial revenues of such businesses if their principal place of business is situated within the corporate limits of Bellingham and if the system which generates

the extraterritorial revenue is interconnected with a portion of the system located within the city and at least 75% of the total system (by value) is located within the City of Bellingham. If the Water Utility collects a fee to acquire and preserve land within the Lake Whatcom watershed to protect the water quality of Lake Whatcom, the fees collected for that program shall only be subject to a fee or tax equal to 11.5%.

F. Through J. [Unchanged]

Section 2. Effective Date.

This ordinance shall be effective January 1, 2011.

PASSED by the Council this 13th day of December, 2010.



Council President

APPROVED by me this 16th day of December, 2010.



Mayor

ATTEST:



Finance Director

APPROVED AS TO FORM:



Office of the City Attorney

Published:

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Ordinance Amending BMC 6.06.050
Regarding water utility tax rate (2)

City of Bellingham
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