Agenda Sheet for City Council:

Committee: PIES **Date:** 11/17/2025

Committee Agenda type: Consent

Council Meeting Date: 11/17/2025

Date Rec'd	11/13/2025		
Clerk's File #	ORD C36814		
Cross Ref #			
Project #			
Bid #			
Requisition #			
Submitting Dept	PUBLIC WORKS		
Contact Name/Phone	MARLENE FEIST 6505		
Contact E-Mail	MFEIST@SPOKANECITY.ORG		
Agenda Item Type	First Reading Ordinance		
Council Sponsor(s)	BWILKERSON KKLITZKE		
Sponsoring at Administrators Request	NO		
Lease? NO	**Grant Related?** NO	**Public Works?** YES	
Agenda Item Name	5200 - ORDINANCE APPROVING A TEMPORARY INCREASE IN THE UTILITY TAX		

Agenda Wording

This ordinance authorizes a temporary increase in the City's utility tax rate for Water, Sewer and Solid Waste in SMC 08.10.030 by one-half percent for one year.

Summary (Background)

The City Council is working to balance the City's budget for 2026 and is proposing a temporary increase of one-half percent for water, sewer, and solid waste rates to balance the budget. The temporary tax increase will be in effect, beginning January 1, 2026, through December 31, 2026. The increase will automatically terminate without further action by the City Council. With the temporary increase, the total utility tax rate for these lines of utility business will be 21.5 percent.

FIRST READING OF THE ABOVE ORDINANCE HELD ON 11/17/2025

AND FURTHER ACTION WAS DEFERRED

Lini Hoffstetter

CITY CLERK

PASSED BY SPOKANE CITY COUNCIL: 11/24/2025

Lini Hoffstetter

CITY CLERK

What impacts would the proposal have on historically excluded communities?

Public Works services and projects are designed to serve all citizens and business. We strive to offer a consistent level of service to all, distribute public investment throughout the community and respond to gaps in services identified in various City plans.

How will data be collected, analyzed, and reported concerning the effect of the program/policy by racial, ethnic, gender identity, national origin, income level, disability, sexual orientation, or other existing disparities?

N/A

How will data be collected regarding the effectiveness of this program, policy, or product to ensure it is the right solution?

Public Works follows the established procurement and public works bidding regulations and policies to bring items forward and then uses contract management best practices to ensure desired outcomes and regulatory compliance.

Describe how this proposal aligns with current City Policies, including the Comprehensive Plan, Sustainability Action Plan, Capital Improvement Program, Neighborhood Master Plans, Council Resolutions, and others?

This proposal aligns with work to ensure that our utilities cover their costs to serve all the citizens consistently with the City's adopted plans and policies.

Council Subcommittee Review

Fiscal Impact	
Approved in Current Year Budget?	N/A
Total Cost	$
Current Year Cost	$
Subsequent Year(s) Cost	$
Narrative	

Amount		**Budget Account**
Select	$	#
Select	$	#
Select	$	#
Select	$	#
Select	$	#
Select	$	#

Funding Source	N/A
Funding Source Type	Select
Is this funding source sustainable for future years, months, etc?	
Expense Occurrence	N/A
Other budget impacts (revenue generating, match requirements, etc.)	

Approvals		**Additional Approvals**	
Dept Head	FEIST, MARLENE		
Division Director	FEIST, MARLENE		
Accounting Manager	ALBIN-MOORE, ANGELA		
Legal	SCHOEDEL, ELIZABETH		
For the Mayor	PICCOLO, MIKE		

Distribution List	
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ORDINANCE NO. C36814

AN ORDINANCE relating to Utilities, Franchise Taxes; amending section 08.10.030(A)(3), (4) and (7) to chapter 08.10 of the Spokane Municipal Code; and setting an effective date.

WHEREAS, the City of Spokane Utility Tax rate for water, wastewater and solid waste services shall be temporarily increased in the amount of One-Half of one percent (1/2%), beginning January 1, 2026 through December 31, 2026, after which time said rates will revert back One-Half of one percent (1/2 %), beginning January 1, 2027; and

WHEREAS, effective January 1, 2027, the temporary increase of One-Half (1/2) percent shall terminate without further action by the City Council; and

WHEREAS, effective January 1, 2027, the City's Utility Tax for water, sewer and solid waste services shall revert to a total utility tax rate of twenty-one (21%) percent;

NOW, THEREFORE,

The City of Spokane does ordain:

Section 1: That SMC section 08.10.030 is amended to read as follows:

08.10.030 Business Activities Subject to Tax – Amounts – Effective 1/1/2026 to 12/31/2026

A. There is levied upon and shall be collected from all persons engaging in the following utility business activities a utility gross receipts tax or license fee measured by multiplying the rate specified times the gross income as follows:

1. Selling, wheeling, or furnishing electric light or power: Six percent of gross income.

2. Selling, brokering, or furnishing natural or manufactured gas for hire: Six percent of gross income.

3. Providing solid waste collection service: ((~~Twenty-One~~)) Twenty-One and one-half percent of gross income.

4. Operating a public wastewater collection and treatment system: ((~~Twenty One~~)) Twenty-One and one-half percent of gross income.

