



ORDINANCE NO. 28339

1 An ordinance relating to tax rates; amending Title 6 of the Tacoma Municipal
2 Code by amending Chapters 6A.40, 6A.50, 6A.90, and 6A.100,
3 authorizing an additional 1.5% earnings tax on natural gas, electric and
4 phone companies, generating approximately \$90 million over the next
5 ten years, providing increased funding for street repair and
6 improvements.

7 WHEREAS Proposition 3, proposing the authorization of an additional
8 1.5% earnings tax on natural gas, electric and phone companies, was passed
9 by the voters in the November 2015 general election, and

10 WHEREAS the election was certified on November 24, 2015, and

11 WHEREAS the proposed amendments to Title 6A of the Tacoma
12 Municipal Code ("TMC") would authorize an increase to the current tax rates of
13 6% to 7.5%, requiring amendments to TMC Chapters: (1) 6A.40,
14 Communications Tax, (2) 6A.50 Electricity Business and Solid Waste
15 Collection, (3) 6A.90 Natural or Manufactured Gas Tax and (4) 6A.100 Utilities
16 Gross Earnings Tax – Public Utilities, and

17 WHEREAS the proposed amendments would authorize an additional
18 1.5% earnings tax on natural gas, electric and phone companies, generating
19 approximately \$90 million over the next ten years, providing increased funding
20 for street repair and improvements, and

21 WHEREAS the City plans to impose the new tax rates effective March 1,
22 2016; Now, Therefore,



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BE IT ORDAINED BY THE CITY OF TACOMA:

Section 1. That Title 6 of the Municipal Code is hereby amended by amending Chapters 6A.40, 6A.50, 6A.90, and 6A.100 thereof, to read as set forth in the attached Exhibit "A."

Section 2. That the effective date of the new tax rates is March 1, 2016.

Passed _____

Mayor

Attest:

City Clerk

Approved as to form:

Deputy City Attorney



EXHIBIT "A"
TITLE 6A
TAX CODE

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Chapters:

- 6A.10 General Tax Provisions**
- 6A.20 Admission Tax**
- 6A.30 Business and Occupation Tax**
- 6A.40 Communications Tax**
- 6A.50 Electricity Business and Solid Waste Collection**
- 6A.60 Gambling Tax**
- 6A.70 Local Option Taxes**
- 6A.80 Lodging Excise Tax**
- 6A.90 Natural or Manufactured Gas Tax**
- 6A.100 Utilities Gross Earnings Tax – Public Utilities**
- 6A.110 Property Tax Exemptions for Multi-Family Housing**

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6A.40.040 Persons subject to tax.

A fee or tax as specified herein is hereby levied upon and shall be collected from every person engaging in or carrying on the following business:

Cable service – A fee or tax equal to 8 percent of the gross income from cable service provided to customers residing within the City.

Cellular telephone and/or pager services business – A fee or tax equal to ~~6-7.5~~ percent of the total gross income from cellular telephone or pager services business conducted within the City, as indicated by billings and/or charges to Tacoma customers.

Competitive telephone service – Competitive telephone service, as hereinabove defined, shall be taxed as a retail sale under TMC 6A.30.

Telephone business – A fee or tax equal to ~~6-7.5~~ percent of the total gross income from telephone business conducted within the City, as indicated by billings and/or charges to Tacoma customers.

* * *



1 **6A.40.050 Tax rate.**

Activity	Tax Rate
A. Cable service	8.0%
B. Cellular or pager	6.0% 7.5%
C. Competitive telephone service	retail sale in 6A.30
D. Telephone business	6.0% 7.5%

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8 **6A.50.030 Persons subject to tax – Rate.**

9 There is hereby levied upon and shall be collected from every person engaging in or carrying on the
10 (1) electricity business, a tax equal to ~~6~~7.5 percent of the total gross income from such business
11 conducted within the City, as indicated by billings and/or charges to or for Tacoma customers, and on
12 those persons engaged in or carrying on the (2) solid waste collection service, a tax equal to 8 percent of
13 the total gross income from such business conducted within the City, as indicated by billing and/or
14 charges to or for Tacoma customers.

Activity	Tax Rate
Electricity Business	6% 7.5%
Solid Waste Service	8%

15 * * *

16 **6A.90.030 Occupations subject to tax – Rate.**

17 Pursuant to RCW 35.21.870, there is hereby levied upon and shall be collected from every person
18 engaged in or carrying on the business of transmitting, distributing, brokering, or selling natural or
19 manufactured gas a fee or occupation tax equal to ~~6~~7.5 percent of the total gross income from such
20 business in the City.

Activity	Rate
Natural or Manufactured Gas	6% 7.5%

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6A.100.010 Power, Water, and Rail Divisions – Department of Public Utilities.

There is hereby imposed upon the Power, Water, and Rail Divisions of the Department of Public Utilities taxes upon the gross earnings of said divisions and each of them at the following rates of gross earnings, for the benefit of the General Fund of the City: upon the Power Division, ~~6~~7.5 percent, except for gross earnings derived from cable television activity for which the rate shall be 8 percent; and upon the Water and Rail Divisions, 8 percent; which taxes however shall be subordinate to any payments required to be made by any of said divisions from said gross earnings into any fund or funds heretofore or hereafter created for the payment of the principal of and interest on revenue bonds of the City heretofore or hereafter issued.

Department of Public Utilities Activity	Tax Rate
Power Division	6 <u>7.5</u> %
Cable Television	8%
Water and Rail Systems	8%

6A.100.020 Solid Waste Utility and Sewer Utility – Department of Public Works.

There is hereby imposed upon the Solid Waste Utility Division of the Department of Public Works, and upon the Sewer Utility of the Department of Public Works, for the benefit of the General Fund of the City, a tax upon the gross earnings of said utilities of 8 percent of said gross earnings, except that earnings from the activity involved in the sale of electricity or natural gas shall be taxed at the rate of ~~6~~7.5 percent. The tax shall, however, be subordinate to any payments required to be made by any of said divisions from said gross earnings into any fund or funds heretofore or hereafter created for the payment of the principal of and interest on revenue bonds of the City heretofore or hereafter issued. Said taxes are hereby found to be reasonable and not disproportionate to the amount of taxes which said divisions or subdepartments would pay if operated as private utilities.

Department of Public Works Activity	Tax Rate
Solid Waste and Sewer Utility Divisions	8%
Sale of Electricity or Natural Gas	6 <u>7.5</u> %