

City of Carson City
Agenda Report

Item # 9B

Date Submitted: June 26, 2007

Agenda Date Requested: July 5, 2007

Time Requested: 10 mins

To: Board of Supervisors

From: Linda Ritter, City Manager

Subject Title: Action to introduce on first reading, an ordinance amending Carson City Municipal Code Title 4 Licenses and Business Regulations, Chapter 4.04 Business Licenses, deleting Section 4.04.081 Southwest Gas Corporation Licensing Fee, amending Section 4.04.107 Public Utilities by increasing business license fees on electric and natural gas services and other matters properly related thereto.

Staff Summary: As part of the FY 2007/2008 budget, an increase in Business License Fees for power and natural gas of 1% was proposed. These funds are proposed to be used as follows: approximately \$656,000 to offset the shortfall experienced in sales tax revenues in FY 2006/2007 and \$364,000 used to enhance law enforcement (2 deputies, 1 prosecutor) and to support Partnership Carson City, the community anti-methamphetamine effort. The proposed effective date of the fee increase in August 1, 2007.

Type of Action Requested: (check one)
☐ Resolution ☒ Ordinance
☐ Formal Action/Motion ☐ Other (Specify)

Does This Action Require A Business Impact Statement: (XX) Yes () No

Recommended Board Action: I move to introduce on first reading, an ordinance amending Carson City Municipal Code Title 4 Licenses and Business Regulations, Chapter 4.04 Business Licenses, deleting Section 4.04.081 Southwest Gas Corporation Licensing Fee, amending Section 4.04.107 Public Utilities by increasing business license fees on electric and natural gas services and other matters properly related thereto.

Explanation for Recommended Board Action: This action will initiate the process to realize those revenues planned for in the 2007/2008 fiscal year budget.

Applicable Statue, Code, Policy, Rule or Regulation: CCMC 4.04

Fiscal Impact: \$ 1,000,000 in revenue to the general fund

Explanation of Impact: Calculated as an increase of 1% in business license fee's charged on power and natural gas utility bills.

Funding Source:

Alternatives: Without these revenues, fund balances will have to be used in order to balance this year's budget.

Supporting Material: Ordinance

Prepared By: Linda Ritter

Reviewed By:

[Signature]
(Department Head)

Date: 6-26-07

[Signature]
(Finance Director)

Date: 6/26/7

[Signature]
(District Attorney)

Date: 6-26-07

Board Action Taken:

Motion: _____

1) _____

Aye/Nay

2) _____

(Vote Recorded By)

ORDINANCE NO. _____

BILL NO. _____

AN ORDINANCE AMENDING CARSON CITY MUNICIPAL CODE
TITLE 4 LICENSES AND BUSINESS REGULATIONS, CHAPTER
4.04 BUSINESS LICENSES, DELETING SECTION 4.04.081
SOUTHWEST GAS CORPORATION LICENSING FEE, AMENDING
SECTION 4.04.107 PUBLIC UTILITIES BY INCREASING BUSINESS
LICENSE FEES ON ELECTRIC AND NATURAL GAS SERVICES
AND OTHER MATTERS PROPERLY RELATED THERETO.

THE BOARD OF SUPERVISORS OF CARSON CITY DO ORDAIN:

SECTION I

That Section 4.04.081 of the Carson City Municipal Code is hereby **deleted** as follows:

[Chapter 4.04.081 Southwest Gas Corporation Licensing

1. The Southwest Gas Corporation shall obtain a business license and pay a fee therefor based upon a percent of its total operating revenues from gas service furnished by such business within the limits of Carson City. Such percentage shall be established by ordinance.
2. Such license fee (established October 17, 1994) is an addition to the franchise fee set forth in the franchise agreement and is set by the following schedule:
 - a. The license fee shall be 1 percent of total operating revenues for 8 years starting on the effective date of the franchise agreement.
 - b. The license fee shall be 2 percent of total operating revenues starting on the 8th anniversary of the effective date of the franchise agreement.
 - c. The license fee shall be 3 percent of total operating revenues starting on the 16th anniversary of the effective date of the franchise agreement.]

SECTION II:

That Section 4.04.107 of the Carson City Municipal Code is hereby **amended** as follows:

Chapter 4.04.107 Public Utilities

1. Telecommunications Service.
 - a. Every business entity providing telecommunications service within the consolidated municipality of Carson City must obtain and pay for an annual business license. The fee for such license is payable not later than 30 calendar days after the end of each calendar quarter and shall be 5 percent of the total gross receipts commencing October 1, 1998.
 - b. "Total gross receipts" means: (1) All revenue received by a public utility from

- customers located within the consolidated municipality of Carson City for all intrastate telecommunications services. (2) In the case of a public utility that provides “commercial mobile radio service” as defined in Part 20 of Title 47 of the Code of Federal Regulations, revenue received from the first \$15.00 charged monthly for each line of access for each of its customers located within the city.
- c. “Public utility” will be defined as defined in the Nevada Revised Statute 704.020 of the Nevada Revised Statutes.
 - d. A license fee not received or postmarked within 30 calendar days after the end of each calendar quarter shall be delinquent and the licensee shall pay, in addition to the license fee, a penalty of 1 percent of the delinquent amount per month and interest of 1 percent of the delinquent amount per month.
 - e. Each telecommunications provider which derives or intends to derive intrastate revenue from customers located within the city shall, not later than 60 calendar days after the effective date of the ordinance codified in this section or 30 calendar days before the company begins to provide intrastate telecommunications service to those customers, whichever occurs later, provide to the city: (1) An acknowledgment that the company is operating or intends to operate within the city; and (2) The date that the company began or intends to begin to derive revenue from customers located within the city.
 - f. Each company that is subject to this section shall, not later than 30 calendar days after the end of each calendar quarter, provide to the city a statement of the amount of revenue the telecommunications company derived during that calendar quarter from the sale of all intrastate telecommunication services to each of its customers located within the city.
 - g. Companies with fees due in an amount less than \$50.00 per quarter may, in writing, request special permission to submit revenue reports and payments on an annual basis coinciding with the city’s fiscal year which ends on June 30th of each year. Section 4.04.107(d) does not apply to companies paying on an annual basis.
 - h. Annual payments for license fees not received or postmarked within 30 calendar day after June 30th of each fiscal year shall be delinquent and the licensee shall pay, in addition to the license fee, a penalty of 1 percent of the delinquent amount per month and interest of 1 percent of the delinquent amount per month.

