

ORIGINAL

CITY OF BELLEVUE, WASHINGTON

ORDINANCE NO. 6106

AN ORDINANCE imposing a local option sales and use tax to be credited against the state sales and use tax for local revitalization financing pursuant to RCW 82.14.510.

WHEREAS, pursuant to Chapter 39.104 RCW, the City is authorized to undertake "Local Revitalization Financing" by using revenues received from a "local option sales and use tax" imposed pursuant to RCW 82.14.510 to pay the principal of and interest on bonds issued to finance "public improvements" within the meaning of RCW Chapter 39.104 within a local revitalization area; and

WHEREAS, pursuant to Ordinance No. 5898, adopted on July 30, 2009, the City created a local revitalization area and designated the NE 4th Extension Project, as described CIP Project Interim Number G80 Mobility Initiative (now the NE 4th Street/120th Ave Stage 1 Project, as described in CIP Project Number PW-R-161), as a public improvement to be financed within the local revitalization area (the "LRF Improvements"); and

WHEREAS, on September 15, 2009, the State Department of Revenue (the "Department") awarded the City the maximum Local Revitalization Financing project award of \$500,000 per year; and

WHEREAS, under Ordinance No. 5998, the City estimated the cost of the LRF Improvements at \$30 million and estimated that no more than 75% of these costs would be financed; and

WHEREAS, the City intends to incur indebtedness to finance the LRF Improvements, in a maximum principal amount of \$8.5 million; and

WHEREAS, on or before July 1, 2013, the City intends to issue its Limited Tax General Obligation Bonds, 2013 (the "Bonds") for purposes, inter alia, of providing up to \$8.5 million of financing for the LRF Improvements; and

WHEREAS, debt service on the portion of the Bonds used to finance the LRF Improvements is to be paid from the revenues generated from a local option sales and use tax imposed by the City, and the City intends to pledge the revenues for this purpose under Ordinance No. 6107 authorizing the Bonds; and

WHEREAS, the local option sales and use tax is to be imposed by the City on all covered taxable sales of goods and services within its jurisdiction, and the revenues generated by the local option sales and use tax up to an aggregate amount of \$500,000 with respect to each one year period commencing on July 1 and ending on the following June 30 are to be credited against the sales and use taxes

imposed by the State of Washington (the "State") pursuant to RCW 82.08.020(1) and 82.12.020; and

WHEREAS, the state sales and use tax increment and state property tax increment (as described in Chapter 39.104 RCW) for the preceding calendar year equal or exceed the amount of the project award (\$500,000) approved by the Department under RCW 39.104.100, satisfying a precondition to imposition of the local option sales and use tax; and

WHEREAS, under Ordinance No. 5898, the City estimated a local option sales and tax rate of 0.01% to implement the Local Revitalization Financing, subject to approval by the Department; and

WHEREAS, the sales and use tax rate needed to collect the maximum allowable incremental funding of \$500,000 per year is 0.01%, and pursuant to RCW 39.104.100, the Department has approved a local option sales and use tax of up to 0.01%; and

WHEREAS, this incremental local option sale and use tax rate will remain in effect until the earlier of the date the Bonds are retired or 25 years from the time the tax was first imposed; now, therefore,

THE CITY COUNCIL OF THE CITY OF BELLEVUE, WASHINGTON, DOES
ORDAIN AS FOLLOWS:

Section 1. Levy of Local Option Sales and Use Tax. As authorized by and in accordance with RCW 82.14.510, there is hereby imposed a local option sales and use tax for the full duration authorized by law, such tax to be credited against the amount of the tax otherwise required to be collected and paid over to the Department under RCW 82.08.020(1), retail sales tax, or RCW 82.12.020, use tax. Except as provided in RCW 82.14.510(1), this is in addition to other taxes authorized by law and shall be collected from those persons who are taxable by the State under Chapter 82.08 RCW, retail sales tax, and Chapter 82.12 RCW, use tax, upon the occurrence of any taxable event within the City limits. The rate of tax imposed hereby shall be 0.01 percent of the selling price, in the case of a sales tax, and 0.01 percent of the value of the article used, in the case of a use tax.

