



**ORDINANCE NO. 4182-26**

**An ORDINANCE imposing a utility tax on the City’s water and sewer utility, amending chapter 3.28 of the Everett Municipal Code.**

**WHEREAS,**

- A. The City of Everett is a first-class charter city and has general taxing authority under RCW 35.22.280(32) to license for revenue purposes. The City of Everett has authority to impose utility taxes under RCW 35.22.195 and RCW 35.22.280(32) and other state law.
- B. The City collects a 6% payment-in-lieu-of-tax (a PILOT) on the City’s water and sewer utility under City Council Resolution 2285 dated June 1, 1983.
- C. The City faces the structural challenge that the cost of providing core services is growing at a faster rate than revenues. Although the City has adopted measures to address this challenge, including cost containment through organizational changes, budget cuts, and other measures, there remains a funding shortfall for the core City services.
- D. The purpose of this Ordinance is to impose a 12% utility tax on the City’s water and sewer utility for the purpose of increasing revenue available for core City services.

**NOW, THEREFORE, THE CITY OF EVERETT DOES ORDAIN:**

**Section 1.** EMC 3.28.030 is amended as follows, with underlined text added and strikethrough text deleted:

**3.28.030 Definitions**

In construing the provisions of this chapter, save when otherwise plainly declared or clearly apparent from the context, the following definitions shall be applied:

- A. “Cable television services” means the one-way transmission of video programming and associated nonvideo signals to subscribers together with subscriber interaction, if any, which is provided in connection with video programming.
- B. “Cellular telephone service” means the two-way voice and data telephone/telecommunications system based in whole, or substantially in part, on wireless radio communications, and which is not subject to regulation by the Washington Utilities and Transportation Commission (WUTC). This includes “cellular mobile service.” The definition of “cellular mobile service” includes other wireless radio communications services such as specialized mobile radio (SMR), personal communication services (PCS), and any other evolving wireless radio communications technology which accomplishes the same purpose as cellular mobile service.
- C. “Competitive telephone service” means the providing by any person of telecommunications equipment or apparatus, or service related to that equipment or apparatus such as repair or maintenance service, if the equipment or apparatus is of a type which can be provided by persons that are not subject to regulation as telephone companies under RCW Title 80, and for which a separate charge is made.
- D. “Gas business” means the business of transmitting, distributing, brokering, or selling natural,

manufactured, or mixed gas.

E. "Gross proceeds of sale" or "gross income" means the value proceeding or accruing by reason of the transaction of the business engaged in and includes gross proceeds of sales, compensation for the rendition of services, gains realized from trading stocks, bonds, or other evidences of indebtedness, interest, discount, rents, royalties, fees, commissions, dividends, and other emoluments however designated, all without any deduction on account of the cost of tangible property sold, the cost of materials used, labor costs, interest, discount, delivery costs, taxes, or any other expenses whatsoever paid or accrued and without any deduction on account of losses.

F. "Gross water/sewer utility proceeds of sale" or "gross water/sewer utility income" means the gross proceeds realized from the sale of water and sewer utility service, to include sale of water and sale of services related to water filtration, water transmission, and water distribution, sale of services of related to sewer collection and sewer treatment, and sale of services related to surface water management, all as may be paid to the water and sewer utility by ordinance or contract or otherwise.

FG. "Light or power business" means the business of operating a plant or system for the production or distribution of electrical energy for hire or sale and/or for the wheeling of electricity for others.

GH. "Network telephone service" means the providing by any person of access to a telephone network, telephone network switching service, toll service, or coin telephone services, or the providing of telephonic, video, data, or similar communication or transmission for hire, via a telephone network, toll line or channel, cable, microwave, or similar communication or transmission system. "Network telephone service" includes the provision of transmission to and from the site of an Internet provider via a telephone network, toll line or channel, cable, microwave, or similar communication or transmission system. "Network telephone service" does not include the providing of competitive telephone service, the providing of cable television service, the providing of broadcast services by radio or television stations, nor the provision of Internet access as defined in RCW 82.04.297, including the reception of dial-in connection provided at the site of the Internet service provider.

HJ. "Person" means any individual, receiver, administrator, executor, assignee, trustee in bankruptcy, trust, estate, firm, co-partnership, joint venture, club, company, joint stock company, business trust, municipal corporation, political subdivision of the state of Washington, corporation, limited liability company, association, society, or any group of individuals acting as a unit, whether mutual, cooperative, fraternal, nonprofit, or otherwise and the United States or any instrumentality thereof.

IJ. "Solid waste service" means every person who receives solid waste or recyclable materials for transfer, storage, or disposal including but not limited to all collection services, public or private solid waste disposal sites, transfer stations, and similar operations. "Solid waste" means all putrescible and nonputrescible solid and semisolid wastes including, but not limited to, garbage, rubbish, ashes, industrial wastes, swill, sewage sludge, demolition and construction waste, abandoned vehicles or parts thereof, and recyclable materials. "Recyclable materials" means those solid wastes that are separated for recycling or reuse, such as papers, metals, and glass.

