

April 03, 2017

## **CITY COUNCIL AGENDA MEMORANDUM**

### **SUBJECT**

Resolution authorizing execution of amendments to all fixed price or not to exceed amount contracts, purchase orders and other written commitments (Agreements) meeting specified criteria to pay the applicable sales tax increase going into effect on April 1, 2017.

### **FISCAL IMPACT**

On April 1, 2017, the Regional Transit Authority (RTA) tax will increase the sales tax from 9.5 percent to 10 percent in RTA taxing districts within Bellevue, Washington. There is no impact to budget authority. The increase of .5 percent sales tax will be within existing authorized budget. It is estimated that authorizing these amendments will be within the existing budget for the approximately 91 Agreements affected by this tax change. The estimated impact across all 91 contracts is approximately \$99,281.

### **STAFF CONTACT**

Toni Call, Finance Director, 452-7863  
*Finance Department*

### **POLICY CONSIDERATION**

There is no policy change. Whether the Council should act to authorize amending existing contracts to pay increased sales tax going into effect April 1, 2017.

Chapter 82.08 and 82.12 of the Revised Code of Washington requires that a Buyer pay sales and use tax, where applicable. These laws apply to municipalities unless specifically exempt.

### **BACKGROUND**

The City of Bellevue must pay applicable sales tax to vendors for certain Agreements. Effective April 1, 2017, the RTA tax will increase the local sales and use tax by .5 percent. This tax increase was approved by the voters in King, Pierce and Snohomish County during the November 8, 2016 General Elections, as a part of the Sound Transit 3 measure. At least 91 City contracts and purchases orders are firm fixed price or not-to-exceed amounts that included the current 9.5 percent sales tax, and did not take into consideration any future tax increases. Therefore, the Agreements need to be amended to include the newly increased sales tax for billings or other actions under the Agreement causing application of the increased tax. Given the number of contracts that require Council authorization for amendment to pay the sales tax increase, this resolution is designed to globally authorize amendments for all Agreements meeting the following criteria: 1.) Agreements approved by Council prior to April 1, 2017 with fixed pricing that included the sales tax in effect prior to April 1, 2017; 2.) billing or other actions under the Agreement causing application of the increased sales tax effective on April 1, 2017; 3.) the amount of the tax is not within the 10 percent change order authorization for which Council approval is not needed; and 4) the additional tax amount can be paid from within the existing authorized budget or available funds for the Agreement.

**EFFECTIVE DATE**

If approved, this Resolution becomes effective immediately upon Council adoption.

**OPTIONS**

1. Approve the Resolution authorizing execution of amendments to all fixed price or not to exceed amount contracts, purchase orders and other written commitments (Agreements) meeting specified criteria to pay the applicable sales tax increase going into effect on April 1, 2017.
2. Do not approve the Resolution and provide other direction to staff.

**RECOMMENDATION**

Option 1

**MOTION**

Move to adopt Resolution No. 9256 authorizing execution of amendments to all fixed price or not to exceed amount contracts, purchase orders and other written commitments (Agreements) meeting specified criteria to pay the applicable sales tax increase going into effect on April 1, 2017.

**ATTACHMENTS**

Proposed Resolution No. 9256

**AVAILABLE IN COUNCIL DOCUMENT LIBRARY**

Spreadsheet identifying Agreements