

**M E M O R A N D U M**

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**DATE:** September 3, 2002

**TO:** Council Members

**FROM:** Gary Mumford

**RE: CORRECTION TO ORDINANCE GOVERNING BUSINESS LICENSE REVENUE TAX IMPOSED ON BUSINESSES IN COMPETITION WITH BUSINESSES PROVIDING TELEPHONE SERVICES OR OTHER PUBLIC UTILITY SERVICES (Amendment to code section 5.04.180)**

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Historically, the City imposed a franchise tax on public utility companies of 2% of gross revenue on services delivered within the corporate limits of the City. Later the City adopted a licensing revenue tax of 4% of gross revenue (code section 5.04.170). A “backup” provision, section 5.04.180, imposed the same 4% revenue tax on any business in competition with a telecommunication business taxed under section 5.04.170. Later, section 5.04.170 was changed to levy a license tax of 6% on gross revenue with a credit for any franchise fees paid, but the corresponding change to section 5.04.180 was not made.

The general goal of this ordinance is to ensure that all companies that provide public utility service, including telephone service, are subject to the same regulations. With the continued evolution of technology, it is necessary for the ordinance to be very specific.

The Administration desires to correct the oversight at this time, in order to avoid any argument that there is an unlevel playing field. The Council may wish to consider the proposed amendment to be a housekeeping item.

cc: Rocky Fluhart, David Nimkin, Steven Allred, Chris Bramhall, DJ Baxter