

**ORDINANCE NO. 14-11**

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF COVINGTON, KING COUNTY, WASHINGTON, AMENDING SECTION 3.70.040 OF THE COVINGTON MUNICIPAL CODE TO SET THE UTILITY TAX RATE AT SIX PERCENT AND DEDICATE ONE TWELFTH OF UTILITY TAX COLLECTIONS TO COVINGTON COMMUNITY PARK.**

WHEREAS, the Covington community stated its desire for additional park and recreation opportunities; including large community parks, athletic fields, trails, community events, and other amenities; during the 2009 Parks, Recreation and Open Space planning process; and

WHEREAS, in response to the community's stated desire, the City of Covington ("City") wishes to build, maintain and operate the first phase of a new community park known as Covington Community Park ("Park"), that will provide athletic fields, trails, space for community events, and other amenities; and

WHEREAS, the City has invested almost \$600,000 in City funds in the master planning and design phases of the Park; and

WHEREAS, the City has been awarded more than \$1.5 million in grants from the State of Washington and King County to build the Park; and

WHEREAS, the City needs approximately \$200,000 in additional City funds to build the Park and approximately \$185,000 per year in additional City funds to maintain and operate it; and

WHEREAS, the City will have to forego the grants if these additional City funds are not provided; and

WHEREAS, the City currently levies a tax of five and one half percent on persons engaged in or carrying on a light and power business, telephone business, solid waste collection business, gas distribution business, surface water management services or cable television services in the City; and

WHEREAS, Washington state law permits the City to levy a tax of six percent on said persons; and

WHEREAS, the City wishes to increase the levy by one half of one percent to six percent on said persons and dedicate it to build, maintain and operate the Park; and

WHEREAS, the City estimates a one-half-of-one-percent increase in said tax will generate \$135,000 in 2012 and \$180,000 per year thereafter; and

WHEREAS, Washington state law permits said persons to pass through said tax to consumers; and

WHEREAS, the City estimates a one-half-of-one-percent increase in said tax will result in a two-dollar-per-month increase in the average Covington household's expenses; and

WHEREAS, the City believes Covington households and businesses will benefit from the Park; and

WHEREAS, the City did not intend to levy a tax on persons engaged in surface water management services when the City levied the tax on other persons in 2007; and

WHEREAS, the City has not collected said tax on persons engaged in surface water management services since 2007; and

WHEREAS, the City wishes to correct said error;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF COVINGTON, KING COUNTY, WASHINGTON, DOES ORDAIN AS FOLLOWS:

**Section 1. Code Amendment.** Section 3.70.040 of the Covington Municipal Code is hereby amended as follows:

**3.70.040 Occupations subject to tax – Amount.**

There is levied upon and shall be collected from a person engaged in or carrying on a light and power business, telephone business, solid waste collection business, gas distribution business, ~~surface water management services~~ or cable television services in the City of Covington, a tax equal to ~~five and one-half~~ six percent of the total gross income from such business in the City during the period for which the tax is due.

**Section 2. Dedication.** The City Council hereby dedicates one twelfth of utility tax collections to the construction, maintenance and operations of Covington Community Park.

**Section 3. Severability.** Should any section, paragraph, sentence, clause or phrase of this ordinance, or its application to any person or circumstance, be declared unconstitutional or otherwise invalid for any reason, or should any portion of this ordinance be pre-empted by state or federal law or regulation, such decision or preemption shall not affect the validity of the remaining portions of this ordinance or its application to other persons or circumstances.

**Section 4. Effective Date.** This ordinance shall be published in the official newspaper of the city, and shall take effect and be in full force on the 1st day of February, 2012.

Passed by the City Council on the 22<sup>nd</sup> day of November, 2011.

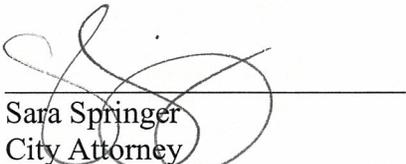
  
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Mayor Margaret Harto

PUBLISHED: December 2, 2011  
EFFECTIVE: February 1, 2012

ATTESTED:

  
\_\_\_\_\_  
Sharon Scott  
City Clerk

APPROVED AS TO FORM:

  
\_\_\_\_\_  
Sara Springer  
City Attorney