



## UNIVERSITY PLACE UTILITY TAXES

*Response to 16 February 2021 Government Performance and Finance Committee*

### **CAN THE CITY OF UNIVERSITY PLACE IMPLEMENT A TAX RATE ABOVE 6.0%?**

#### **POWER**

State law [RCW 35.21.870](#) Section (1) provides for a 6.0% cap on energy excise taxes. Any tax amounts greater than 6.0% must be implemented by a majority of voters in the city.

Currently, the City of Tacoma gross earnings tax for Power is above the State law threshold, at 7.5%. This is permitted because a 1.5 percentage point increase was approved by voters as Proposition 3 (Streets Initiative) at the November 3, 2015 General Election and implemented thereafter by the City Council in Ordinance 28339, passed December 8, 2015, and effective March 1, 2016.

#### **WATER**

State law currently has no limit on city excise tax rates for water utilities.

#### **CITY OF TACOMA SPECIAL LIMITS**

The [Tacoma City Charter](#), Section 4.4 limits the gross earnings tax on City-owned utilities to a maximum of 8.0%. This limit applies only within the City of Tacoma and thus would not apply to surrounding jurisdictions.