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City of Wenatchee v. Chelan County Public Utility Dist. No. 1

Court of Appeals of Washington, Division 3 - May 20, 2014 - P.3d - 2014 WL 2090613

City brought declaratory judgment action against county public utility district, seeking determination that city was authorized to impose utility tax on domestic water sales. The Superior Court entered judgment in favor of district. City appealed.

The Court of Appeals held that:

- State constitutional provisions governing taxing authority did not limit legislative grant of taxing authority;
- District's domestic water sales were proprietary function, rather than governmental function;
- Governmental immunity did not preclude taxation of district's proprietary function; and
- Express legislative authorization was only required to impose tax on municipality's governmental function.

Utility tax for domestic water sales that city levied on county public utility district, a municipal corporation, was on activities that were proprietary (in whole or in large part), rather than governmental, and therefore city had authority, pursuant to statute that granted code cities broad general authority to impose excise taxes for regulation or revenue, to levy and collect the tax from district. Statute granted to code cities authority to impose excises for revenue in regard to all kinds of business and any other lawful activity, and in the erection and operation of waterworks and the like, a municipal corporation acted as a business concern.

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