

Cities try electric utility taxes to extract money from Idahoans

By Wayne Hoffman

If it feels as though our governments are nickel and diming you to death, they are. If it's not new or higher taxes being proposed, it's some new fee.

The newest tact involves city governments passing ever higher utility franchise fees, which then get passed onto ratepayers. We're seeing the phenomenon all over the state. Cities aren't passing these higher fees in secret, but they're certainly not putting the spotlight on what they're doing either. While many tax hawks have been watching for higher property taxes, the franchise fees have been slipped onto city council agendas and passed.

In Boise, the city is in the process of passing a 50 percent increase in power franchise fee, raising the tax on Idaho Power's gross profit from 1 percent to 1.5 percent over the course of two years. That increase is expected to raise \$800,000

"The total new revenue generated by the new electric franchise rate would be used for such capital and repair and maintenance projects as parks, Greenbelt, libraries, fire stations, facilities, etc. throughout the city," according to a July 8 memo to Boise's mayor and city council. "Using this revenue source will reduce the pressure to fund these infrastructure projects with property taxes."

Interesting, if true, as my old friend, Ralph Smeed, used to say. What's more likely to happen is the city will still raise property taxes as well as franchise fees, extracting more and more money from residents and businesses, not less. It's just another source from which to derive revenue.

Boise is not alone. Nampa is also considering an increase in the electric utility franchise fee. With a rate of 1 percent, the city is looking to add another .25 percent. City Finance Director Vikki Chandler said that will raise \$130,000 a year. She is recommending the money be placed in reserve to address future large capital expenses.

Earlier this month, the city of Rathdrum voted to impose a 1 percent tax on electric utility Avista's gross profits. The city of Eagle is looking at a 2 percent electric franchise fee. These fees go on your utility bill, which, like any other tax, increases your household and business operating costs. It means less money for payrolls, less money to spend in the economy. Cities and their big government backers will note that while cities can ask for even larger franchise fees but haven't opted to. Yet. Additionally, the supporters of this practice will say the total additional cost to the average residential power user is pocket change each month. In reality, the pocket change adds up. Equally true is that large electricity consumers in Idaho – the real producers of wealth and the engine of the state's economy – are going to be out thousands of dollars. That's a fact.

A utility franchise fee is not an exercise in government frugality. To the contrary, it's just another way to take money out of the hands of people and businesses give it over to government. At some point, elected officials have got to start taking a hint. Taxpayers are tired of being treated like overturned piggybanks being shaken for that one final penny left trapped in the interior.