

CITY OF MARYSVILLE AGENDA BILL

EXECUTIVE SUMMARY FOR ACTION

CITY COUNCIL MEETING DATE: 12/10/2018

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,/Finance Dir. DEPARTMENT: Finance	DIRECTOR APPROVAL:
ATTACHMENTS: Draft Ordinance	
BUDGET CODE:	AMOUNT:

SUMMARY:

Since March 1, 2010 the utility tax authorized under Chapter 35.21 RCW and adopted under MMC 3.64.020 (1) and (2) has been 6%.

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 current ordinance is due to expire the additional 1% on February 28, 2019. Staff recommends a permanent extension of the additional 1% on telephone business, setting the total utility tax on telephone business at 6%.

RECOMMENDED ACTION: Staff recommends that Council adopt the ordinance to amending sections 3.64.020(1) and (2) of the Marysville Municipal Code, relating to the Utility tax on Telephone Services.
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CITY OF MARYSVILLE
Marysville, Washington

ORDINANCE NO. _____

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MARYSVILLE,
WASHINGTON, AMENDING SECTION 3.64.020 OF THE MUNICIPAL CODE,
RELATING TO THE UTILITY TAX ON TELEPHONE SERVICES.**

WHEREAS, the City is authorized by chapter 35.21 RCW to impose a tax on the privilege of conducting a telephone business at a rate not to exceed six percent; and

WHEREAS, the City currently imposes tax upon the privilege of conducting a telephone business at a rate of six percent; and

WHEREAS, the six percent tax on telephone business will expire on February 28, 2019; 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.

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

SECTION 1. Amendment. Section 3.64.020 of the municipal code is amended as set forth in Exhibit A.

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

SECTION 3. Upon approval by the city attorney, the city clerk or the code reviser are authorized to make necessary corrections to this ordinance, including scrivener's error or clerical mistakes; references to other local, state, or federal laws, rules, or regulations; or numbering or referencing of ordinances or their sections and subsections.

SECTION 4. Effective Date. This ordinance shall become effective sixty days after the date of its publication by summary.

PASSED by the City Council and APPROVED by the Mayor this _____ day of _____, 20_____.

CITY OF MARYSVILLE

By _____
JON NEHRING, MAYOR

Attest:

By _____
TINA BROCK, DEPUTY CITY CLERK

Approved as to form:

By _____
JON WALKER, CITY ATTORNEY

Date of publication: _____

Effective Date (60 days after publication): _____

EXHIBIT A

3.64.020 Telephone business ~~(effective until February 28, 2019)~~¹

(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, 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.

(3) "Competitive telephone service" means the providing by any person of telephone equipment, apparatus, or service related to that equipment or apparatus, such as repair or maintenance service, which is of a type which can be provided by persons that are not subject to regulation as telephone companies under RCW Title [80](#) and for which a separate charge is made. Transmission of communications through cellular telephones is classified as "telephone business" rather than "competitive telephone service."

(4) "Cellular telephone service" means the two-way voice and data telephone/telecommunication system based in whole or substantially in part on wireless radio communications and which is not currently subject to regulation by the Washington Utilities and Transportation Commission (WUTC). Cellular telephone service includes cellular mobile service. The definition of cellular mobile service includes other wireless radio

communications services such as specialized mobile radio (SMR), personal communications services (PCS) and any other evolving wireless radio communications technology which accomplishes the same purpose as cellular mobile service.

~~3.64.020 Telephone business (effective March 1, 2019).¹~~

~~(1) Upon any telephone business there is levied a tax equal to five 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, 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.~~

~~(3) "Competitive telephone service" means the providing by any person of telephone equipment, apparatus, or service related to that equipment or apparatus, such as repair or maintenance service, which is of a type which can be provided by persons that are not subject to regulation as telephone companies under RCW Title 80 and for which a separate charge is made. Transmission of communications through cellular telephones is classified as "telephone business" rather than "competitive telephone service."~~

~~(4) "Cellular telephone service" means the two-way voice and data telephone/telecommunication system based in whole or substantially in part on wireless radio communications and which is not currently subject to regulation by the Washington Utilities and Transportation Commission (WUTC). Cellular telephone service~~

~~includes cellular mobile service. The definition of cellular mobile service includes other wireless radio communications services such as specialized mobile radio (SMR), personal communications services (PCS) and any other evolving wireless radio communications technology which accomplishes the same purpose as cellular mobile service.~~

~~1 Code reviser's note: Section 2 of Ord. 3041 provides, "This ordinance shall take effect on March 1, 2017, and shall automatically expire and be repealed February 28, 2019."~~