

CITY OF MEDINA, WASHINGTON

ORDINANCE NO. 941

AN ORDINANCE OF THE CITY OF MEDINA, WASHINGTON,  
AMENDING SECTION 5.04.030 OF THE MEDINA MUNICIPAL CODE  
ADOPTING A SIX PERCENT UTILITY TAX RATE, EXTENDING THE UTILITY  
TAX RATE REDUCTION FROM FOUR PERCENT TO ZERO PERCENT TO  
JANUARY 31, 2018, AND PROVIDING A RATE CHANGE DATE  
OF JANUARY 14, 2017

**WHEREAS**, the City of Medina is classified as a non-charter code city under title 35A RCW; and

**WHEREAS**, RCW 35A.21.160 provides that a code city shall have all of the powers which any city of any class may have; and

**WHEREAS**, pursuant to Washington state law, code cities are authorized to impose taxes upon gross revenues earned by utility and service providers within their jurisdictional boundaries; and

**WHEREAS**, the City Council approved Ordinance No. 861, on November 8, 2010, adopting a three percent utility tax rate upon gross revenues derived from telephone and telegraph businesses, electric utilities, natural gas, sewer utility, solid waste and cable service operators, which utility tax is codified at Chapter 5.04 of the Medina Municipal Code; and

**WHEREAS**, the City Council approved Ordinance No. 927 on November 9, 2015, increasing the utility tax rate upon gross revenues from three percent to four percent, but reducing the four percent annual tax rate to zero on January 31, 2017; and

**WHEREAS**, the City Council desires to increase the utility tax rate to six percent and extend the reduction of the tax rate to zero until January 31, 2018; and

**WHEREAS**, state law provides at RCW 35.21.865 that a change in the rate of tax it imposes on the privilege of conducting an electrical energy, natural gas, or telephone business may not take effect before the expiration of sixty days following the enactment of the ordinance establishing the change.

**NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF MEDINA, WASHINGTON, DO ORDAIN AS FOLLOWS**

**Section 1. Amendment of Section 5.04.030.** Section 5.04.030 of the Medina Municipal Code is hereby amended to read as follows:

There is levied upon and there shall be collected from every person engaged in carrying on the following business for hire or for sale of a commodity or a service within or partly within the corporate limits of the city the tax for the privilege of so doing business as hereinafter defined.

A. Upon every person engaging in or carrying on telephone business there shall be levied a tax equal to ~~((four))~~ six percent of the total gross income derived from the operation of such business in the city. In computing the tax imposed under this subsection, there shall be deducted from total gross income the amounts derived from transaction in interstate or foreign

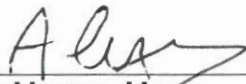
commerce and any amounts upon which the city is prohibited from imposing such tax under the Constitution or laws of the United States or the Constitution or laws of the state of Washington.

- B. Upon every person, firm or corporation engaged alone or in conjunction with another in the business of selling or leasing telephone or telegraph or related communication equipment at retail or to or for the public and thereafter installing, maintaining or repairing the same, a fee equal to ~~((four))~~ six percent of the total gross income from such business in the city; provided further, that this fee or tax shall not be imposed on any business otherwise subject to fee or tax under this chapter nor on the business of selling or installing telephone or telegraph or related communication equipment to telephone or telegraph companies taxed under this chapter.
- C. There is levied a tax on the sale, delivery or distribution of electricity or electrical energy and for the privilege of carrying on said business, such tax to be equal to ~~((four))~~ six percent of the total gross revenue derived from sales of such electricity to ultimate users within the city; provided, however, that there shall not be any tax levied for the installation charges of electrical units.
- D. There is levied a tax on the sale, delivery, distribution or furnishing of natural gas for domestic, business or industrial consumption and for the privilege of carrying on said business, such tax to be equal to ~~((four))~~ six percent of the total gross income from such business in the city; provided, however, that there shall not be any tax levied for installation charges of gas energy units, nor on any business that is exempt under RCW 35.21.870.
- E. There is levied a tax on the business of solid waste collection, transportation, or disposal and for the privilege of carrying on said business, such tax to be equal to ~~((four))~~ six percent of the total gross revenue derived from solid waste collection, transportation, or disposal within the city.
- F. There is levied upon and there shall be collected from every person engaged in the business of providing cable television service for a monetary consideration, within or partly within the corporate limits of the city, an annual tax for the privilege of so doing, such tax to be equal to ~~((four))~~ six percent of the total gross income derived from subscribers' revenues from such cable television service provided in the city. "Cable television services" means the one-way transmission of video programming and associated nonvideo signals to subscribers together with subscriber interaction, if any, which is provided in connection with video programming.
- G. Leasehold Excise Tax. Pursuant to the authorization of RCW 82.29A.040, from and after 12:01 a.m. on January 8, 2011, there is hereby imposed a leasehold excise tax on the act or privilege of occupying or using publicly owned real or personal property within the city, through a leasehold interest as defined in RCW 82.29A.020. The tax shall be paid, collected, and remitted to the Washington State Department of Revenue at the time and in the manner prescribed in RCW 82.29A.050, as it now exists or may hereafter be amended. The rate of the leasehold excise tax imposed shall be ~~((four))~~ six percent of the taxable rent, as defined in RCW 82.29A.020(2) as it now exists or may hereafter be amended; provided, that the credits specified in RCW 82.29A.120, as it now exists or may hereafter be amended, shall be allowed in determining the tax payable. Leasehold interests exempted by Chapter 82.29A RCW, as it now exists or may hereafter be amended, shall be exempt from the leasehold excise tax imposed pursuant to this section.
- H. The annual tax rate of ~~((four))~~ six percent of the total gross income shall be reduced to zero on January 31, ~~((2017))~~ 2018.

**Section 2. Severability.** If any section, sentence, clause, or phrase of this ordinance should be held to be invalid or unconstitutional by a court of competent jurisdiction, such invalidity or unconstitutionality shall not affect the validity of any other section, sentence, clause, or phrase of this ordinance.

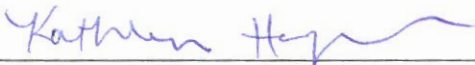
**Section 3. Effective date.** This ordinance shall take effect five days after passage as required by law. The rate changes enacted by the ordinance shall be applicable beginning January 14, 2017.

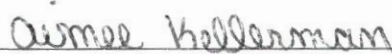
**ENACTED BY THE CITY COUNCIL ON THIS 14<sup>TH</sup> DAY OF NOVEMBER, 2016 AND SIGNED IN AUTHENTICATION OF ITS PASSAGE ON THE 14<sup>TH</sup> DAY OF NOVEMBER, 2016.**

  
\_\_\_\_\_  
Alex Morcos, Mayor

Approved as to form:

Attest:

  
\_\_\_\_\_  
Kathleen J. Haggard, City Attorney  
Porter Foster Rorick LLP

  
\_\_\_\_\_  
Aimee Kellerman, City Clerk