



RESOLUTION NO. 41588

1 BY REQUEST OF MAYOR WOODARDS, DEPUTY MAYOR HINES, COUNCIL
2 MEMBER WALKER

3 A RESOLUTION providing for the submission of a proposition to the electors of
4 the City at the Special Election to be held on Tuesday, April 22, 2025,
5 that would authorize an increase in the City of Tacoma property tax of
6 \$0.25 per \$1,000 of assessed value for a maximum levy rate of \$1.95 for
7 collection in 2026 and authorize an increase in gross earnings tax on
8 certain utilities in the amount of 2 percent for the sole purpose of funding
9 street repair, maintenance, and safety improvements including
10 pedestrian and bicycle improvements; and directing the City Clerk to
11 transmit to the Pierce County Auditor a certified copy of this resolution.

12 WHEREAS the City of Tacoma, Washington ("City"), is a first-class
13 charter city, and

14 WHEREAS Tacoma's transportation infrastructure is aging, and the City
15 faces significant financial challenges in maintaining its roads, sidewalks, and
16 other critical transportation assets, and

17 WHEREAS voters approved Propositions No. 3 and A in 2015, which
18 created the original Tacoma Streets Initiative ("Tacoma Streets Initiative I")
19 which was a transformative step in addressing long-standing issues related to
20 residential street conditions, pedestrian safety, and neighborhood accessibility,
21 and

22 WHEREAS, by increasing utility taxes and property taxes, as well as the
23 City's Transportation and Benefit District imposing a sales and use tax of 1/10th
24 of 1 percent, the Tacoma Streets Initiative I secured \$397 million over a
25 ten-year period by leveraging the tax dollars, surpassing the initial target of
26 \$325 million, and



1 WHEREAS these funds have been essential in resurfacing residential
2 streets, repairing potholes, and extending the lifespan of street surfaces through
3 proactive maintenance measures, as well as installing school crossing
4 beacons, enhancing pedestrian crosswalks, and building and upgrading
5 sidewalks, adding bike lanes, and creating safe routes to schools, and

6 WHEREAS the Tacoma Streets Initiative I also enabled the City to
7 leverage its local funding to secure over \$135 million in state and federal grants,
8 and

9 WHEREAS this strategic approach effectively doubled the impact of the
10 voter-approved funds, resulting in anticipated improvements to more than 6,000
11 residential blocks, exceeding the initial target of 5,600 blocks, and

12 WHEREAS, despite these achievements in residential streets, the 2023
13 Pavement Condition Index (PCI) assessment revealed a decline in arterial road
14 conditions, with a 22 percent decrease over the past decade, and

15 WHEREAS this decline is a clear indication that Tacoma's infrastructure
16 is still not keeping pace with the growing demands of a vibrant and expanding
17 city, and

18 WHEREAS the expiration of the Tacoma Streets Initiative I funding, for
19 property taxes and gross earning tax on certain utilities, is December 2025, and
20 February 2026 respectively, presents a critical juncture for the City, and

21 WHEREAS, street repair needs are perpetual, and ongoing investment is
22 critical to maintain the streets repaired under Tacoma Streets Initiative I and to
23 continue to improve the condition of the overall street system; and



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WHEREAS the new initiative, “Tacoma Streets Initiative II”, seeks to build on the successes of its predecessor by continuing to focus on arterial road improvements, equity and accessibility as well as Vision Zero and safety enhancements and multimodal connectivity, and

WHEREAS, to fund the Tacoma Streets Initiative II, the proposal includes a 2 percent increase in gross earnings tax on utilities including natural gas, electric and phone utilities, resulting in an increase of approximately \$26 more annually for the typical household, and a property tax increase of \$0.25 per \$1,000 of assessed value, which equates to an additional increase of \$72 per year for the average homeowner, or \$6 a month, and

WHEREAS building on the success of Tacoma Streets Initiative I, the Public Works Department aims to secure an anticipated \$25 million a year through matching grants and strategic partnerships, leveraging Tacoma Streets Initiative II funds as a critical component for grant matching, and

WHEREAS the Tacoma Streets Initiative II is more than just a continuation of past efforts; it is a forward-looking investment in Tacoma’s future, and

WHEREAS this investment will transform the streets of Tacoma in alignment with a first-class city, benefiting future generations, and

WHEREAS the community survey conducted in 2024 revealed that only 24.3 percent of residents are satisfied with the condition of major streets, underscoring the need for ongoing investments, and



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WHEREAS deteriorating road conditions and increasing traffic fatalities highlight the urgent need for renewed funding to ensure a safe, accessible, and sustainable transportation network for all residents, and

WHEREAS RCW 35.22.280 permits first-class cities to levy a tax on the privilege of conducting utility businesses such as natural gas, electric and phone utilities, and RCW 35.21.870 limits imposition of such taxes to a rate of six percent in the absence of approval by a majority of voters in the City, and

WHEREAS pursuant to RCW 84.55.050, the City may ask voters for permission to increase the amount of the property taxes above the 1 percent limit that would otherwise apply, by means of permanent "levy lid lift," and

WHEREAS with voter approval, the City would raise the gross earnings tax on natural gas, electric and phone utilities and increase a permanent regular property tax levy in an amount equal to \$0.25 per \$1,000 of assessed value in 2026 and authorize the 2026 rate to calculate future levies, for the sole purpose of funding street repair, maintenance, and safety improvements including pedestrian and bicycle improvements, and

