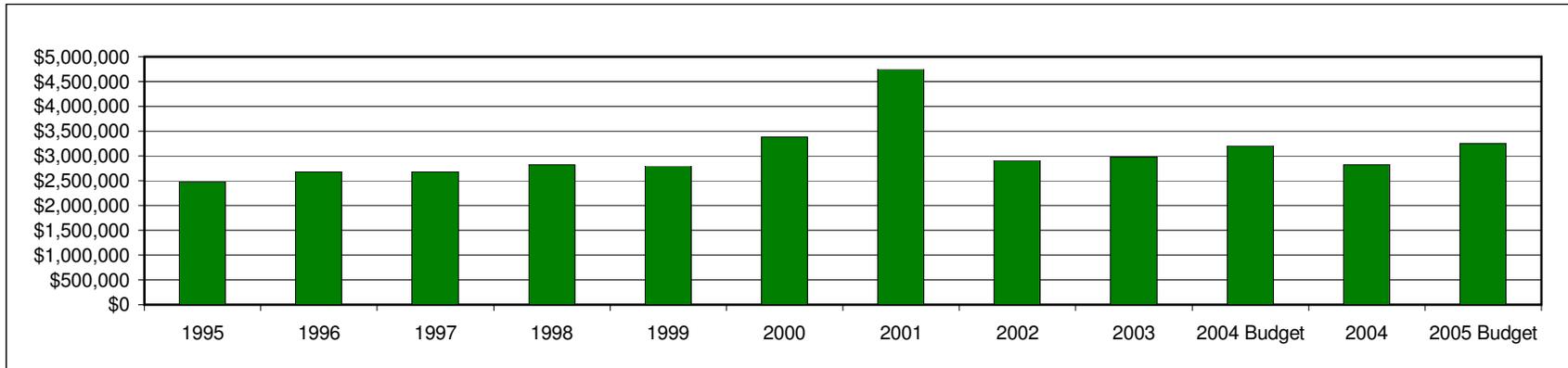


Electric Utility Tax

Perspectives

This tax applies to every business enterprise engaging in or carrying on the business of selling, furnishing or distributing electricity for light and power in the City of Renton. The tax is applied on the total gross income derived from electrical and power business enterprises in the City. In June 2003, we received a check for \$135,000 for taxes due in 2000. This was too large of an amount to place in misc. revenue, thus we coded it appropriately in the Electric revenue account number in the Parks Fund.

	2002	2003	2004 Budget	2004	2005 Budget
Fund 101	\$2,899,375	\$2,977,193	\$3,201,000	\$2,820,262	\$3,251,700



Forecast Assumptions

- 2003 Taking a conservative viewpoint, the budget has been set at the average revenue for 1998-2000.

- 2004 3% decrease from the 2003 budget.

- 2005 2% increase from 2004 budget.

Authority and Rates

- Tax/Revenue Base: Gross income derived from operation of public and privately owned utilities, including the general categories of transportation , communications, and the supply of energy and water. Income from utility operations is taxed under the public utility tax and is in lieu of the B & O tax; other income of the utility firm (e.g., retail sales of tangible personal property) is subject to B & O tax.
- RMC: Electric utility main taxes are collected in accordance with Section 5-11-1(D) of the Renton Municipal Code. Electric Utility tax rates are 6% of the total gross income and became effective February 16, 1991.
- RCW: Electric main taxes are collected at 6% in accordance with RCW 82.16. RCW 35.22.280 (2) authorizes the City of Renton to levy and collect taxes.

Background Information

RCW 82.16 states, "Most of the public utility tax goes to the general fund (96.1% in fiscal year 1995). Certain receipts are earmarked for the public works assistance accounts which provides financial assistance to local government for maintenance of public works facilities: 1) 20% of the 5.029% tax on water distribution, and 2) 60% of the 3.852% tax on sewerage collection."