



**CITY OF KIRKLAND**  
 Department of Finance & Administration  
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**MEMORANDUM**

**To:** Dave Ramsay, City Manager  
**From:** Tracey Dunlap, Director of Finance and Administration  
**Date:** June 24, 2009  
**Subject:** Voted Private Utility Tax Increase Public Hearing

**Recommendation**

Council hold a public hearing regarding the proposed voted private utility tax increase as part of the process to place the question on the November 3, 2009 ballot.

**Background**

The 2009-2010 budget was balanced assuming a successful vote in 2009 to increase the private utility tax rate (on electric, gas, telecommunications, and cable utilities) from 6% to 7.5% in 2010. The revenue in 2010 from this increase is budgeted at \$2.2 million.

The key dates in the process are summarized as follows:

**Private Utility Tax Increase Proposed Election Schedule**

<b>GENERAL ELECTION NOVEMBER 3, 2009</b>	<b>PROPOSED DATE</b>
Proposed Date for public hearing on proposed resolution (must occur before August 11)	July 7, 2009
Council meeting to approve resolution/ordinance (must occur before August 11)	July 21, 2009
If resolution/ordinance not approved July 21, last regularly scheduled Council meeting to approve	August 4, 2009
Appoint pro and con committees	July 7 or July 21
General election ordinance/resolution filed (84 days prior)	August 11, 2009
Submit ballot title and a summary of the measure as it will appear on the ballot	August 11, 2009
Resolution requesting special election for inclusion in Voters' Pamphlet (84 days prior) (RCW 29A.04.330)	August 11, 2009
Explanatory statement (reviewed and approved by City Attorney describing effects of the measure if passed) and committee appointments (names of persons selected to serve) for voter pamphlet due to King County	August 14, 2009
Arguments for and against the measure written by the committees due to King County Elections after 4:30 pm	August 19, 2009
Arguments prepared by the pro and con committees available to the opposing committee for rebuttal after 4:30	August 19, 2009
Rebuttal statements for voter pamphlet due	August 21, 2009
General Election Date	November 3, 2009
Earliest the City could begin receiving revenue from utility tax increase (60 days post election to increase) is one month following the increase, with taxes due to the City by the 20th of the following month	March 1, 2010

Passage of the voted private utility tax increase would have a positive impact on the City's financial picture in two ways:

- The additional revenue would preserve service levels that were included as part of the adopted 2009-2010 budget.
- The increase in utility tax revenue would contribute to a more sustainable revenue base for the City by:
  - Increasing a revenue source that tends to grow with inflation to help match City cost growth.
  - Decreasing reliance on volatile sales tax revenues by better balancing revenues from a variety of tax sources.

Given positive direction from the Council to proceed, a resolution to approve placing the question on the ballot will be brought back to the Council at the July 21<sup>st</sup> , or no later than the August 4<sup>th</sup> , Council meeting.