WHEREAS the total maximum regular property tax levy rate for 2026 would be \$1.95 per \$1,000 of assessed value, and

WHEREAS the City Council deems it necessary to submit to the voters of the City a proposition of whether or not the City shall increase 1) the amount of



1 Regular property taxes for collection beginning in 2026 in excess of the 1 percent
2 limit factor and allow for the 2026 rates to be used for calculating future levies, as
3 provided for in RCW 84.55.050, and 2) the gross earnings tax on natural gas,
4 electric, and phone utilities, as provided herein, and

5 WHEREAS City Council approval is sought to allow the City to submit a
6 proposition for the April 22, 2025 Special Election ballot, for the levy lid lift and
7 increase in the gross earnings tax on certain utilities, and to approve the ballot
8 language; Now, Therefore,

9 BE IT RESOLVED BY THE COUNCIL OF THE CITY OF TACOMA that:

10 Section 1. The Pierce County Auditor's Office ("Auditor"), as *ex officio*
11 supervisor of elections for Pierce County, is hereby requested, pursuant to RCW
12 84.55.050, RCW 29A.04.330 and RCW 35.21.870, to call and conduct a special
13 election on April 22, 2025, and submit to the qualified electorate of the City, at
14 the April 22, 2025 Special Election, for rejection or approval, a proposition
15 authorizing an increase of 2 percent in the gross earnings tax on natural gas,
16 electric and phone utilities taxes and a levy lid lift of \$0.25 per \$1,000 of
17 assessed value for collection in 2026, as permitted by law, for the sole purpose
18 of funding street repair, maintenance, and safety improvements including
19 pedestrian and bicycle improvements.
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23 The taxes authorized by this proposition will be in addition to the maximum
24 amount of regular property taxes the City would have been limited to by
25 RCW 84.55.010, as may be amended from time to time, in the absence of voter
26 approval under this resolution, including all other authorized lid lifts.



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Section 2. If the ballot proposition set forth herein is approved by the voters, qualifying senior citizens, disabled veterans, and other qualifying individuals shall be exempt from the tax increase resulting from such ballot measure, as authorized by RCW 84.36.381.

Section 3. The City shall submit a proposition to the electorate of the City in the form substantially as follows:

**CITY OF TACOMA
PROPOSITION S2**

The Tacoma City Council adopted Resolution No. 41588 concerning utility taxes and property tax levy rate for street improvements.

This measure funds street repair, maintenance, and safety improvements for streets, including pedestrian and bicycle improvements, by levying an additional 2% utility tax on natural gas, electric, and phone utilities effective 2026; increasing the regular property tax levy by \$0.25/\$1,000 to a maximum rate of \$1.95/\$1,000 of assessed value for collection in 2026; authorizing the 2026 levy amount as the basis to calculate future levies (RCW 84.55). Qualifying seniors and others are exempt (RCW 84.36.381).

Should this proposition be approved?

Yes.....
No

Section 4. The ballot title may be changed as needed by the proper officers of the City, pursuant to state law.

Section 5. Prior to February 21, 2025, the City Clerk shall send to the Auditor, as *ex officio* supervisor of elections, a certified copy of this resolution, together with the proposition substantially in the form as set forth above, for the April 22, 2025, Special Election. The proper City officials are authorized to perform such duties as are necessary or required by law to submit the question of whether the gross earning tax on certain utilities and property taxes shall be



1 increased, as provided in this resolution, to the electors at the April 22, 2025,
2 Special Election.

3 Section 6. The City has chosen to participate jointly with Pierce County
4 in its voters' pamphlet. Pursuant to RCW 29A.32.220, the text for the ballot
5 measure, accompanied by an explanatory statement, shall be submitted to the
6 Auditor's Office for inclusion in the Official Voters' Pamphlet. The explanatory
7 statement shall not exceed 200 words and shall be submitted to the Auditor, as
8 *ex officio* supervisor of elections, by February 21, 2025.

9 Section 7. If a simple majority of the qualified voters voting in the
10 proposition vote for the approval thereof, the City shall be authorized to
11 increase the gross earnings tax on natural gas, electric and phone utilities by
12 2 percent, effective March 1, 2026.

13 Section 8. Pursuant to RCW 84.55.050, if a simple majority of the
14 qualified voters voting on the proposition vote for the approval thereof, the
15 proposition shall be deemed approved and shall be adopted. Thereafter, the
16 City Council shall have the necessary and requisite authority to levy, in the
17 manner provided by law, an increase of \$0.25 per \$1,000 of assessed value
18 beginning in 2026, and to use the 2026 levy amount as the base for calculating
19 future levies, as allowed by Chapter 84.55, as may be amended from time to
20 time, as provided in the proposition and herein.

21 If less than a simple majority of qualified voters approve the proposition,
22 then it shall be deemed rejected and the City Council shall not increase the
23 gross earnings tax on natural gas, electric or phone utilities, or property tax levy
24 above the limits set forth in RCW 84.55, as provided in the proposition and
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herein. The City's authority to levy the existing, and heretofore approved, levies shall in no way be affected by either the approval or rejection of the proposition.

Section 9. If a section, subsection, paragraph, sentence, clause, or phrase of this resolution is declared unconstitutional or invalid for any reason by any court of competent jurisdiction; such decision shall not affect the validity of the remaining portions of this resolution.

Adopted _____

Mayor

Attest:

City Clerk

Approved as to form:

Deputy City Attorney