



## City Council

### Approval of an Ordinance Relating to the Utility Services Tax and Amending Olympia Municipal Code Section 5.84.050

**Agenda Date:** 8/19/2014  
**Agenda Item Number:** 4.F  
**File Number:** 14-0742

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

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#### **Title**

Approval of an Ordinance Relating to the Utility Services Tax and Amending Olympia Municipal Code Section 5.84.050

#### **Recommended Action**

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

Finance Committee recommends approval of the ordinance.

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

Move to approve on second reading the ordinance relating to the utility services tax and amending Olympia Municipal Code Section 5.84.050.

#### **Report**

##### **Issue:**

Whether to impose the utility services tax on cable television.

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

Jane Kirkemo, Administrative Services Director, 360.753.8499

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

Jane Kirkemo, Administrative Services Director

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

The background and analysis have not changed from first to second reading.

For years, the City has struggled to maintain its assets in the capital budget. Staff and the Finance Committee are looking for sustainable revenues to fund major maintenance. Staff is proposing to impose the 6% utility services tax on cable television. Currently there is a 5% franchise fee on cable services. The City Manager and the Finance Committee recommends that new revenue be applied to major maintenance in the capital budget.

On Monday, August 4, the Planning Commission held a public hearing on the Capital Facilities Plan (including the proposed tax). The Planning Commission voted 5-2 to support the Council Finance

Committee recommendation to go forward with the utility tax on cable to be used for either Park or Building major maintenance.

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

No one testified in opposition to the tax at the Planning Commission Public Hearing.

**Options:**

1. Impose the 6% utility services tax on cable television.
2. Impose some amount less than 6% on cable television. (Phase in 3% in 2015 followed by 3% in 2016.)
3. Do not impose a new utility services tax on cable television.

**Financial Impact:**

On an annual basis, the utility services tax imposed on cable television will generate approximately \$800,000.

Note: Because the revenue is received quarterly, the City will receive three quarters of tax in 2015, estimated to be \$600,000.