

**HIGHLINE WATER DISTRICT  
King County, Washington**

**RESOLUTION 18-5-2C**

**A RESOLUTION OF THE BOARD OF COMMISSIONERS OF HIGHLINE WATER DISTRICT, KING COUNTY, WASHINGTON, CREATING A SPECIAL FUND WITH THE KING COUNTY DEPARTMENT OF FINANCE TO BE KNOWN AS THE "FEDERAL WAY EXCISE TAX COLLECTIONS FUND".**

**WHEREAS**, Highline Water District ("District") is a special purpose water district authorized and existing pursuant to Title 57 Revised Code of Washington ("RCW"); the District owns and operates a water utility system and provides retail water service to customers located within the District's corporate and approved water service area boundaries; and

**WHEREAS**, pursuant to Chapter 57.20 RCW and other applicable statutes, King County serves as the treasurer for the District; and the District maintains funds with the King County Department of Finance ("King County" or "King County Treasurer") and invests such funds in the King County Investment Pool ("Investment Pool"); and

**WHEREAS**, the City of Federal Way, a Washington non-charter code city ("City"), enacted Ordinance No. 18-847 on March 20, 2018 ("Ordinance") purporting to levy an excise tax ("Excise Tax") in the amount of 7.75% on the District's gross income from the provision of water utility services within the City; and

**WHEREAS**, the District believes the City does not have the legal authority to impose an Excise Tax on the District and has filed suit in King County Superior Court seeking a judicial determination that the Excise Tax and the Ordinance are unlawful; and the District and the City have entered into a stipulation providing for the sequestration with the King County Treasurer of Excise Tax collected by the District during the pendency of the lawsuit to be invested in the Investment Pool; and

**WHEREAS**, the District will begin collection of the Excise Tax under the Ordinance and, to assist in the handling and administration of the Excise Tax collected and the necessary accounting thereof, the District Board of Commissioners desires to maintain a separate fund with King County for the same; now, therefore,

**BE IT RESOLVED**, by the Board of Commissioners of Highline Water District, King County, Washington, as follows:

1. The recitals set forth above are incorporated herein in full by this reference.
2. Pursuant to RCW 57.20.140, District management staff are hereby authorized and directed to create with the King County Department of Finance a special fund to be known as the "Federal Way Excise Tax Collections Fund" (the "Fund"); the Fund number shall be as designated by King County.
3. The sole purpose of the Fund so created shall be to act as a repository account for all Excise Tax collected by the District from customers located within the City until the Excise Tax collected in such Fund are disbursed by court order or agreement with the City.
4. This resolution shall be effective the date set forth below.

**HIGHLINE WATER DISTRICT  
King County, Washington**

**RESOLUTION 18-5-2C**

**ADOPTED BY THE BOARD OF COMMISSIONERS** of Highline Water District, King County, Washington, at an open public meeting held on the **2nd** day of **May 2018**.

**BOARD OF COMMISSIONERS**



**Daniel Johnson**, President



**Kathleen Quong-Vermeire**, Secretary



**Todd Fultz**, Commissioner



**Vince Koester**, Commissioner



**George Landon**, Commissioner

**ATTEST**

I, the undersigned Secretary of the Board of Commissioners of Highline Water District, King County, Washington, do hereby certify that the within and foregoing is a true and correct copy of Resolution No. 18-5-2C adopted at a regular open public meeting thereof held on the 2nd day of May, 2018.



**Kathleen Quong-Vermeire**, Secretary  
Board of Commissioners

**SUBJECT:** Resolution creating a Special Fund with King County Dept. of Finance  
(Federal Way Excise Tax Collections Fund)

CATEGORY	
<i>Executive</i>	<input type="checkbox"/>
<i>Administrative</i>	<input checked="" type="checkbox"/>
<i>Engineering/Operations</i>	<input type="checkbox"/>

FINANCIAL						
<i>Expenditures?</i>	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input type="checkbox"/>
<i>Budgeted?</i>	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input type="checkbox"/>
<i>Amount:</i>				\$ _____		

**ATTACHMENTS:**

1. Resolution 18-5-2C

**COMMENTS:**

The District believes the City does not have the legal authority to impose an Excise Tax on the District and has filed suit in King County Superior Court seeking a judicial determination that the Excise Tax and the Ordinance are unlawful; and the District and the City have entered into a stipulation providing for the sequestration with the King County Treasurer of Excise Tax collected by the District during the pendency of the lawsuit to be invested in the Investment Pool.

Staff recommends approval of this resolution.