5. Providing telegraph service: Three and one-half percent of gross income.

6. Engaging in the telephone business: Six percent.

a. This percentage is taken of gross revenues derived from engaging in the telephone business in the City of Spokane, including one hundred percent of the total gross revenues derived from intrastate toll telephone services so long as the tax is not imposed on that portion of network telephone service, as defined in RCW 82.04.065, which represents charges to another telecommunications company, as defined in RCW 80.04.010, for connecting fees, switching charges or carrier access charges relating to intrastate toll telephone service, or for access to, or charges for interstate services, or charges for network telephone service that is purchased for the purpose of resale.

b. With respect to any rate affecting cellular taxation, subject also to RCW 35.21.870, no change in the tax rate affects business activities occurring before the effective date of the change, and no change will take effect sooner than sixty days following enactment of any amendatory ordinance.

c. In the case of cellular telephone service, when the service is provided to a customer roaming outside his normal use cellular network area, gross income for taxation purposes is determined consistent with the taxpayer's accounting system to the location of the originating cell site of the call, or to the location of the main cellular switching office that switched the call.

d. In the case of cellular telephone service, payments by a customer for the telephone service for telephones without a fixed location shall be allocated among taxing jurisdictions to the location of the customer's principal service address for the period during which the tax applies. There is a presumption that the service address a customer supplies to the taxpayer is accurate and current, unless the taxpayer has knowledge or reason to know the contrary.

e. If there is a dispute between the City of Spokane and another Washington city imposing a municipal telephone utility tax on cellular service of the same nature as imposed by this chapter, which dispute is limited only to the question of the correct allocation of municipal telephone taxes as between the City of Spokane and some other Washington city, the taxpayer may obtain exoneration from further tax liability, interest, and penalties due and owing to the City of Spokane with respect to the transactions under dispute by tendering the total amount of tax claimed due by the City of Spokane into an escrow account with the City treasurer or as established hereafter by appropriate interlocal agreements under the administrative sponsorship of the Association of Washington Cities. Under these arrangements, the taxpayer remains responsible to adjust its billing records promptly upon notification under procedures sanctioned through the Association of

Washington Cities of the resolution of any dispute encompassed within the terms of this paragraph.

7. Selling or furnishing water for hire: ((~~Twenty One~~)) Twenty-One and one-half percent of gross income.

8. Providing cable, telecommunications, or similar type service to the public, which involves the use of the right-of-way for the installation of wires, cables, fixtures, or other equipment, where not otherwise addressed in this section or prohibited by law: Six percent of gross income.

B. Subsections (A)(3), (A)(4), and (A)(7) of this section include, so far as permitted by law, the City of Spokane, and the fee or tax imposed applies to the specified business of the entire City service area, except that subsection (A)(3) of this section does not apply to operations or functions undertaken by the City occurring outside the City of Spokane and undertaken by the City as manager of a joint project pursuant to interlocal cooperation agreement.

C. The taxes imposed in subsections A (1), (2), (3), (5), (6), and (8) do not apply to amounts derived from utility business activities otherwise taxable arising from providing service to customers at locations operated or managed by an airport board pursuant to interlocal agreement arising under the authority of chapter 14.08 RCW, where such locations have been annexed to the City, said annexation taking effect on or after January 1, 2012; provided further, this exclusion does not apply to revenues derived from customers operating municipal solid waste disposal facilities or revenues otherwise taxable from municipal solid waste disposal facility operations.

D. The increased taxes imposed in sections (A)(3), (A)(4), and (A)(7) of this section are temporary increases from January 1, 2026 through December 31, 2026, after which said increases in section (A)(3), (A)(4), and (A)(7) of this section shall revert to a total tax of twenty-one (21%) percent, effective January 1 ,2027.

Section 2: That effective January 1 ,2027, SMC section 8.10.030 is amended to read as follows:

08.10.030 Business Activities Subject to Tax – Amounts – Effective 1/1/2027

A. There is levied upon and shall be collected from all persons engaging in the following utility business activities a utility gross receipts tax or license fee measured by multiplying the rate specified times the gross income as follows:

1. Selling, wheeling, or furnishing electric light or power: Six percent of gross income.

2. Selling, brokering, or furnishing natural or manufactured gas for hire: Six percent of gross income.

3. Providing solid waste collection service: ((~~Twenty-One and one-half~~)) Twenty-One percent of gross income.

4. Operating a public wastewater collection and treatment system: ((~~Twenty-One and one-half~~)) Twenty-One percent of gross income.

