

ORDINANCE NO. 4237

AN ORDINANCE OF THE CITY OF KIRKLAND RELATING TO ADOPTING A NEW CHAPTER 5.07 OF THE KIRKLAND MUNICIPAL CODE IMPOSING A SALES AND USE TAX AS AUTHORIZED BY RCW 82.14.415 AS A CREDIT AGAINST THE STATE TAX RELATING TO ANNEXATIONS.

WHEREAS, on April 7, 2009, the City Council of the City of Kirkland passed Resolution R-4751 which directed the City Clerk to file a notice of intent to annex the Finn Hill, Kingsgate and North Juanita Annexation Area with the King County Boundary Review Board; and

WHEREAS, the Boundary Review Board held a public hearing on the proposed annexation on June 8, 2009, and approved the annexation on July 9, 2009; and

WHEREAS, the City Council passed Resolution R-4763 calling for an election which was held pursuant to State statute on November 3, 2009; and

WHEREAS, the King County Council transmitted a certified abstract of the vote in the November 3, 2009, general election; and

WHEREAS, the annexation of the Finn Hill, Kingsgate and North Juanita Annexation Area was approved by the voters residing in the area; and

WHEREAS, the City Council passed Ordinance No. 4229 on December 15, 2009, annexing the Finn Hill, Kingsgate and North Juanita Annexation Area, an area that has a population of at least ten thousand people; and

WHEREAS, the City Council finds and determines that the projected cost of at least \$5 million to provide municipal services to the annexation area exceeds the projected general revenue estimated to be zero that the City would otherwise receive from the annexation area for the July 1, 2010 – June 30, 2011 fiscal year; and

WHEREAS, pursuant to RCW 82.14.415, the City is authorized, under the circumstances of this annexation, to impose a sales and use tax as authorized with that tax being a credit against the state tax.

NOW, THEREFORE, be it resolved by the City Council of the City of Kirkland as follows:

Section 1. A new Chapter 5.07 of the Kirkland Municipal Code is hereby created to read as follows:

5.07.010 Imposition of tax.

(a) There is imposed a sales or use tax, as authorized by RCW 82.14.415, which tax shall be collected from those persons who are taxable by the state under Chapters 82.08 and 82.12 RCW upon the occurrence of any taxable event within the city.

(b) The rate of the tax imposed under this chapter shall be 0.2 percent, and shall be in addition to other taxes authorized by law.

5.07.020 Definitions.

1. "Annexation area" means the Finn Hill, Kingsgate and North Juanita annexation area, as described in Exhibit A to Resolution No. R-4751, passed April 7, 2009, and includes all property described in the Ordinance.

2. "Municipal services" means those services customarily provided to the public by city government.

3. "Fiscal year" means the State's fiscal year beginning July 1st and ending the following June 30th.

4. "Threshold amount" means the maximum amount of tax distributions as determined by the city in accordance with KMC 5.07.070 that the Washington State Department of Revenue shall distribute to the city generated from the tax imposed under this chapter in a fiscal year.

5.07.030 Credit against state tax.

The tax authorized under this section shall be a credit against the state tax under Chapter 82.08 or 82.12 RCW. The Washington State Department of Revenue shall perform the collection of such taxes on behalf of the city, at no cost to the city, and shall remit the tax to the city as provided in RCW 82.14.060 and 82.14.415.

5.07.040 Term of tax.

(a) The tax imposed by this chapter shall only be imposed at the beginning of a fiscal year and shall continue for no more than 10 years from the date the tax is first imposed. Tax rate increases due to additional annexed areas shall be effective on July 1st of the fiscal year following the fiscal year in which the annexation occurred; provided, that notice is given to the Washington State Department of Revenue as set forth in KMC 5.07.070.

(b) The tax shall also cease to be distributed to the city for the remainder of the fiscal year once the threshold amount, as set forth pursuant to KMC 5.07.070, has been reached. Distributions of tax under this chapter shall begin again on July 1st of the next fiscal year and continue until the new threshold amount has been reached or June 30th, whichever is sooner. Any revenue generated by the tax in excess of the threshold amount shall belong to the state of Washington. Any amount resulting from the threshold amount less the total fiscal year distributions, as of June 30th, shall not be carried forward to the next fiscal year.

5.07.050 Use of tax revenue.

All revenue collected under this chapter shall be used solely to provide, maintain, and operate municipal services for the Finn Hill, Kingsgate and North Juanita annexation area.

5.07.060 Limitation of revenues.

The revenues from the tax authorized in this chapter may not exceed that which the city deems necessary to generate revenue equal to the difference between the city's cost to provide, maintain, and operate municipal services for the Finn Hill, Kingsgate and North Juanita annexation area and the general revenues that the city would otherwise expect to receive from the annexation during a year. If the revenues from the tax authorized in this chapter and the revenues from the Finn Hill, Kingsgate and North Juanita annexation area exceed the costs to the city to provide, maintain, and operate municipal services for the annexation area during a given year, the city shall notify the department and the tax distributions authorized in this section shall be suspended for the remainder of the year.

5.07.070 Thresholds.

(a) The threshold amount for the first fiscal year following the annexation and adoption of the tax authorized by this chapter is as follows: \$5 million.

(b) The city finance director shall forward to the Washington State Department of Revenue the amount of the threshold amount for the first fiscal year following the annexation and adoption of the tax.

(c) No later than March 1st of each year, the finance director shall provide the Washington State Department of Revenue with a new threshold amount for the next fiscal year, and notice of any applicable tax rate changes.

Section 2. The City Manager is hereby authorized to implement such administrative procedures as may be necessary to carry out the directions of this legislation.

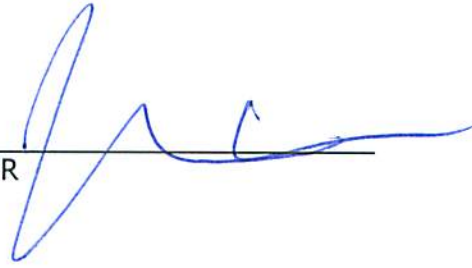
Section 3. If any provision of this ordinance or its application to any person or circumstance is held invalid, the remainder of the ordinance, or the application of the provision to other persons or circumstances is not affected.

Section 4. This ordinance shall be in force and effect five days from and after its passage by the Kirkland City Council and publication, as required by law.

Passed by majority vote of the Kirkland City Council in open meeting this 16th day of February, 2010.

Signed in authentication thereof this 16th day of February, 2010.

MAYOR



Attest:

Kathie Anderson
City Clerk

Approved as to Form:

John S. Johnson
City Attorney