Section 2. Findings and Determinations. The City Council hereby finds and determines that the tax rate imposed hereby does not exceed the lesser of:

- (a) the rate provided in RCW 82.08.020(1), less:
 - (1) the aggregate rates of all other local sales and use taxes imposed by any taxing authority on the same taxable events;
 - (2) the aggregate rates of all taxes under RCW 82.14.465 and 82.14.475 and 82.14.510 that are authorized but have not yet been imposed on the

same taxable events by a city or county that has been approved to receive a State contribution by the Department or the State Community Economic Revitalization Board under Chapter 39.104, 39.100, or 39.102 RCW; and

(3) the percentage amount of distributions required under RCW 82.08.020(5) multiplied by the rate of state taxes imposed under RCW 82.08.020(1); and

(b) the rate, as determined by the City in consultation with the Department, reasonably necessary to receive the project award under RCW 39.104.100 over ten months.

Section 3. Statutory Limitations.

(a) The tax will first be imposed on the first day of the State's fiscal year beginning July 1, 2013.

(b) The cumulative amount of tax received by the City in any fiscal year may not exceed \$500,000, which is the amount approved by the Department pursuant to RCW 82.14.510.

(c) The Department must cease distributing the tax for the remainder of any fiscal year in which either:

(1) The amount of tax received by the City equals the amount of distributions approved by the Department for the fiscal year pursuant to RCW 82.14.510; or

(2) The amount of revenue distributed to all sponsoring and cosponsoring local governments from taxes imposed under RCW 82.14.510 equals the annual state contribution limit.

(d) The tax will be distributed again, should it cease to be distributed for any of the reasons provided in (c) above, at the beginning of the next fiscal year, subject to the restrictions in RCW 82.14.510.

(e) The State is entitled to any revenue generated by the tax in excess of the amounts specified in (c) above.

(f) The incremental local option sale and use tax rate imposed by this ordinance shall remain in effect until the earlier of the date the Bonds are retired or 25 years from the time the tax was first imposed.

Section 4. Use of Local Option Sales and Use Tax Revenues. The amounts generated by the local option sales and use tax up to an aggregate amount of \$500,000 with respect to each one year period commencing on July 1 and ending on the following June 30 are to be applied solely to pay principal and interest on bonds

issued to finance public improvements within the local revitalization area designated by the City, including principal and interest on the Bonds issued to finance the LRF Improvements. Any additional amounts are to be retained by the Department.

Section 5. Administration – Collection. The administration and collection of the tax imposed by this ordinance shall be in accordance with the provisions of RCW 82.14.050 and City Code 4.12.030, as the same now exists or may hereafter be amended.

Section 6. Violation a misdemeanor. Any seller who fails or refuses to collect the tax as required by this ordinance with the intent to violate the provisions of this ordinance or to gain some advantage or benefit, either direct or indirect, and any buyer who refuses to pay any tax due under this chapter is guilty of a misdemeanor.

Section 7. Agreement with Department. The City Manager or his designee is authorized to enter into an agreement with the Department for the administration of the local option sales and use tax.

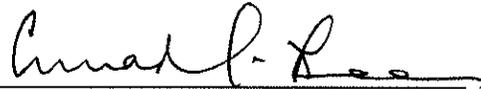
Section 8. Further Action. The City Manager, the City Clerk, the City Attorney and other appropriate officers and employees of the City shall be and each of them is hereby authorized, empowered and directed to execute and deliver such other documents and agreements in addition to those enumerated herein, and to take such other actions as they deem necessary or advisable in order to carry out, give effect to and comply with the terms and intent of this ordinance and any other documents executed and delivered pursuant to the authority granted in this ordinance. All actions taken by the City Manager, the City Clerk, the City Attorney and other appropriate officers, agents and employees of the City pursuant to or anticipation of the adoption of this ordinance but prior to its effective date are hereby ratified, confirmed and approved.

Section 9. Effective Date. This ordinance shall take effect and be in force five (5) days after its passage and legal publication.

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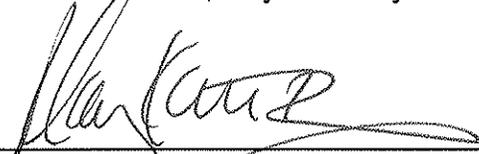
Passed by the City Council this 1st day of April, 2013
and signed in authentication of its passage this 1st day of April,
2013.

(SEAL)

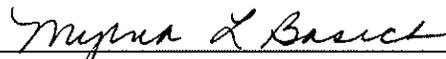

Conrad Lee, Mayor

Approved as to form:

Lori M. Riordan, City Attorney


Mary Kate Berens, Deputy City Attorney

Attest:


Myrna L. Basich, City Clerk

Published April 4, 2013