

# Senate Bill 898

Sponsored by COMMITTEE ON COMMERCE AND WORKFORCE DEVELOPMENT

## SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Modifies amount of privilege tax city can charge distributing utility.

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### A BILL FOR AN ACT

Relating to municipal privilege tax on distribution utilities; amending ORS 221.655.

**Be It Enacted by the People of the State of Oregon:**

**SECTION 1.** ORS 221.655 is amended to read:

221.655. (1) The city council or governing body of an incorporated city may levy and collect from a distribution utility providing direct access to electricity services under ORS 757.601 (1) or 757.676, except a municipal electric utility, operating for a period of 30 days within the city without a franchise from the city and actually using the streets, alleys or highways in such city for other than travel, a privilege tax for the use of those public streets, alleys or highways. The privilege tax shall be based on a volumetric rate times the volume of electric energy in kilowatt hours delivered, transmitted or distributed to retail electricity consumers within the city by the distribution utility, provided that the privilege tax shall not be applied to electric energy generated by a retail electricity consumer's own generating facilities or to electric energy delivered by the federal government. The volumetric rate of the privilege tax for the distribution utility may vary by customer class.

*[(2) The privilege tax described in subsection (1) of this section shall be subject to the following:]*

*[(a)]* **(2) When a city sets a privilege tax**, the volumetric rate, in cents per kilowatt hour, for any customer class *[shall]* **may not exceed five percent of the [1999] average of any three of the past five years, chosen by the city, of the** gross revenue of an electric utility within the city for the customer class divided by the amount of electric energy in kilowatt hours delivered to the customer class *[in 1999]* **during the same three years.**

*[(b) A city with a franchise fee or privilege tax in effect on July 1, 1999, that was less than five percent shall not establish a volumetric rate for any customer class of the distribution utility in an amount in excess of the city's 1999 franchise fee or privilege tax rate times the 1999 gross revenue of any electric utility within the city from the customer class divided by the amount of electric energy in kilowatt hours delivered to the customer class in 1999, except following a hearing with notice and opportunity for public comment.]*

(3) Subject to the limitations established in subsection (2) of this section, once a city has established volumetric rates for the purpose of calculating the privilege tax under this section, any subsequent change in the volumetric rates shall be applied on an equal percentage basis to all customer classes.

(4)(a) The Public Utility Commission shall determine the manner in which a privilege tax under

**NOTE:** Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 this section is collected from the customers of an electric company. The privilege tax shall be allo-  
2 cated across an electric company's customer classes in the same proportional amounts as levied by  
3 the city against the electric company.

4 (b) The governing body of an electric cooperative or people's utility district shall determine the  
5 manner in which a privilege tax under this section is collected from the customers of the electric  
6 cooperative or people's utility district. The governing body shall allocate the privilege tax across  
7 customer classes in the same proportional amounts as levied by the city against the electric coop-  
8 erative or people's utility district.

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