

7470

ORDINANCE NO. _____

AN ORDINANCE relating to taxation; imposing an additional sales and use tax upon and to be collected from those persons from whom the state sales and use tax is collected, fixing the rate of tax, and amending Ordinance No. 6596, Sections 2, 3 and 10 and K.C.C. 4.28.020, .040 and .070 and adding a new section.

NEW SECTION. SECTION 1. There is hereby levied an additional sales or use tax, as the case may be, as authorized by laws of 1982, 1st ex. sess., chap. 49 sec. 17(2) and RCW 82.14.030(2), upon every taxable event, as therein provided, occurring within King County. The tax shall be imposed upon and collected from those persons from whom the state sales or use tax is collected pursuant to chapters 82.08 and 82.12 RCW.

SECTION 2. KCC 4.28.020 is hereby amended to read as follows:

The rate of the tax imposed by section 4.28.010 shall be one-half of one percent of the selling price or value of the article used, as the case may be.

The rate of the additional tax imposed by section 4.28.015 shall be two tenths of one percent of the selling price or value of the article used, as the case may be.

The rate of the additional tax imposed by section 1 shall be one tenth of one percent of the selling price or value of the article used as the case may be.

1 SECTION 3. KCC 4.28.040 is hereby amended to read as
2 follows:

3 There shall be allowed against the tax imposed by this
4 chapter, a credit for the full amount of any city sales or use
5 tax imposed upon the same taxable event, as defined in RCW
6 Section 82.14.020 and RCW 82.14.030 (({2})) upon which a tax is
7 imposed by this chapter.

8 SECTION 4. This ordinance is necessitated by the anticipated
9 loss of federal general revenue sharing funds. It is the intent
10 of the Council that the additional revenue generated by the tax
11 increase be spent to support county programs that are currently
12 funded with federal general revenue sharing monies.

13 SECTION 5. This ordinance shall take effect April 1, 1986.

14 INTRODUCED AND READ for the first time this 2nd day
15 of December, 1985.

16 PASSED this 13th day of January, 1986.

17 KING COUNTY COUNCIL
18 KING COUNTY, WASHINGTON

19 Audrey Shyer
20 Chair

21 ATTEST:

22
23 Dorothy M. Owens
24 Clerk of the Council

25 APPROVED this _____ day of _____, 19____.

26 _____
27 COUNTY EXECUTIVE'S SIGNATURE

28 DATED: 1/22/86

29 _____
30 King County Executive



RECEIVED
1986 JAN 22 AM 11:10
CLERK
KING COUNTY COUNCIL

King County Executive
Tim Hill

January 22, 1986

The Honorable Audrey Gruger
Chair, King County Council
C O U R T H O U S E

RE: Ordinance No. 7470

Dear Councilmember Gruger:

By this letter I am today returning unsigned Ordinance No. 7470, which enacts an increase in the local option sales tax of one-tenth of one percent (0.1%), effective April 1, 1986.

As I indicated in my January 13, 1986 letter to the County Council, I do not at this time support a tax increase. However, I recognize that the County Council is more familiar than I with the 1986 Budget, having had the opportunity to review it in detail last fall. I also recognize that the recently enacted "Balanced Budget and Emergency Deficit Control Act of 1985" (known as Gramm-Rudman) could have a significant detrimental effect on King County's 1986 Budget. Consequently, I am allowing Ordinance No. 7470 to become law without my signature.

Attached for your information is a copy of two revised 1986 Current Expense (CX) Financial Plans. The first (Attachment A) simply shows the impact of the additional .1% sales tax on the ending CX undesignated fund balance, absent any impacts of Gramm-Rudman. This shows that the additional tax revenues of \$2.65 million will result in an ending fund balance of about \$13.3 million, or 7.7% of 1986 revenues, prior to any effects of the Gramm-Rudman Act. If, however, as is expected, Gramm-Rudman results in a reduction in our 1986 Federal Revenue Sharing allocation of about \$1.5 million, then the CX Fund Balance will drop to about \$11.8 million, or 6.9% of 1986 revenues, as shown in Attachment B.

President Reagan will submit an order to Congress on February 1st indicating the Fiscal Year 1986 budget reductions required by Gramm-Rudman. During February, the King County Budget Office will work with County agencies to assess the impacts of the federal budget reductions on the County's 1986 budget; and by March 1st, I will inform the Council of the results of this assessment.

Honorable Audrey Gruger
January 22, 1986
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Thank you very much.