2. Natural Gas Service.

- a. Every business entity providing natural gas service within the consolidated municipality of Carson City must obtain and pay for an annual business license. The fee for such license is payable not later than 30 calendar days after the end of each calendar quarter and shall be ~~3.5~~ 4.5 percent of the total gross receipts.
- b. “Total gross receipts” means revenue received from customers located within the consolidated municipality of Carson City for natural gas services. Revenue includes proceeds from the sale of natural gas to retail customers located within Carson City but does not include any proceeds from the sale of natural gas to a provider of electric energy which holds a certificate of public convenience and necessity issued by the Public Service Commission of Nevada.
- c. A license fee not received or postmarked within 30 calendar days after the end of each calendar quarter shall be delinquent and the licensee shall pay, in addition to

the license fee, a penalty of 1 percent of the delinquent fee amount per month and interest of 1 percent of the delinquent amount per month.

- d. Each natural gas provider which derives or intends to derive revenue from customers located within the city shall, not later than 60 calendar days after the effective date of the ordinance codified in this section or 30 calendar days before the company begins to provide natural gas service to those customers, whichever occurs later, provide to the city: (1) An acknowledgment that the company is operating or intends to operate within the city; and (2) The date that the company began or intends to begin to derive revenue from customers located within the city.
- e. Each company that is subject to this section shall, not later than 30 calendar days after the end of each calendar quarter, provide to the city a statement of the amount of revenue the natural gas company derived during that calendar quarter from the sale of natural gas services to all customers located within the city.
- f. This section does not alter the terms of any existing franchise agreement between the city and any company providing natural gas services within the boundaries of the consolidated municipality of Carson City.

3. Electric Service.

- a. Every business entity providing electric service within the consolidated municipality of Carson City must obtain and pay for an annual business license. The fee for such license is payable not later than 30 calendar days after the end of each calendar quarter and shall be ~~[2.5]~~ 3.5 percent of the total gross receipts.
- b. "Total gross receipts" means revenue received from customers located within the consolidated municipality of Carson City for electric services.
- c. A license fee not received or postmarked within 30 calendar days after the end of each calendar quarter shall be delinquent and the licensee shall pay, in addition to the license fee, a penalty of 1 percent of the delinquent fee amount per month and interest of 1 percent of the delinquent fee amount per month.
- d. Each electric energy provider which derives or intends to derive revenue from customers located within the city shall, not later than 60 calendar days after the effective date of the ordinance codified in this section or 30 calendar days before the company begins to provide electrical energy service to those customers, whichever occurs later, provide to the city: (1) An acknowledgment that the company is operating or intends to operate within the city; and (2) The date the company began or intends to begin to derive revenue from customers located within the city.
- e. Each company that is subject to this section shall, not later than 30 calendar days after the end of each calendar quarter, provide to the city a statement of the amount of revenue the electric energy company derived during that calendar quarter from the sale of electric energy services to all customers located within the city.
- f. This section does not alter the terms of any existing franchise agreement between the city and any company providing electric energy services within the boundaries of the consolidated municipality of Carson City.

4. Pursuant to NRS 354.59887, the fees imposed upon the business entity may be collected

from a governmental entity of the state if that entity is a customer of the business entity.

That no other provisions of Title 4 of the Carson City Municipal Code are affected by this ordinance.

PROPOSED on _____ (month) _____ (day), 2007

PROPOSED by Supervisor _____

PASSED _____ (month) _____ (day), 2007

VOTE: AYES: SUPERVISORS: _____

NAYS: SUPERVISORS: _____

ABSENT SUPERVISORS: _____

MARV TEIXEIRA, MAYOR

ATTEST:

ALAN GLOVER, CLERK/RECORDER.

This ordinance shall be in force and effect from and after the 1st day of the month of August of the year, 2007.

General Fund Budget Options

Option	Revenue	Expenditure	Net Operating	Transfer and Contingency	Operating Results
Option 1 No franchise fee Fund SET, DA, Partnership	\$56,503,875	\$57,273,169	(\$ 769,294)	\$ 846,552	(\$1,615,846)
Option 2 No franchise fee No SET, DA or Partnership Funding	\$56,503,875	\$56,909,170	(\$ 405,295)	\$ 846,552	(\$1,251,847)
Option 3 ** 1% franchise, Fund SET, DA, Partnership	\$57,523.875	\$57,273,169	\$ 250,706	\$ 846,552	(\$ 595,846)
Option 4 1% franchise, No SET, DA or Partnership Funding	\$57,523,875	\$56,909,170	\$ 614,705	\$ 846,552	(\$ 231,847)

Fiscal Impact – Option 3

1% increase in franchise fees	\$ 1,020,000
Add 3 positions and fund Partnership	(\$ 363,999)

• Revenue	\$57,523,875
• <u>Expenditures</u>	<u>\$57,273,169</u>
Net Operating	\$ 250,706
• <u>Transfers and Contingency</u>	<u>(\$ 846,552)</u>
Results of Operations	(\$ 595,846)

