

**CITY OF MARYSVILLE AGENDA BILL**

**EXECUTIVE SUMMARY FOR ACTION**

**CITY COUNCIL MEETING DATE:** 2/13/2017

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| AGENDA ITEM:<br>AN ORDINANCE OF THE CITY OF MARYSVILLE, WA, AUTHORIZING THE CITY OF MARYSVILLE TO CONTINUE TO IMPOSE A SALES AND USE TAX AS AUTHORIZED BY RCW 82.14.415 AS A CREDIT AGAINST STATE SALES AND USE TAX; CERTIFYING THE COSTS TO PROVIDE MUNICIPAL SERVICES TO THE CENTRAL MARYSVILLE ANNEXATION AREA; AND SETTING A NEW THRESHOLD AMOUNT FOR FISCAL YEAR 2016 RELATING TO ANNEXATIONS. |                    |
| PREPARED BY: Sandy Langdon, Finance Dir.<br>DEPARTMENT: Finance   | DIRECTOR APPROVAL: |
| ATTACHMENTS:<br>Proposed Ordinance  |                    |
| BUDGET CODE:  | AMOUNT:            |

**SUMMARY:**

The attached ordinance authorizes the continuance of the current 0.2% state sales and use tax credit as provided by RCW 82.14.415

RCW 82.14.515 allows the City to impose a 0.2% credit against state sales and use tax for annexation populations of at least 20,000 to assist with funding the costs of a newly annexed area, Central Marysville, for a period of ten years. This credit is funded from the State's portion of sales and use tax (6.5%) and is calculated on the entire City sales and use tax gross receipts

In order to continue receiving the credit the City needs to provide the Department of Revenue a new threshold amount for the next fiscal year, and notice of any applicable tax rate changes. The City estimates the projected cost to be at least \$18,755,015 to provide municipal services to the annexation area which exceeds the projected general revenue to be \$15,416,039 that the City would otherwise receive from the Central Marysville Annexation Area on an annual basis and which results in an estimated revenue shortfall of \$3,338,976. The estimated 0.2% of 2016 retail sales is \$2,226,875.

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| <b>RECOMMENDED ACTION:</b> Staff recommends Council adopt the ordinance to continue to impose sales and use tax as authorized by RCW 82.14.415 as a credit against state sales and use tax; certifying the costs to provide municipal services to the central Marysville annexation area; and setting a new threshold amount for the fiscal year 2017 relating to annexations. |
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**CITY OF MARYSVILLE**  
**Marysville WA, Washington**

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

**AN ORDINANCE OF THE CITY OF MARYSVILLE, WASHINGTON, AUTHORIZING THE CITY OF MARYSVILLE TO CONTINUE TO IMPOSE A SALES AND USE TAX AS AUTHORIZED BY RCW 82.14.415 AS A CREDIT AGAINST STATE SALES AND USE TAX; CERTIFYING THE COSTS TO PROVIDE MUNICIPAL SERVICES TO THE CENTRAL MARYSVILLE ANNEXATION AREA; AND SETTING A NEW THRESHOLD AMOUNT FOR FISCAL YEAR 2017 RELATING TO ANNEXATIONS.**

**WHEREAS**, state law authorizes the reallocation of the sales tax already collected by the state to be remitted to the City to assist with funding the costs of certain newly annexed areas; and

**WHEREAS**, the City Council of the City of Marysville, Washington, adopted its Ordinance No. 2792, annexing the Central Marysville Annexation Area with a population of at least 20,000 people, effective December 30, 2009 (“Central Marysville Annexation Area”); and

**WHEREAS**, pursuant to RCW 82.14.415, the City is authorized, under the circumstances of this annexation, to impose a sales and use tax as authorized with that tax being a credit against the state tax; and

**WHEREAS**, with the passage of Ordinance No. 2799 in November 2009, the City imposed such a sales and use tax under RCW 82.14.415 for the Central Marysville Annexation Area; and

**WHEREAS**, the City Council finds and determines that the projected cost of at least \$18,755,015 to provide municipal services to the annexation area exceeds the projected general revenue estimated to be \$15,416,039 that the City would otherwise receive from the Central Marysville Annexation Area on an annual basis and which results in an estimated revenue shortfall of \$3,338,976; and

**WHEREAS**, due to said revenue shortfall, the City Council finds that it is appropriate to continue said sales and use tax for the Central Marysville Annexation Area under the authority of RCW 82.14.415.

NOW THEREFORE, the City Council of the City of Marysville, Washington, does ordain as follows:

**Section 1. Continuation of sales and use tax under authority of RCW 82.14.415 and Ordinance No. 2799.** The continuation of the sales and use tax for the Central Marysville Annexation Area as previously authorized and imposed pursuant to RCW 82.14.415 and Ordinance No. 2799 at a tax rate of 0.2% is hereby authorized and renewed for 2017.

**Section 2. Certification of costs to provide municipal services to Central Marysville Annexation Area.** In accordance with RCW 82.14.415(9), it is hereby certified that the costs to provide municipal services to the Central Marysville Annexation Area fiscal year 2017 is \$18,755,015.

**Section 3. Threshold amount.** The threshold amount for the Central Marysville Annexation Area for fiscal year 2017 for imposing the sales and use tax credit under RCW 82.14.415 is \$3,338,976.

**Section 4. Effective Date.** This Ordinance shall be effective (5) five days following adoption and publication.

PASSED by the City Council and APPROVED by the Mayor this \_\_\_\_ day of February, 2017.

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JON NEHRING, Mayor

ATTEST:

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APRIL O'BRIEN, Deputy City Clerk

APPROVED AS TO FORM:

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Jon Walker, City Attorney