

UTILITY TAXES PRESENTATION

City of Camas
2019-2020 Budget Preparation

WHAT ARE UTILITY TAXES?

Utility taxes are levied on the gross operating revenues earned by private utilities operating within a city and by the city's own utilities.

Utility taxes are levied on the utility NOT the customer. Confusion for the customer is when the utility lists the tax on the customer's bill. The tax must be paid from the utility revenues and not the customer pass through.

RCW 35A.82.020

TAXES CAN BE LEVIED ON:



WHO IMPOSES THE TAX?

The City

WHO MAY NOT BE LEVIED?



LIMITS ON TAX RATES

Limits of 6% without voter approval

- Electricity
- Natural Gas
- Telephone

No Limit

- Sewer
- Storm Water
- Water
- Cable TV (but must be imposed at the same rate as other utilities)
- Solid Waste

HOW CAN THE REVENUE BE USED?

Used for any purposes

Most cities use the tax for general fund purposes.

Voter approved utility tax rates are generally used for specific purposes such as streets and public safety.

Utility Tax	Limits*	Typical Monthly Bill	Estimated 1% Taxes	Estimated 1% Revenue	Estimated 6% Taxes	Estimated 6% Revenue
Cable TV	6%**	\$ 100.00	\$ 1.00	\$ 25,000	\$ 6.00	150,000
Electricity	6%	\$ 70.00	\$ 0.70	\$ 115,000	\$ 4.20	690,000
Gas	6%	\$ 75.00	\$ 0.75	\$ 120,000	\$ 4.50	720,000
Sewer	no limit	\$ 50.23	\$ 0.50	\$ 75,000	\$ 3.01	450,000
Storm Drainage	no limit	\$ 10.17	\$ 0.10	\$ 25,000	\$ 0.61	150,000
Solid Waste	no limit	\$ 23.08	\$ 0.23	\$ 28,000	\$ 1.38	168,000
Telephone (including cell)	6%	\$ 48.00	\$ 0.48	\$ 80,000	\$ 2.88	480,000
Water	no limit	\$ 21.26	\$ 0.21	\$ 44,000	\$ 1.28	264,000
			\$ 3.98	\$ 512,000	\$ 23.86	3,072,000
* Limits - without voter approval						
** Can be higher but typically is 6%						

UTILITY TAX ESTIMATES

ADMINISTERING THE TAX

Option 1

Embed the Tax in the Utility Rate

Option 2

Separately Itemize the Tax on Customer Bills

COMPARISON WITH OTHER CITIES

	Cable TV	Electricity	Gas	Sewer	Storm Water	Solid Waste	Telephone	Water
Battle Ground	6.0%	6.0%	6.0%	20.0%	20.0%	6.0%	6.0%	20.0%
Bonney Lake	6%	6.0%	6.0%		12.0%	6.0%	6.0%	12.0%
Camas			3%*					
Centralia	8.0%	6.0%	6.0%	14.0%	10.0%	5.0%	6.0%	10.0%
Everett	4.0%	6.0%	6.0%	6.0%	6.0%	4.0%	6.0%	6.0%
Kalama	6.0%	6.0%	6.0%	6.0%		6.0%		6.0%
Kent	6.0%	6.0%	6.0%	13.0%	13.0%	18.4%	6.0%	13.0%
Kirkland	6.0%	6.0%	6.0%	7.5%	7.5%	7.5%	6.0%	6.0%
LaCenter								
Maple Valley	3.0%	6.0%	6.0%				6.0%	
Moses Lake	3.0%	6.0%	6.0%	10.0%	10.0%	10.0%	6.0%	10.0%
Mukilteo	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Ridgefield	6.0%	6.0%	6.0%	8.0%	8.0%	6.0%	6.0%	8.0%
Spokane	6.0%	6.0%	6.0%	20.0%	20.0%	20.0%	6.0%	20.0%
Tumwater		6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Vancouver	6.0%	6.0%	6.0%	24.9%	24.9%	6.0%	6.0%	24.9%
Washougal	6.0%	6.0%	6.0%	10.0%		10.0%	6.0%	10.0%

- Tax Rebate

- Customer would apply for the rebate in January-April each year. Requirements would include:
 - 65 years or older or have a disability as defined by RCW
 - Live within City limits
 - Meets income level as defined by HUD and proof with IRS forms or the last two months of bank statements
 - Have copies of full bills

- Tax Exemption

- Customers would apply but instead of a rebate, there would be an exemption for City utilities.

LOW INCOME OR
DISABLED
CITIZEN
OPTIONS

PROCESS TO IMPLEMENT

1. Public Hearing



2. Ordinance should
include a
referendum clause



3. 60 Day Waiting
Period for electric,
telephone and gas

NEXT STEP

September 4th – Decision
Package Priorities