

ORDINANCE NO. 675

**AN ORDINANCE IMPOSING A PRIVILEGE TAX
UPON NATURAL GAS UTILITIES**

The City Council of the City of Troutdale finds as follows:

1. On March 12, 1991, City Council adopted Ordinance No. 567 granting a non-exclusive gas utility franchise to NW Natural Gas Company.
2. The NW Natural franchise is for a 10 year term and was granted with the understanding that the City could impose a privilege tax on natural gas utilities in excess of the 3% franchise fee that is called for in Section 12 of the ordinance.
3. NW Natural informed the City of Troutdale that another city in Oregon increased NW Natural's franchise fee to 5.94%. NW Natural is willing to pay Troutdale the same franchise fee that is being collected in other cities, however, anything above 3% will be charged to natural gas customers in Troutdale as a "City Privilege Tax."
4. The City has the authority to impose a privilege tax under the Troutdale Charter as well as state statute.
5. There are numerous projects in the City of Troutdale that are underfunded for which the revenues generated from the privilege tax could be used. There is a need to adopt this ordinance immediately because funding for these projects is crucial and should not wait any longer than is absolutely necessary.

Based on the above findings,

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF TROUTDALE:

Section 1. Privilege Tax Imposed. A privilege tax is imposed on the gross revenues of any natural gas utility providing natural gas to customers or users within the Troutdale city limits in the amount of two and ninety-four one-hundredths of one percent (2.94%) of those revenues. As used herein, "natural gas utility" means a "public utility" as defined by ORS 757.005(1) that provides natural gas directly or indirectly to or for the public. Any privilege tax shall be in addition to any franchise fee imposed by a franchise ordinance.

Section 2. Definition of "Gross Revenue." As used in this ordinance, "gross revenue" means revenues collected by a natural gas public utility from its customers for gas consumed within the City. "Gross revenue" does not include net write-offs for uncollectible accounts, revenues derived from the sale or transportation of gas supplied under an interruptible tariff schedule, revenues paid directly by the United States of America or any of its agencies, and sales of gas at wholesale by a public utility to

any other public utility or public agency where the other public utility or agency purchasing such gas is not the ultimate consumer.

Section 3. Payment Dates. The privilege tax imposed by this ordinance shall be paid within sixty (60) days of the close of each calendar year, or fraction thereof.

Section 4. Interest on Late Payments. In the event the privilege tax is not paid on or before the due date, interest shall be owed on the tax in the amount of 8% from the date due to the date on which payment is received by the City, compounded daily.

Section 5. Use of Proceeds. The proceeds derived from the privilege tax imposed by this ordinance shall be used for general governmental purposes.

Section 6. Effective Date. This ordinance takes effect thirty (30) days after it is adopted.

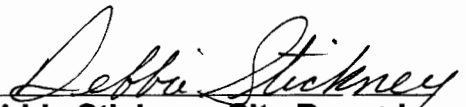
PASSED BY THE TROUTDALE CITY COUNCIL THIS 27 DAY OF JULY, 1999.

YEAS: 7
NAYS: 0
ABSTAINED: 0


Paul Thalhofer, Mayor

Dated: 7-28-99

ATTEST:


Debbie Stickney, City Recorder

Adopted: July 27, 1999