



# **City of Grand Island**

**Tuesday, August 29, 2017**

**Special Meeting**

## **Item F-2**

**#9647 - Consideration of Amending Chapter 23 of the Grand Island City Code Relative to Natural Gas Fees**

**Staff Contact: Renae Jimenez, Finance Director**

# **Council Agenda Memo**

**From:** Renae Jimenez, Finance Director

**Meeting:** August 29, 2017

**Subject:** Consideration of Amending Chapter 23 of the Grand Island City Code Relative to Natural Gas Fees.

**Presenter(s):** Renae Jimenez, Finance Director

## **Background**

The City currently charges a natural gas occupation tax that's based on 3% of gross receipts. With the decline of natural gas prices, that means the occupation tax collected on this has decreased. Many cities, including Kearney which is in our rate area with Northwestern charges the occupation tax based on therms.

## **Discussion**

As noted, the revenue from natural gas occupation tax has decreased due to the drop in the price of natural gas. If the occupation tax was based on therms instead of gross receipts we believe there'd be a little more consistency in the amount received. An estimate based on therms info shows that a 3 cent fee on residential and commercial customers, with exception of only 1 cent fee on transport customers, would yield an estimated increase of \$370,000.

## **Alternatives**

It appears that the Council has the following alternatives concerning the issue at hand. The Council may:

1. Move to approve
2. Refer the issue to a Committee
3. Postpone the issue to future date
4. Take no action on the issue

## **Recommendation**

City Administration recommends that the City Council change the natural gas occupation tax to being based on therms as compared to gross receipts.

ORDINANCE NO. 9647

An ordinance to amend Grand Island City Code Chapter 23, Article I, Section 23-1, 23-2, and 23-5 pertaining to Occupation Taxes to be paid by persons engaged in the business of distributing, manufacturing, or furnishing gas, either natural, manufactured or mixed gas, in the City; to repeal any ordinance or parts of ordinances in conflict herewith; and to provide for publication and the effective date of this ordinance.

BE IT ORDAINED BY THE MAYOR AND COUNCIL OF THE CITY OF GRAND ISLAND, NEBRASKA:

SECTION 1. Chapter 23, Article I, Section 23-1 of the Grand Island City Code is hereby amended to read as follows:

**§23-1. Occupation Tax**

Except as provided in §23-2, any person engaged in the business of distributing, manufacturing or furnishing gas, either natural, manufactured or mixed gas, in the City, shall be required to pay to the City an occupation tax in an amount equal to three percent of the gross receipts such three cents per therm of all such gas distributed or furnished person derived from his business of distributing, manufacturing or furnishing gas to the inhabitants of the City. Provided, however, the occupation tax shall be one cent per therm of all such gas transported within the city to transport customers.

SECTION 2. Chapter 23, Article I, Section 23-2 of the Grand Island City Code is hereby amended to read as follows:

**§23-2. Federal and State Sales Exempt**

Any person engaged in the business of selling, distributing and furnishing natural, or manufactured, or mixed gas in the City shall not be required to pay the occupation tax provided for by §23-1 on any of the receipts received from the sale of such gas to the United States government, or any of its departments, or any receipts from the state, or any of its departments, or any of the political subdivisions thereof, and no part or portion of the tax provided for in such section shall be levied upon or assessed against or taken from the United States government, the government of the state, or any of either of their departments or political subdivisions.

Approved as to Form    ☐ \_\_\_\_\_  
August 25, 2017        ☐ City Attorney

ORDINANCE NO. 9647 (Cont.)

SECTION 3. Chapter 23, Article I, Section 23-5 of the Grand Island City Code is hereby amended to read as follows:

**§23-5. Monthly Report of Gross IncomeTherms**

Any person engaged in the business described in §23-1 shall, on or before the tenth day of each month, file with the city clerk a full, complete and detailed statement of the gross income derived by such person from the sale of number of therm units of all such gas distributed or furnished to the inhabitants of the City and all such gas transported within the city for transport customers for the preceding month, which statement shall be duly verified and sworn to by such person or by the managing officer of any gas company.

SECTION 4. Any ordinances or parts of ordinances in conflict herewith be, and hereby are, repealed.

SECTION 5. This ordinance shall be in force and take effect on October 1, 2017 from and after its passage and publication in one issue of the Grand Island Independent as provided by law.

Enacted: August 29, 2017.

---

Jeremy L. Jensen, Mayor

Attest:

---

RaNae Edwards, City Clerk