JK. "Taxpayer" means any "person," as herein defined, required to have a business license under Chapter 3.19, or liable for the collection of any tax or fee under this chapter, or who engages in any business or who performs any act for which a tax or fee is imposed by this chapter.

~~K~~L. "Telephone business" means the business of providing network telephone service or cellular telephone service as defined in this section. "Telephone business" includes cooperative or farmer line telephone companies or associations operating an exchange. "Telephone business" does not include the providing of competitive telephone services, the providing of cable television services, nor the providing of broadcast services by radio or television stations.

M. "Water/ sewer utility wholesale service" means water and/or sewer service provided by the City of Everett's water and sewer utility (Fund 401) to a public or tribal entity who uses that water or sewer service to provide service to that entity's own customers. This wholesale service may include without limitation drinking water filtration, transmission and distribution, and sewage or wastewater collection and treatment, all as may be applicable to a particular wholesale customer. In case of any question of whether service is wholesale service or general service (as defined below), the determination of the Public Works Director is final.

N. "Water/sewer utility general service" means water and sewer service provided by the City of Everett's water and sewer utility (Fund 401) that is not wholesale service as defined in the previous subsection. This general service includes without limitation drinking water filtration, transmission and distribution, sewage or wastewater collection and treatment, and surface water/stormwater management.

**Section 2.** EMC 3.28.050 is amended as follows, with underlined text added:

**3.28.050 Business subject to utility tax.**

There is hereby levied and shall be collected a tax on account of the business activities described herein, and in the amounts to be determined by the application of the rates against gross income, as follows:

A. Upon every person engaged in or carrying on a telephone business, a tax equal to six percent of the gross income derived from the operation of such business within the city of Everett.

1. The utility tax imposed in this section shall not apply to any telephone business whose gross income derived from the operation of such business within the city of Everett is equal to or less than four hundred dollars during any calendar year, or is equal to or less than one hundred dollars during any quarter if reporting on a quarterly basis. The yearly four hundred dollar threshold and the quarterly one hundred dollar threshold will be adjusted annually as set forth in subsection (A)(2) of this section.

2. *Tax Obligation Threshold Adjustment.* The office of the clerk shall administratively adjust annually the yearly threshold provided for in subsection (A)(1) of this section in an amount equal to the annual change in the June-to-June Consumer Price Index (CPI-U) (1982-84=100) for the Seattle-Tacoma-Bremerton area as published by the United States Department of Labor (CPI), compounded from the base year of 2023. To calculate the adjustment, the yearly threshold established in subsection (A)(1) of this section will be multiplied by one plus the compounded annual change in the CPI between the current year and 2023. The amount of the yearly threshold so calculated will be adjusted in increments of one hundred dollars, rounding upward to the nearest one hundred dollar increment. The office of the clerk shall administratively adjust annually the quarterly threshold provided for in subsection (A)(1) of this section so that it is equal to one-fourth of the yearly threshold.

B. Upon every person engaged in or carrying on a gas business within the city of Everett, a tax

equal to six percent of gross income. Provided, however, that with regards to any sales of natural gas that are exempt from the tax imposed under Chapter 82.16 RCW, as provided in Section 301 of Chapter 216, Laws of 2014 (ESSB 6440), the rate of taxation will be equal to that imposed by EMC 3.24.050(4).

C. Upon every person engaged in or carrying on a light or power business, a tax equal to six percent of the gross income derived from the sale of electricity within the city of Everett, exclusive of revenues derived from the sale of electricity for purposes of resale.

D. Upon every person engaged in or carrying on a cable television service within the city of Everett, a tax equal to:

1. From the effective date of the ordinance codified in this chapter to December 31, 2015, two percent of gross income.
2. From January 1, 2016, to December 31, 2016, four percent of gross income.
3. After January 1, 2017, six percent of gross income.

E. Upon every person engaged in or carrying on a solid waste service within the city of Everett, a tax equal to:

1. From the effective date of the ordinance codified in this chapter to December 31, 2015, two percent of gross income.
2. From January 1, 2016, to December 31, 2016, four percent of gross income.
3. After January 1, 2017, six percent of gross income.

F. Upon the City of Everett's water and sewer utility (Fund 401), a tax equal to 12 percent of gross water/sewer utility income derived from water/sewer utility general service. This tax shall be applicable to the business of City's water and sewer utility done without, as well as within, the City of the Everett.

