City of Longview

1525 Broadway
Longview, WA 98632
www.ci.longview.wa.us

Agenda

Revenue Committee

Monday, December 9, 2024 | **4:00 PM** | **Training Room, 2nd Floor, City Hall**

1. **HYBRID MEETING DETAILS**

   24-001121 **Please click the link to join the webinar: https://us02web.zoom.us/j/84732007844**
   Webinar ID: 847 3200 7844
   Or Telephone: (253) 205 0468; or (253) 215 8782; or (669) 444-9171

2. **CALL TO ORDER**

3. **ROLL CALL**

4. **PROCESS / PRIORITIES**

   24-001122 **COMMITTEE OUTLINE**

5. **NEW BUSINESS**

   24-001123 **BRAINSTORMING**

6. **PUBLIC COMMENT**

7. **ADJOURNMENT**

City of Longview

Agenda Summary

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Attachments: None

12/9/2026

REVENUE COMMITTEE

AGENDA

- What we have done so far
- Possible Options
- Goals for Today
- General Discussion

- **Business & Occupation (B&O) Taxes**
  - Imposed on businesses with annual taxable gross receipts of $100,000 and above
  - Currently 0.15% on most business activity, including manufacturing, retailing, wholesaling, and printing and publishing
  - 0.2% on services and transporting freight for hire
- **Utility Taxes**
  - Public and private utilities providing services within City boundaries as defined by local ordinance
  - Statute authorizes imposing on Public Utility Districts (PUDs) that operate works, plants, or facilities for the sale of electricity within the City per RCW 54.28.070
  - Can be levied on City's own utilities provided inside <u>and</u> outside the City limits
  - No restrictions on rates for water, sewer, solid waste, and stormwater utilities (currently 14.5% then 18.5% in 2025 and 21.5% in 2026)
  - Rates on electric, gas, steam, cable, and telephone utilities are restricted to 6% without voter approval per RCW 35.21.870
  - Internet services are exempt per the federal Internet Tax Freedom Act moratorium which was made permanent in 2016
- **Public Safety Sales Tax**
  - Up to 0.1% (0.3% maximum when combined with the County) for public safety purposes per RCW 82.14.450
  - Motor vehicle sales and the first 36 months of motor vehicle leases are exempt
  - On April 1, 2017, the County imposed a 0.1% sales tax for emergency communications (911)
  - Voter Approved for 2025

Other Potential Governmental Revenue Sources

Councilmanic

- ❖ **Property Tax Revenue (Ad Valorem)**
  - Lesser of 1% or the national measure of the Implicit Price Deflator (IPD)
  - Longview's rate capped at $3.60 per $1,000 of assessed value (AV)
- ❖ **New Construction Property Tax Allowance**
  - State law permits a jurisdiction to increase its current year levy by multiplying the total value of last year's new construction by the previous year's tax rate
  - The City's 2024 allowance was $93,878 ($46,134,035 new construction x 2023 levy rate of $2.03)
- ❖ **Annexation and State-Assessed Value Increase Property Tax Allowances**
  - State law permits a jurisdiction to increase its current year levy by multiplying the total increase of any state-assessed values by the previous year's tax rate
  - State law permits a jurisdiction to increase its current year levy by multiplying the total increase in any annexed area AV by the previous year's tax rate
- ❖ **Banked Capacity**
  - The 1% property tax levy limit may be exceeded by using the banked capacity created in prior years by levying less than the maximum allowed
  - The City does not currently have any banked capacity from prior years

❖ General Business License Fees

- Required to legally conduct business within the City limits
- $50/year charged to recoup administrative costs

❖ Franchise Fees

- 10-20-year agreements between City and public or private utility provider to allow use of City's rights-of-way to deliver their services
- Cities can impose franchise fees on utility providers to recoup the costs of administering the franchise

❖ Cable TV Franchise Fees

- Cable TV franchise agreements are governed by federal law, not state, and are negotiated with the cable company – City may charge fees up to 5% of gross revenues/year, regardless of administrative costs per 47 U.S.C. §542(a) and (b)
- Cable TV franchise fee revenues are unrestricted and may be used for any lawful governmental purpose
- Currently, the City levies a 6% utility tax on the gross subscriber revenues of cable TV operators

Voter Approved

❖ **Emergency Medical Services (EMS) Levy**

- Up to $0.50 per $1,000 of AV (in combination with the County) to provide for EMS per RCW 84.52.069
- Can be imposed for 6 years, 10 years, or permanently
- No jurisdiction may place an EMS levy on the ballot at the same time as a County-wide EMS levy
- If the County imposes a temporary 6-year or 10-year EMS levy below the $0.50 per $1,000 maximum, any subsequent temporary EMS levy approved by a taxing district within the County must expire at the same time as the County-wide levy

❖ Excess Levies (Operations & Maintenance)

- Special maintenance and operations, or "O&M," levies are one-year levies that impose property taxes over and above the $5.90 and $10 constitutional property tax limits per RCW 84.52.052 and 84.52.054 and article VII, section 2(a) of the state constitution
- Best suited for temporary purposes, a one-time expense, or a funding emergency
- No restriction on rate or amount
- Requires 60% supermajority voter approval at any election

❖ General Obligation Bond Excess Levies

- Unlimited tax general obligation (G.O.) bonds for may be issued for capital purposes only per RCW 84.52.056 and article VII, section 2(b) of the state constitution
- Provides revenue automatically sized for repaying bond debt each year
- Requires 60% supermajority voter approval at any election, not to exceed twice per calendar year

❖ Levy Lid Lifts

- A single-year or multiple-year lid lift to exceed the 1% annual lid
- Cannot be used if levying the statutory maximum rate

❖ Retail Sales and Use Tax

- Local sales taxes on top of the 6.5% state rate
- Sales tax is Longview's second-largest revenue source for the General Fund
- The current sales tax rate in Longview is 8.1%

❖ Transportation Benefit District Sales Tax

- Up to a 0.2% sales tax
- Revenues restricted to fund transportation improvement projects in accordance with chapter 36.73 RCW
- Limited to a 10-year period (may exceed 10 years if used to repay debt)
- Can go back to the voters for one additional 10-year period

❖ Metropolitan Parks District

- 2 available levies available. 1 at $0.50 per $1000 AV and 2 $0.25 per $1000 AV. They are considered separate levies.
- Creation is authorized by chapter 35.61 RCW.
- Can be used for management, control, improvement, maintenance, acquisition of park and recreation facilities and programs.

❖ **Utility Taxes**

- A ballot measure is required to increase private utility tax above 6% for electric, gas, steam, or telephone utilities

❖ **Fire District**

Goals:

2025 Revenue Committee recommendations to be taken to council in January of 2025

Discussion