



City of Harrisonburg, Virginia

Office of the City Manager

409 South Main Street
 Harrisonburg, VA 22802
 (540) 432-7701 / FAX (540) 432-7778

Kurt D. Hodgen
 City Manager

TO: Kurt Hodgen, City Manager
 FROM: G. Chris Brown, City Attorney
 DATE: April 25, 2017
 RE: Utility Service Taxes

Summary: Consider amending and re-enacting Section 4-2-62 (“Levy of tax; amount”), and Section 7-4-1 (“Schedule of rates and charges generally”).

Background: Virginia Code Section 58.1-3814 permits localities to impose a tax on the consumers of the utility service or services provided by utilities such as electric, natural gas and water. The proposed ordinance amendments would amend Section 4-2-62 to increase the utility tax levied on electricity and natural gas and Section 7-4-1 to increase the utility tax levied on water, as follows:

	Current		Proposed	
	Residential	Commercial/Industrial	Residential	Commercial/Industrial
Electricity	\$0.50 base tax rate per month, plus \$0.0012 per kilowatt hour delivered, with a maximum tax of \$1.00 per month	\$0.50 base tax rate per month, plus \$0.0083 per kilowatt hour delivered, with a maximum tax of \$15.00 per month	\$1.00 base tax rate per month, plus \$0.0024 per kilowatt hour delivered, with a maximum tax of \$2.00 per month	\$1.00 base tax rate per month, plus \$0.0166 per kilowatt hour delivered, with a maximum tax of \$20.00 per month
Natural Gas	\$1.00 flat tax per month	\$2.33 base tax rate per month, plus \$0.0775 per 100 CCF delivered, with a maximum tax of \$15.00 per month	\$2.00 flat tax per month	\$4.65 base tax rate per month, plus \$0.155 per 100 CCF delivered, with a maximum tax of \$20.00 per month
Water	10%, with a maximum \$1.00 per month	10%, with a maximum \$15.00 per month	20%, with a maximum \$2.00 per month	20%, with a maximum \$20.00 per month

Key Issues: The proposed increases in utility taxes are in line with the current rates in other jurisdictions. The proposed increases are reflected in the Proposed Budget.

Environmental Impact: n/a

Fiscal Impact: These utility tax increases are reflected in the Proposed Budget, and are expected to generate about \$895K in additional revenue.



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Prior Actions: These utility tax rates were last changed in 2001.

Alternatives:

- (a) Approve amending and re-enacting both ordinances as proposed;
- (b) Approve amending and re-enacting parts of either or both ordinances; or
- (c) Deny amending and re-enacting ordinances.

Community Engagement: n/a

Recommendation: Staff recommends approval of the amendments as proposed.

Attachments:

- 1. Red-lined copy of Sec. 4-2-62 and Sec. 7-4-1.

RE:

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Review:

The initiating Department Director will place in Legistar, in sequence of transmittal, the names of each department that must initial their review in order for this item to be placed on the City Council agenda. The completion of review only addresses the readiness of the issue for Council consideration. This does not address the recommendation for approval or denial of the issue.

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