



Overview of Utility Services and Taxes

In most cases, your utility provider will remain the same after annexation. However there are some differences between the City and the County in taxes and fees that apply to utilities. Your overall property tax may be lower because you will no longer pay the County Road Tax after annexation. Utilities may be slightly higher because the City assesses a 9% utility tax on private utilities to help pay for park acquisition and maintenance, capital facilities, and general City services. The City has a 10% utility tax on City-provided utilities to help pay for general City services.

Public and Private Utilities:

Water

- Private well owners will not be required to connect to the City of Olympia water system because of annexation; however, if your well fails in the future, you may be required connect to the City's system.
- Private water systems will not be required to transfer to the City as part of annexation.
- Newly annexed residents who already receive City water, but who have not signed an annexation agreement with the City, will no longer be billed a monthly water surcharge, resulting in a savings of approximately \$10 per month.

Wastewater (Sewer/Septic)

- On-site septic system owners will not be required to connect to the City's wastewater system or to LOTT, unless the system fails.
- Under current regulations for your area, if your septic system fails in the future and your parcel is located within 300 feet of an existing City wastewater line, you will be required to connect to the City's sewer. This requirement does not change with annexation.
- New onsite systems are not allowed in the City with the exception of lots greater than one acre. This requirement will be evaluated in 2014.
- Wastewater Utility fees are charged only to parcels connected to the City wastewater system. Your bill will not change as a result of annexation.
- The City does not regularly extend new sewer lines into existing neighborhoods. If extensions were to occur in the future, the cost of the extension would most likely be paid by the City's Wastewater Utility. The Utility provides a voluntary cost-share program for neighborhoods that seek to extend wastewater systems to their areas.

Stormwater

- Both the City of Olympia and Thurston County assess stormwater fees.
- After annexation, residents will be subject to the City's stormwater management fees, but not the County's.
- While the County bills for stormwater management only once a year - as a fee attached to property tax assessments, the City will bill bi-monthly.
- Currently the City's stormwater fees are higher than the County's. The County's average fee for a single family residence is approximately \$80 per year. It is anticipated that the City of Olympia's stormwater fee for 2014 will be about \$132 per year, billed on a bi-monthly (every other month) basis.

Garbage/Recycling

- Under state law the City is required to allow your current garbage and recycling company – Pacific Disposal – to continue providing your services for 7 years if they wish to do so.
- After 7 years (or earlier if your provider discontinues service) the City will become the garbage and recycling provider.
- The 9% utility tax will apply to Pacific Disposal services.

Gas / Electric

- Puget Sound Energy (PSE) provides gas and electric services in Thurston County and the City of Olympia.
- The 9% private utility tax will apply.
- Although this tax is assessed on the utility provider and not the customer, according to the Washington Utilities and Transportation Commission, it is a standard practice for the utility to pass the 9% tax on to its customers through higher rates.

Cable Television

- Thurston County and the City of Olympia both have non-exclusive franchise agreements with Comcast.
- The terms are similar. You should not experience a change in cable charges or fees as a result of annexation.
- Satellite, dish services, and broadband internet are not covered by City or County cable franchise agreements.
- The 9% private utility tax does not currently apply to cable television.

Telephone

- Your telephone service provider will not change because of annexation.
 - As with other private utilities, the City's 9% tax will apply.
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Taxes and Licensing:

Property Taxes

- Your property taxes would decrease after annexation.
- The following tax rates comparison shows that for a \$200,000 home taxes would decrease by about \$84 a year.

PROPERTY TAX* Rates are per \$1000 Total Tax Assessed Value	Tax Rate in TCA 141	Taxes for \$200,000 home in FD#03	Tax Rate after annexation to Olympia(TCA 110)	Taxes for \$200,000 home after Annexation
County Road Tax	1.7280	\$345.60	----	\$0
Fire District #03	1.4587	\$291.74	----	\$0
Fire District#03 Excess Levy	0.1419	\$28.38	0.1419**	\$28.38
City of Olympia General Tax	----	\$0	2.557	\$511.40
City of Olympia Excess Levy	----	\$0	0.2420	\$48.40
Public Utility District #1	0.0105	\$2.10	0.0105	\$2.10
Port of Olympia	0.2403	\$48.06	0.2043	\$48.06
Timberland Library	0.4150	\$83.00	0.4150	\$83.00
Olympia School District #111 Excess Levy	5.7090	\$1141.80	5.7090	\$1141.80
State	2.5100	\$473.89	2.5100	\$473.89
County	1.4980	\$282.82	1.4980	\$282.82
Medic One	0.4007	\$75.65	0.4007	\$75.65
Total	14.1121	\$2822.42	13.6884	\$2737.68

**Property Tax Rates and totals for properties before and after annexation to City of Olympia (As of February 2013). The median assessed value for single family residences in proposed annexation area is \$185,000. However, newer construction in this area has a substantially higher average value. This comparison is based on what taxes would be for a \$200,000 home both before and after annexation, based on taxes payable in 2013.*

Business & Occupation Tax (B&O)

- After annexation, businesses will be required to pay a Business & Occupation (B&O) tax.
- B&O taxes apply to every type of business, including manufacturing, wholesale, retail, extraction (timber harvesting, etc.), printing, etc.
- Retailing, printing, wholesale, manufacturing and extracting activities are taxed at one-tenth of one percent (0.1%) of gross income. For example, \$1million of taxable activity would equate to \$1,000 in B&O tax.
- Service-based activities are taxed at two-tenths of one percent (.2%) of gross income, which means that \$1million of taxable activity would equate to \$2,000 in B&O tax.
- Certain businesses may be exempt from B&O taxes, such as non-profits, credit unions, Health Maintenance Organizations, etc.
- If you would like to see what category your business is, or would simply like to know more about the City's B&O tax, please see Chapter 5.04 of the Olympia Municipal Code.

Business Licensing

- The City requires all businesses operating within or doing business within the City limits to obtain a business license. City business licenses are obtained through the State of Washington, Department of Revenue.
- The initial cost to obtain a business license is \$80. The cost of a business license renewal is \$30 per year,
- Home Occupations: Home Occupations are required to obtain a business license. Unlike the County, the City does not require you to obtain a separate Home Occupation permit. Since the County's current base application fee for Home Occupation permits is \$1835, residents wishing to start a Home Occupation will save this amount after annexation.
- The City's rules regarding business licenses can be found in Chapter 5.02 of the Olympia Municipal Code (OMC).

Vehicle Licensing (Transportation Benefit District)

- After annexation you will see a \$20 increase in your annual vehicle licensing costs. This \$20 is an annual fee assessed per vehicle by the Olympia Transportation Benefit District.
- Transportation Benefit Districts (TBDs) were authorized by the Legislature in 1987. The Olympia TBD was established by the City Council in December 2008. TBDs are used by cities across Washington State to fund local transportation projects. More information can be obtained at the TBD's website, olympiaTBD@ci.olympia.wa.us

Below is a summary of how various utilities and services may be affected by annexation:

Summary of Potential Costs:

Cost Area	Difference
Property Taxes	3% decrease
Cable	No change
Sewer	No Change
Garbage/recycling	9% tax
Water (if annexation agreement has been signed already)	No change
Water (if annexation agreement has not been signed)	33% decrease per month.
Telephone	9% tax
Stormwater	61% increase; including 10% tax
Vehicle licensing	\$20/year increase
Electricity	9% tax
Natural gas	9% tax

More Questions? Contact:

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