Sincerely,



TIM HILL
King County Executive

TH/JB:m

Enclosure

cc: King County Councilmembers

ATTN: Cheryle Broom, Program Director

Jerry Peterson, Council Administrator

Cal Hoggard, Council Budget Manager

Executive Department Directors

Rollin Fatland, Executive Staff

Leticia Macapinlac, Executive Staff

ATTACHMENT A: 1985-86 CX FINANCIAL FORECAST,
with additional .1% sales tax

	1985 Projected	1986 Adopted	1986 Revised*
Beginning Undesignated Fund Balance	\$13,796,612	\$10,714,131	\$10,714,131
Fund Balance Transfers	\$918,466	\$432,905	\$432,905
REVENUES			
Property Tax	\$58,774,024	\$63,781,380	\$63,786,574
UAL Allocation	\$2,348,448	\$2,839,238	\$2,923,468
Interest Earnings	-\$8,887,994	\$8,770,677	\$8,770,677
ROADS Int. Earnings	\$1,532,075	\$370,405	\$370,405
TANS Int. Earnings	\$1,795,227	\$2,401,056	\$2,401,056
Sales Tax	\$30,537,274	\$31,820,036	\$34,471,706
Federal Shared Revenue	\$7,724,096	\$7,058,257	\$7,058,257
Transportation Planning	\$0	\$0	\$474,658
All other revenues	\$50,325,852	\$51,876,022	\$51,841,425
TOTAL REVENUES	\$161,924,990	\$168,917,071	\$172,098,226
EXPENDITURES			
Operating Expend. - 99%	(\$159,777,389)	(\$164,499,061)	(\$164,676,937)
TANS Costs - 100%	(\$1,162,992)	(\$1,509,125)	(\$1,509,125)
Transportation Planning	\$0	\$0	(\$474,658)
TOTAL OPERATING EXPENDITURES	(\$160,940,381)	(\$166,008,186)	(\$166,660,720)
OPERATING SURPLUS/DEFICIT	\$984,609	\$2,908,885	\$5,437,506
CIP CONTRIBUTIONS	(\$4,069,151)	(\$3,371,232)	(\$3,371,232)
INTERFUND TRANSACTIONS			
S.W. Utility Loan	(\$981,616)	\$0	\$0
Other transactions	\$65,211	\$51,229	\$51,229
Ending Undesignated Fund Bal.	\$10,714,131	\$10,735,918	\$13,264,539
Fund Balance as % of Revenues	6.6%	6.4%	7.7%

* The 1986 Revised column incorporates the changes noted in the proposed 1986 Corrections Ordinance (as amended by John Baddio's 1/13/86 memorandum to Cal Hogstad); and it reflects the additional \$2.65 million in 1986 revenues expected to be generated by the 0.1% increase in the local option sales tax, effective 4-1-86, pursuant to Ordinance 7470. It does not reflect any reductions in federal revenue which may result from the Gramm-Rudman law.

ATTACHMENT B: 1985-86 CX FINANCIAL FORECAST,
with additional .1% sales tax and Federal Revenue Sharing cut.

	1985 Projected	1986 Adopted	1986 Revised*
Beginning Undesignated Fund Balance	\$13,796,612	\$10,714,131	\$10,714,131
Fund Balance Transfers	\$918,466	\$432,905	\$432,905
REVENUES			
Property Tax	\$58,774,024	\$63,781,380	\$63,786,574
LAL Allocation	\$2,348,448	\$2,839,238	\$2,923,468
Interest Earnings	\$8,887,994	\$8,770,677	\$8,770,677
ROADS Int. Earnings	\$1,532,075	\$370,405	\$370,405
TANS Int. Earnings	\$1,795,227	\$2,401,056	\$2,401,056
Sales Tax	\$30,537,274	\$31,820,036	\$34,471,706
Federal Shared Revenue	\$7,724,096	\$7,058,257	\$5,558,257
Transportation Planning	\$0	\$0	\$474,458
All other revenues	\$50,325,852	\$51,876,022	\$51,841,425
TOTAL REVENUES	\$161,924,990	\$168,917,071	\$170,598,226
EXPENDITURES			
Operating Expend. - 99%	(\$159,777,389)	(\$164,699,061)	(\$164,676,937)
TANS Costs - 100%	(\$1,162,952)	(\$1,509,125)	(\$1,509,125)
Transportation Planning	\$0	\$0	(\$474,458)
TOTAL OPERATING EXPENDITURES	(\$160,940,341)	(\$166,006,186)	(\$166,660,720)
OPERATING SURPLUS/DEFICIT	\$984,609	\$2,908,885	\$3,937,506
CIP CONTRIBUTIONS	(\$4,069,151)	(\$3,371,232)	(\$3,371,232)
INTERFUND TRANSACTIONS			
S.U. Utility Loan	(\$981,616)	\$0	\$0
Other transactions	\$65,211	\$51,229	\$51,229
Ending Undesignated Fund Bal.	\$10,714,131	\$10,735,918	\$11,764,539
Fund Balance as % of Revenues	6.6%	6.4%	6.9%

* The Revised 1986 column incorporates: (1) the changes noted in the proposed 1986 Corrections Ordinance (as amended by John Bodolia's 1/13/86 memorandum to Cal Hoggard); (2) the additional \$2.65 million in 1986 revenues expected to be generated by the 0.1% sales tax increase; and (3) an expected \$1.5 million reduction in the County's 1986 Federal Revenue Sharing allocation as a result of Gramm-Rudman. No other potential Gramm-Rudman impacts have been incorporated into this projection.