G. Upon the City of Everett's water and sewer utility (Fund 401), a tax equal to 12 percent of gross water/sewer utility income derived from water/sewer utility wholesale service provided to each wholesale customer, subject to the following:

1. This tax shall be applicable to the business of the City's water and sewer utility done without, as well as within, the City of the Everett

2. This tax shall be applied to the maximum extent allowed by applicable contract and law. The City's water and sewer utility shall pass through to each wholesale customer an amount equal to the tax owed by the utility on the gross water/sewer utility income derived from that wholesale customer. The mechanism(s) for this pass through can be by inclusion in a rate, by inclusion in a rate that passes through tax for previous time periods, by separate invoice line item or by any other mechanism(s) as determined by the Public Works Department, so long the pass-through amount is equivalent to the tax imposed by this subsection on the gross water/sewer utility income derived from the wholesale customer. The City's water and sewer utility shall remit payments of such pass-through amounts from each wholesale customer to the City of Everett as payment of the tax. If the tax applies and the wholesale customer does not pay the pass-through amount, the City of Everett shall not demand payment from the City's water and sewer utility of the tax so passed through and not paid until after the conclusion of legal action against the non-paying wholesale customer through all appeals.

3. If applicable law or contract does not allow the tax imposed under this

subsection G to apply to gross water/sewer utility income derived from a particular wholesale customer, then the PILOT pursuant to City Council Resolution 2285 remains in effect as to that wholesale customer.

**Section 3.** Except to the extent provided in EMC 3.28.050.G, City Council Resolution 2285 as to the City’s water and sewer utility is superseded by this Ordinance.

**Section 4.** This Ordinance (including without limitation the taxes imposed under this Ordinance) shall become effective on August 1, 2026, unless a timely referendum petition is filed as provided for in the following section, in which case the effective date of this Ordinance shall be suspended until the referendum petition is found to be insufficient under the law or the Ordinance is approved by the voters at the election.

**Section 5.** This Ordinance is subject to the referendum procedure in RCW 35.21.706. A referendum petition may be filed within seven days of the passage of this Ordinance with the filing officer of the City of Everett, which is hereby identified as the City Clerk, 2930 Wetmore Avenue, Suite 1-A, Washington. Within ten days of the filing of the petition, the City Clerk shall confer with the petitioner concerning the form and style of the petition, issue the petition an identification number, and secure an accurate, concise, and positive ballot title from the City Attorney. The petitioner shall then have thirty days in which to secure the signatures of not less than fifteen percent of the registered voters of the City of Everett, as of the last municipal general election, upon petition forms which contain the ballot title and the full text of the measure to be referred. Signed petition forms that are timely submitted to the City Clerk shall be either (1) transmitted to the Snohomish County Auditor who shall verify the sufficiency of the signatures on the petition and report to the City Clerk or (2) verified by the City Clerk. If sufficient valid signatures are properly submitted, the City Clerk shall certify the referendum measure and so inform the City Council, which shall submit the referendum measure to the voters at the next election ballot within the City or at a special election ballot as provided pursuant to RCW 35.17.260(2). Pursuant to RCW 35.21.706, the referendum procedure in this section is exclusive, and as such this Ordinance is not subject to any other referendum or initiative process.

**Section 6.** The following is provided for reference and may not be complete:

<b>EMC Amended by this Ordinance</b>	<b>Ordinance History of EMC Amended by this Ordinance</b>
EMC 3.28.030	(Ord. 3384-14 § 4, 2014.)
EMC 3.28.050	(Ord. 3883-22 § 1, 2022; Ord. 3384-14 § 5, 2014.)

**Section 7.** The City Clerk and the codifiers of this Ordinance are authorized to make necessary corrections to this Ordinance, including, but not limited to, the correction of scrivener’s/clerical errors, references, ordinance numbering, section/subsection numbers, and any internal references.

**Section 8.** The City Council hereby declares that should any section, paragraph, sentence, clause or phrase of this ordinance be declared invalid for any reason, it is the intent of the City Council that it would have passed all portions of this ordinance independent of the elimination of any such portion as may be declared invalid.

**Section 9.** The enactment of this Ordinance shall not affect any case, proceeding, appeal, or other matter currently pending in any court or in any way modify any right or liability, civil or criminal, which may be in existence on the effective date of this Ordinance.

**Section 10.** It is expressly the purpose of this Ordinance to provide for and promote the health, safety,

and welfare of the general public and not to create or otherwise establish or designate any particular class or group of persons who will or should be especially protected or benefited by the terms of this Ordinance. Nothing contained in this Ordinance is intended nor shall be construed to create or form the basis of any liability on the part of the City, or its officers, employees, or agents, for any injury or damage resulting from any action or inaction on the part of the City related in any manner to the enforcement of this Ordinance by its officers, employees, or agents.



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Cassie Franklin, Mayor

ATTEST:



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Marista Jorve, City Clerk

PASSED: 05/27/2026

VALID: 05/27/2026

PUBLISHED: 05/30/2026

EFFECTIVE DATE: 06/10/2026











# ORD 4182-26\_CB 2605-27 Utility Tax Ordinance\_SD

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