



## City Council

### Approval of an Ordinance Relating to Utility Services Tax Rates and Amending Olympia Municipal Code Chapter 5.84 Entitled "Utility Services Tax."

**Agenda Date:** 1/4/2022  
**Agenda Item Number:** 4.B  
**File Number:**21-1220

---

**Type:** ordinance **Version:** 2 **Status:** Passed

---

#### **Title**

Approval of an Ordinance Relating to Utility Services Tax Rates and Amending Olympia Municipal Code Chapter 5.84 Entitled "Utility Services Tax."

#### **Recommended Action**

##### **Committee Recommendation:**

Finance Committee approved recommendation of a one-percent (1%) municipal utility services tax increase for 2022.

##### **City Manager Recommendation:**

Move to approve the Ordinance amending Olympia Municipal Code Chapter 5.84 to reflect a one-percent (1%) municipal utility services tax increase for 2022 on second reading.

#### **Report**

##### **Issue:**

Whether to approve an ordinance amending Olympia Municipal Code Chapter 5.84 to reflect a one-percent (1%) municipal utility services tax increase for 2022 to 12.5%.

##### **Staff Contact:**

Aaron BeMiller, Finance Director, 360.753.8465

##### **Presenter(s):**

None - Consent Calendar agenda item.

##### **Background and Analysis:**

Background and Analysis did not change from first to second reading.

The City's 2022 Preliminary Operating Budget was presented to Council on November 1, 2021, and two public hearings were held on November 16, 2021, and November 23, 2021, on the City's 2022 Operating Budget. A city or town in Washington may impose a utility business and occupation tax upon the income of public and private utilities providing service within the city boundaries and, may

also levy taxes on revenues generated by a city's own utility services provided both inside and outside the city's boundaries. Thus, the City's 2022 Operating Budget is balanced and includes an increase to the Municipal Utility Tax rate on the City's own utility services. The City Council, after the hearings and after duly considering all relevant evidence and testimony presented, has determined that in order to maintain current levels of service, including expansion of particular levels of service, an increase in the City's Municipal Utility Tax rate beginning January 1, 2022, is warranted to discharge the expected expenses and obligations of the City in its best interest. Previously, the City passed an Ordinance to correct the historical record of the City's municipal services utility tax to reflect increases in 2019 and 2020. The result is a one-percent increase from the rate of 11.5% in 2020 to the current proposed rate of 12.5%.

**Neighborhood/Community Interests (if known):**

None known at this time.

**Options:**

1. Approve the Ordinance amending Olympia Municipal Code Chapter 5.84 relating to utility services tax rates and amending Olympia Municipal Code Chapter 5.84 entitled "Utility Services Tax."
2. Do not approve this Ordinance. This option is not recommended.

**Attachments:**

Ordinance