5. Providing telegraph service: Three and one-half percent of gross income.

6. Engaging in the telephone business: Six percent.

    a. This percentage is taken of gross revenues derived from engaging in the telephone business in the City of Spokane, including one hundred percent of the total gross revenues derived from intrastate toll telephone services so long as the tax is not imposed on that portion of network telephone service, as defined in RCW 82.04.065, which represents charges to another telecommunications company, as defined in RCW 80.04.010, for connecting fees, switching charges or carrier access charges relating to intrastate toll telephone service, or for access to, or charges for interstate services, or charges for network telephone service that is purchased for the purpose of resale.

    c. With respect to any rate affecting cellular taxation, subject also to RCW 35.21.870, no change in the tax rate affects business activities occurring before the effective date of the change, and no change will take effect sooner than sixty days following enactment of any amendatory ordinance.

    d. In the case of cellular telephone service, when the service is provided to a customer roaming outside his normal use cellular network area, gross income for taxation purposes is determined consistent with the taxpayer's accounting system to the location of the originating cell site of the call, or to the location of the main cellular switching office that switched the call.

    e. In the case of cellular telephone service, payments by a customer for the telephone service for telephones without a fixed location shall be allocated among taxing jurisdictions to the location of the customer's principal service address for the period during which the tax applies. There is a presumption that the service address a customer supplies to the taxpayer is accurate and current, unless the taxpayer has knowledge or reason to know the contrary.

    f. If there is a dispute between the City of Spokane and another Washington city imposing a municipal telephone utility tax on cellular service of the same nature as imposed by this chapter, which dispute is

limited only to the question of the correct allocation of municipal telephone taxes as between the City of Spokane and some other Washington city, the taxpayer may obtain exoneration from further tax liability, interest, and penalties due and owing to the City of Spokane with respect to the transactions under dispute by tendering the total amount of tax claimed due by the City of Spokane into an escrow account with the City treasurer or as established hereafter by appropriate interlocal agreements under the administrative sponsorship of the Association of Washington Cities. Under these arrangements, the taxpayer remains responsible to adjust its billing records promptly upon notification under procedures sanctioned through the Association of Washington Cities of the resolution of any dispute encompassed within the terms of this paragraph.

8. Selling or furnishing water for hire: ((~~Twenty-One-and-one-half~~)) Twenty-One percent of gross income.

9. Providing cable, telecommunications, or similar type service to the public, which involves the use of the right-of-way for the installation of wires, cables, fixtures, or other equipment, where not otherwise addressed in this section or prohibited by law: Six percent of gross income.

B. Subsections (A)(3), (A)(4), and (A)(7) of this section include, so far as permitted by law, the City of Spokane, and the fee or tax imposed applies to the specified business of the entire City service area, except that subsection (A)(3) of this section does not apply to operations or functions undertaken by the City occurring outside the City of Spokane and undertaken by the City as manager of a joint project pursuant to interlocal cooperation agreement.

C. The taxes imposed in subsections A (1), (2), (3), (5), (6), and (8) do not apply to amounts derived from utility business activities otherwise taxable arising from providing service to customers at locations operated or managed by an airport board pursuant to interlocal agreement arising under the authority of chapter 14.08 RCW, where such locations have been annexed to the City, said annexation taking effect on or after January 1, 2012; provided further, this exclusion does not apply to revenues derived from customers operating municipal solid waste disposal facilities or revenues otherwise taxable from municipal solid waste disposal facility operations.

((~~D. The increased taxes imposed in sections (A)(3), (A)(4), and (A)(7) of this section are temporary increases from January 1, 2026 through December 31, 2026, after which said increases in section (A)(3), (A)(4), and (A)(7) of this section shall revert to a total tax of twenty-one (21%) percent, effective January 1 ,2027.~~))

Section 3: Effective Date. The effective date of this ordinance shall be the later of January 1, 2026 or the time set forth in Section 19 of the City Charter.

ADOPTED BY THE CITY COUNCIL ON November 24, 2025

(Delivered to the Mayor on the 26 day of November 2025.

Betsy Wilkerson
Council President

Attest:

Terri L. Pfister
City Clerk

Lisa Brown
Mayor

Approved as to form:

Michael J. Piccolo
~~Assistant~~ City Attorney

Dec 8, 2025
Date

1/7/2026
Effective Date

CITY OF SPOKANE WASHINGTON