

**CITY OF MARYSVILLE AGENDA BILL**

**EXECUTIVE SUMMARY FOR ACTION**

**CITY COUNCIL MEETING DATE: 12/9/2013**

AGENDA ITEM: AN ORDINANCE OF THE CITY OF MARYSVILLE AMENDING SECTIONS 3.64.020(1) AND (2) OF THE MARYSVILLE MUNICIPAL CODE, RELATING TO THE UTILITY TAX ON TELEPHONE SERVICES.	
PREPARED BY: Sandy Langdon, Admin. Svcs./Finance Dir. DEPARTMENT: Finance	DIRECTOR APPROVAL:
ATTACHMENTS: Draft Ordinance	
BUDGET CODE:	AMOUNT:

**SUMMARY:**

The attached ordinance authorizes the continuance of the 1% utility tax on telephone services authorized under Chapter 35.21 RCW and adopted under MMC 3.64.020 (1) and (2).

RCW 35.21 allows the City to impose a tax, not to exceed six percent, on electrical energy, natural gas, steam energy, or telephone business. The additional 1% was added in 2010, for one year and has been re-adopted each year thereafter.

The current ordinance is due to expire the additional 1% on February 28, 2014. Staff recommends a one year extension of the additional 1% on telephone business, setting the total utility tax on telephone business at 6%, to keep in sync with the 2014 Adopted Budget.

<b>RECOMMENDED ACTION:</b> Staff recommends that Council Authorize the Mayor to sign the ordinance to extend the additional 1% utility tax on telephone business to February 28, 2015.
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CITY OF MARYSILLE  
Marysville, Washington

ORDINANCE NO. \_\_\_\_\_

**AN ORDINANCE OF THE CITY OF MARYSVILLE AMENDING SECTIONS  
3.64.020(1) AND (2) OF THE MARYSVILLE MUNICIPAL CODE, RELATING  
TO THE UTILITY TAX ON TELEPHONE SERVICES.**

WHEREAS, the City is authorized under Chapter 35.21 RCW to impose a tax on the privilege of conducting an electrical energy, natural gas, steam energy, or telephone business at a rate not to exceed six percent; and

WHEREAS, the City currently imposes tax upon the privilege of conducting an electrical energy or natural gas business at a rate of five percent and telephone business at a rate of six percent, and

WHEREAS, the six percent tax on telephone business will expire on February 28, 2014; and

WHEREAS, the City wishes to continue the tax upon the privilege of conducting a telephone business at six percent; and

WHEREAS, RCW 35.21.865 provides that no tax increase may take effect before the expiration of 60 days following the enactment of the ordinance; and

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MARYSVILLE, WASHINGTON, DO ORDAIN AS FOLLOWS:

SECTION 1. Section 3.64.020(1) and (2) of the Marysville Municipal Code are hereby amended to read as follows:

**3.64.020 Telephone business.** (1) Upon any telephone business there is levied a tax equal to six percent of the total gross operating revenues, including revenues from intrastate toll, derived from the operation of such business within the city. The tax shall be paid monthly on or before the twentieth day of the following month. In computing the tax there shall be deducted from the revenues the following items:

(a) Charges which are passed on to the subscribers by a telephone company pursuant to tariffs required by regulatory order to compensate for the cost to the company of the tax imposed herein;

(b) The amount of uncollectible service charges actually sustained by the telephone company;

(c) Amounts derived from transactions in interstate or foreign commerce or from any business which the city is prohibited from taxing under the Constitutions of the State of Washington or the United States.

(2) "Telephone business" means the business of providing access to a local telephone network, local telephone network switching service, toll service, or coin telephone services, or providing telephone, video, data, or similar communication or transmission for hire, via a local telephone network, toll line or channel, cable, microwave, radio or similar communication or transmission system, including cellular telephone service. It includes cooperative or farmer-line telephone companies or associations operating an exchange. "Telephone business" does not include the providing of competitive telephone service, nor the providing of cable television service.

SECTION 2. This ordinance shall take effect on March 1, 2014 and shall automatically expire and be repealed February 28, 2015.

PASSED by the City Council and APPROVED by the Mayor this \_\_\_\_\_ day of \_\_\_\_\_, 2013.

CITY OF MARYSVILLE

By \_\_\_\_\_  
MAYOR

Attest:

By \_\_\_\_\_  
DEPUTY CITY CLERK

Approved as to from:

By \_\_\_\_\_  
CITY ATTORNEY

Date of publication: \_\_\_\_\_  
Effective Date : March 1, 2014