



SEATTLE CITY COUNCIL  
**CENTRAL STAFF**

# Seattle Utility Taxes

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CALVIN CHOW, POLICY ANALYST

BRIAN GOODNIGHT, POLICY ANALYST

TRANSPORTATION AND SEATTLE PUBLIC UTILITIES COMMITTEE

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# Overview

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- The City imposes a variety of utility business and occupation taxes, including on the provision of:
  - Telecommunications, natural gas, steam, electricity, water, drainage, wastewater, and solid waste
- Taxes are applied upon both public and private service providers
- This presentation focuses on the utility tax rates applicable to Seattle Public Utilities (SPU) and Seattle City Light (SCL)
  - SPU: drainage, solid waste, wastewater, and water
  - SCL: electricity

# State Authorization

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- Utility tax authority derives from the general authority to impose taxes on businesses operating within the city's boundaries
- Certain types of utility taxes are capped in state law, unless the voters of a jurisdiction approve a higher rate
- One example of this is the tax on electricity, which is capped at 6%  
*(RCW 35.21.870)*
- There are no tax rate limits prescribed by state or federal law for the utilities operated by SPU

# Methodology

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- The taxes are levied on most revenue from retail sales collected by the utilities
  - Wholesale revenues are not subject to the utility tax
- Taxes applicable to the electricity and water utilities apply to business performed both within and without the city
- For example:
  - SPU provides retail water service to certain customers in Burien
  - The income SPU generates by providing this service is taxed at the same rate as income generated from retail customers within the City of Seattle

Note: If other jurisdictions impose similar taxes or fees, as Burien does, the utility collects additional revenue to cover those expenses from only the customers located in that jurisdiction

# Current Rates

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## Seattle City Light

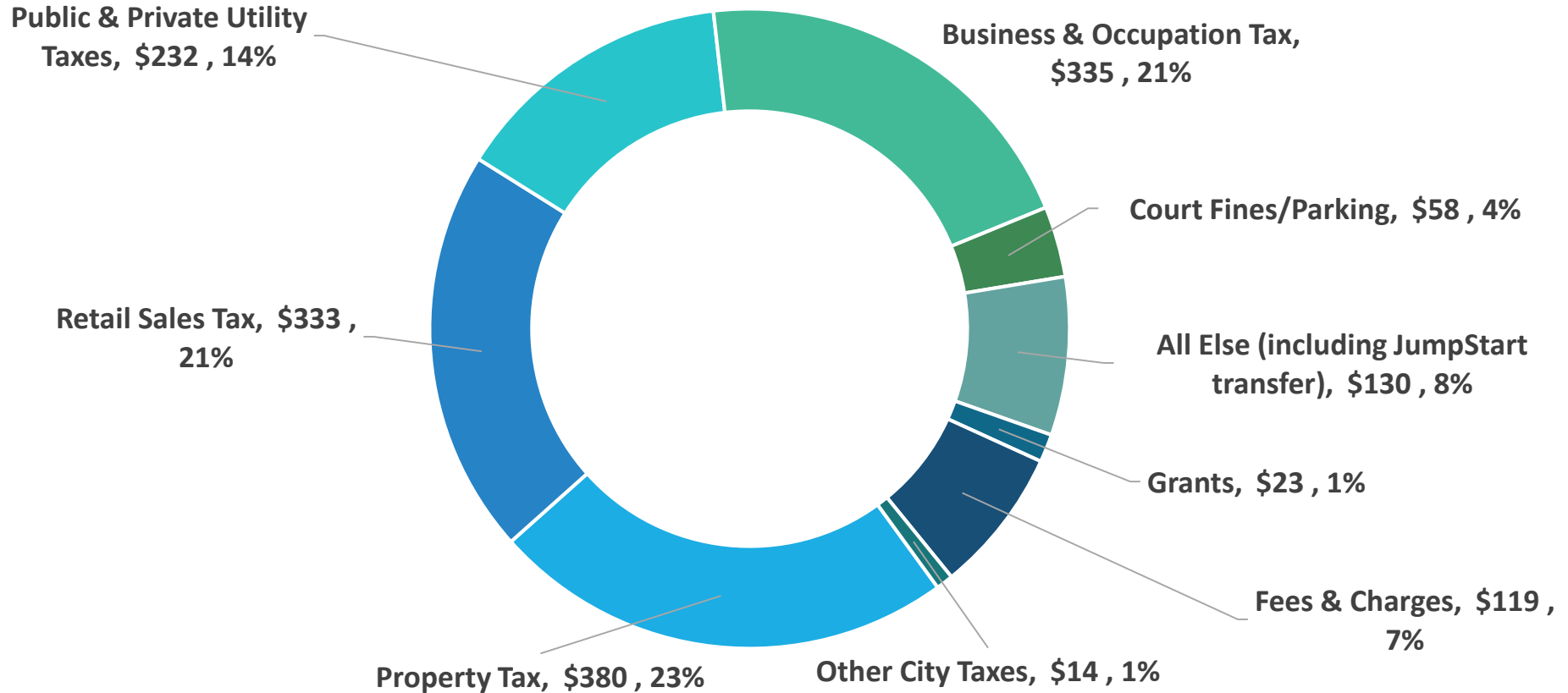
- Electricity: 6.00% *(last adjusted in 1990)*

## Seattle Public Utilities

- Drainage: 11.50% *(last adjusted in 2005)*
- Wastewater: 12.00% *(last adjusted in 2005)*
- Water: 15.54% *(last adjusted in 2011)*
- Solid Waste: 14.20% *(last adjusted in 2017)*

# General Fund Revenues

2023 Adopted General Fund Revenues by Source (\$1,623.4 Million)



Source: 2023 Adopted and 2024 Endorsed Budget Book, Page 52

# Utility Tax Revenues to General Fund

*dollars in thousands*

Source	2021 Actuals	2022 Revised	2023 Adopted	2024 Endorsed
Electricity - SCL	\$52,878	\$59,475	\$60,097	\$62,836
Drainage & Wastewater - SPU	\$58,583	\$62,530	\$65,092	\$67,194
Solid Waste - SPU	\$23,115	\$23,416	\$23,786	\$24,153
Water - SPU	\$35,032	\$34,055	\$37,205	\$37,703
<b>Total:</b>	<b>\$169,608</b>	<b>\$179,475</b>	<b>\$186,180</b>	<b>\$191,886</b>

Source: 2023 Adopted and 2024 Endorsed Budget Book, Page 53

# Questions?