

ORDINANCE NO. 2026-11

**AN ORDINANCE OF THE CITY OF RICHLAND, WASHINGTON,
AMENDING SECTION 5.20.040 OF THE RICHLAND MUNICIPAL
CODE RELATED TO OCCUPATION TAX ON MANUFACTURING
AND NATURAL GAS SYSTEMS.**

WHEREAS, the City has need, from time to time, to amend the Richland Municipal Code (RMC) to bring it into alignment with best practices; and

WHEREAS, the City of Richland imposes an occupation tax upon businesses engaged in the distribution and sale of natural and manufactured gas within the City pursuant to Chapter 5.20 RMC; and

WHEREAS, Washington cities commonly impose utility taxes upon the gross income of gas utility businesses operating within their jurisdictions; and

WHEREAS, most municipal gas utility tax ordinances within the State of Washington apply a uniform tax rate to gross revenues without reduced-rate provisions for large-volume individual customers; and

WHEREAS, Richland Municipal Code Section 5.20.040 currently includes a reduced one percent tax rate applicable to portions of monthly gross income derived from a single customer in excess of \$35,000 per month; and

WHEREAS, the one percent large volume customer carve-out was introduced in 1982, and likely reflects the City's strategy at that time to attract and retain industrial development in an effort to diversify its economic base; and

WHEREAS, the reduced-rate provision creates a preferential tax treatment that is not commonly utilized by other Washington municipalities; and

WHEREAS, removal of the reduced-rate provision will simplify administration of the City's gas utility occupation tax, improve consistency in the application of the tax, and ensure a more uniform tax structure among customers and utility revenues; and

WHEREAS, maintaining a consistent tax rate on gross income derived from gas utility operations promotes fairness, transparency, and the equitable collection of municipal revenues necessary to support City services.

NOW, THEREFORE, BE IT ORDAINED by the City of Richland as follows:

Section 1. Richland Municipal Code Section 5.20.040, entitled Occupation subject to tax – Gas system – Amount, as first enacted by Ordinance No. 117, and last amended by Ordinance No. 2022-29, is hereby amended as follows:

5.20.040 Occupation subject to tax – Gas system – Amount.

There is levied and there shall be collected from every person, firm, company or corporation which operates in the city works, plants or facilities for the distribution and sale of manufactured or natural gas, a tax in the amount, effective November 1, 1996, of eight and one-half percent; ~~provided, however, that a fee or tax of one percent shall apply to that portion of gross income derived from a single customer in excess of \$35,000 per month. Suppliers claiming the reduced rate for volume sales to single users shall submit such reports indicating such sales as required by the finance director.~~

Section 2. This Ordinance shall be published in the official newspaper of the City of Richland on June 7, 2026 and take effect January 1, 2027.

Section 3. Should any section or provision of this Ordinance be declared by a court of competent jurisdiction to be invalid, that decision shall not affect the validity of the Ordinance as a whole or any part thereof, other than the part so declared to be invalid.

Section 4. The City Clerk and the codifiers of this Ordinance are authorized to make necessary corrections to this Ordinance, including but not limited to the correction of scrivener’s errors/clerical errors, section numbering, references, or similar mistakes of form.

PASSED by the City Council of the City of Richland, Washington, at a regular meeting on the ____ day of _____, 2026.

Theresa Richardson, Mayor

Attest:

Approved as to Form:

Jennifer Rogers, City Clerk

Heather Kintzley, City Attorney

First Reading: _____
Second Reading: _____
Date Published: _____