
SENATE BILL 5258

State of Washington

53rd Legislature

1993 Regular Session

By Senators Sutherland and McCaslin

Read first time 01/20/93. Referred to Committee on Ways & Means.

1 AN ACT Relating to local utility taxes, fees, and charges; and
2 amending RCW 35.21.860, 35.21.865, and 35.21.870.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 **Sec. 1.** RCW 35.21.860 and 1983 2nd ex.s. c 3 s 39 are each amended
5 to read as follows:

6 (1) No city or town may impose a franchise fee or any other fee or
7 charge of whatever nature or description upon the water distribution,
8 light and power, or gas distribution businesses, as defined in RCW
9 82.16.010, sewerage collection business subject to the tax imposed in
10 RCW 82.16.020, or telephone business, as defined in RCW 82.04.065,
11 except that (a) a tax authorized by RCW 35.21.865 may be imposed and
12 (b) a fee may be charged to such businesses that recovers actual
13 administrative expenses incurred by a city or town that are directly
14 related to receiving and approving a permit, license, and franchise, to
15 inspecting plans and construction, or to the preparation of a detailed
16 statement pursuant to chapter 43.21C RCW.

17 (2)(a) Subsection (1) of this section does not prohibit franchise
18 fees imposed on an electrical energy, natural gas, or telephone
19 business, by contract existing on April 20, 1982, with a city or town,

1 for the duration of the contract, but the franchise fees shall be
2 considered taxes for the purposes of the limitations established in RCW
3 35.21.865 and 35.21.870 to the extent the fees exceed the costs
4 allowable under subsection (1) of this section.

5 (b) Subsection (1) of this section does not prohibit franchise fees
6 imposed on a water distribution or sewerage collection business, by
7 contract existing on the effective date of this act with a city or
8 town, for the duration of the contract, but the franchise fees shall be
9 considered taxes for the purposes of the limitations established in RCW
10 35.21.865 and 35.21.870 to the extent the fees exceed the costs
11 allowable under subsection (1) of this section.

12 **Sec. 2.** RCW 35.21.865 and 1983 c 99 s 4 are each amended to read
13 as follows:

14 No city or town may change the rate of tax it imposes on the
15 privilege of conducting ((an)) a water distribution, electrical energy,
16 natural gas, sewerage collection, or telephone business which change
17 applies to business activities occurring before the effective date of
18 the change, and no rate change may take effect before the expiration of
19 sixty days following the enactment of the ordinance establishing the
20 change except as provided in RCW 35.21.870.

21 **Sec. 3.** RCW 35.21.870 and 1984 c 225 s 6 are each amended to read
22 as follows:

23 (1) No city or town may impose a tax on the privilege of conducting
24 an electrical energy, natural gas, steam energy, or telephone business
25 at a rate which exceeds six percent unless the rate is first approved
26 by a majority of the voters of the city or town voting on such a
27 proposition.

28 (2) If a city or town is imposing a rate of tax under subsection
29 (1) of this section in excess of six percent on April 20, 1982, the
30 city or town shall decrease the rate to a rate of six percent or less
31 by reducing the rate each year on or before November 1st by ordinances
32 to be effective on January 1st of the succeeding year, by an amount
33 equal to one-tenth the difference between the tax rate on April 20,
34 1982, and six percent.

35 Nothing in this subsection prohibits a city or town from reducing
36 its rates by amounts greater than the amounts required in this
37 subsection.

1 Voter approved rate increases under subsection (1) of this section
2 shall not be included in the computations under this subsection.

3 (3) No city or town may impose a tax on the privilege of conducting
4 a water distribution or sewerage collection business at a rate which
5 exceeds six percent. If a city or town is imposing a rate of tax under
6 this subsection in excess of six percent on the effective date of this
7 act, the city or town shall decrease the rate to a rate of six percent
8 or less by reducing the rate each year on or before November 1st by
9 ordinances to be effective on January 1st of the succeeding year, by an
10 amount equal to one-tenth the difference between the tax rate on the
11 effective date of this act and six percent, or by one percent,
12 whichever is greater.

13 Nothing in this subsection prohibits a city or town from reducing
14 its rates by amounts greater than the amounts required in this
15 subsection.

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