

**JEFFERSON COUNTY  
BOARD OF COUNTY COMMISSIONERS**

**CONSENT AGENDA REQUEST**

**TO: Board of Commissioners**  
**FROM: Frank Gifford, Central Services Director**  
**DATE: July 21, 2014**  
**RE: PUD Privilege tax distribution**

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**STATEMENT OF ISSUE:**

The County receives PUD Privilege Tax each year for payment in lieu of taxes from PUD Districts engaging in the business of operating plants or facilities used in the generation and sale of electric energy in Jefferson County. These taxes are paid by the PUD to the state and the state distributes them to the County. Prior to 2014, the County received taxes from Grays, Mason and Clallam for their facilities located in Jefferson County. With the creation of the Jefferson County PUD electrical operation, starting in 2014 there is an additional amount received annually from Jefferson County PUD #1. The attached resolution is provide direction to the County Treasurer as to the distribution of these funds as required by RCW 54.28.090.

**ANALYSIS:**

The County has received a total of \$266,576 in PUD Privilege tax for 2014. Of that total, \$28,819 is from taxes collected from PUDs in Grays, Mason and Clallam Counties. The remaining \$237,758 is the tax from Jefferson County PUD.

According to RCW 54.28.090, the county legislative body should direct the treasurer as to how the tax should be distributed. This RCW also states that the County must distribute at the minimum, 0.75% of the gross revenues obtained by a district from the sale of electricity within the city or town.

This resolution authorizes the allocation of 0.75% of the gross revenue to be distributed to the City of Port Townsend with the remainder of the tax distributed to the General Fund. In a poll of nine counties conducted by the County Treasurer, eight of the nine counties allocated their PUD Privilege tax using this distribution method.

**FISCAL IMPACT:**

The distribution for 2014 would be as follows:

\$ 41,119	New Revenue to the City of Port Townsend (0.75% times \$5,482,559 of gross electric revenue generated by City)
<u>225,457</u>	<u>County distribution – to General Fund</u>
\$266,576	Total Distribution

**RECOMMENDATION:**

Approve the attached proposed resolution directing the County Treasurer to distribute the PUD privilege tax to City of Port Townsend in the amount of .0.75% of the gross electricity sales in the City, with the remainder of the tax to be distributed to the County General Fund.

**REVIEWED BY:**

  
\_\_\_\_\_  
County Administrator

7/26/14  
\_\_\_\_\_  
Date

STATE OF WASHINGTON  
County of Jefferson

Distribution of Annual PUD }  
Privilege Tax Revenues } RESOLUTION NO. \_-14

**WHEREAS**, a PUD (Public Utility District) is subject to an excise tax in lieu of property taxes according to RCW 54.28.020; and

**WHEREAS**, the state collects these funds and distributes them back to the counties as PUD Privilege tax; and

**WHEREAS**, per RCW 54.28.090, the legislative authority should direct the county treasurer as to the distribution of these funds; and

**WHEREAS**, per RCW 54.28.090, an amount not less than three-fourths of one percent (0.75%) of the gross revenues obtained by the PUD district from the sale of electric energy within any incorporated city or town must be remitted to such city or town; and

**WHEREAS**, information furnished by the PUD district to the county legislative authority is the basis for determination of the amount to be paid to such cities or towns; and

**WHEREAS**, Jefferson County Treasurer Judi Morris surveyed nine counties in Washington State that receive PUD Privilege taxes from public utility districts with electric utilities, and found that eight of the nine counties allocate the tax by allocating to each city three-fourths of one percent (0.75%) of the gross electric energy revenues obtained by the PUD within that city, and allocate the remaining portion of the PUD Privilege tax to each county's current expense (general) fund; and the County Treasurer has recommended following this common practice;

**NOW, THEREFORE, BE IT RESOLVED** by the Board of County Commissioners to distribute three-fourths of one percent (0.75%) of the gross revenues obtained by the PUD district from the sale of electric energy within the City of Port Townsend to the City of Port Townsend, with the remainder of the tax to be distributed to the County General Fund; and

**BE IT FURTHER RESOLVED**, that as authorized by state statute, the Board of County Commissioners hereby directs the Jefferson County Treasurer to distribute the PUD Privilege Tax according the formula shown above.

**APPROVED AND ADOPTED** this \_\_\_\_ day of July, 2014

JEFFERSON COUNTY  
BOARD OF COMMISSIONERS

ATTEST  
:

John Austin, Chair

Clerk of the Board

Phil Johnson, Member

David Sullivan, Member