

Clallam County and the City of Port Angeles Revenue Sharing Within the City's EUGA



**City Council Meeting
November 21, 2006**



Sewer Line Construction

These are the foundation

**Revenue
Sharing**

**Management
Agreement**

**Annexation
Agreement**

**Planning
Agreements**

**City Policy to
Allow Sewer
Outside the City
Limits**



Background

- Over four year process
- Several versions of the agreement
- Prior versions very difficult to administer
- Simpler



But...

- Basics of agreement not changed
- Designed to be fair both before and after annexation
- Does not erode county's tax base
- Incentives for both City and County



The Revenue Agreement is fair and equitable...

- Recognizes economic benefits of sewer services
- Benefits to the County and the City
- Sales tax revenue sharing from “new business”
- Recognizes tangible benefits to broader community



It is fair and equitable...

Balance of Interests

**Community as Whole
Benefits**



“New Business” Definition

- Businesses that commence business, work, or operation in the annexation area after June 30, 2006
- Increase or expansion of a business following the issuance of a building permit or a change in occupancy
- New construction [except 1) single family housing, 2) residential housing units of 5 or fewer, and 3) the currently planned sewer line]



Revenue Sharing Prior to Annexation

- Beginning April 1, 2007, the County shall pay to the City 50% of the sales and use tax collected from new businesses in the annexation area.



Revenue Sharing After Annexation

- Beginning 6 months following annexation, the City shall pay to the County 50% of Sales and Use Tax collected from New Businesses inaugurated after the annexation.
- Number of payments to the County shall be equal to the number of payments County paid to the City.

Revenue Allocation under this Agreement

	<u>Revenue Description</u>	<u>City</u>	<u>County</u>	
	Sales and Use Tax from Existing Businesses in Annexation Area	0%	100%	Additional revenue from growth due to extended sewer line
Shared revenue	Sales Tax from New Business	50%	50%	
	Sales Tax from Residential Constr.	0%	100%	
	Property Tax from New Business	0%	100%	
	Property Tax from new constr.	0%	100%	



**Economic Development
at it's BEST**

**City and County Working Together
For Benefit of
Whole Community**