RESOLUTION NO. 41588

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section 1. The Pierce County Auditor's Office ("Auditor"), as *ex officio* supervisor of elections for Pierce County, is hereby requested, pursuant to RCW 84.55.050, RCW 29A.04.330 and RCW 35.21.870, to call and conduct a special election on April 22, 2025, and submit to the qualified electorate of the City, at the April 22, 2025 Special Election, for rejection or approval, a proposition authorizing an increase of 2 percent in the gross earnings tax on natural gas, electric and phone utilities taxes and a levy lid lift of $0.25 per $1,000 of assessed value for collection in 2026, as permitted by law, for the sole purpose of funding street repair, maintenance, and safety improvements including pedestrian and bicycle improvements.

The taxes authorized by this proposition will be in addition to the maximum amount of regular property taxes the City would have been limited to by RCW 84.55.010, as may be amended from time to time, in the absence of voter approval under this resolution, including all other authorized lid lifts.

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

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

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

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

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

If less than a simple majority of qualified voters approve the proposition, then it shall be deemed rejected and the City Council shall not increase the gross earnings tax on natural gas, electric or phone utilities, or property tax levy above the limits set forth in RCW 84.55, as provided in the proposition and

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