

IMPACT STATEMENT

Legislation title: *Amend Utility License Law to clarify audit authority and provide for administrative appeals. (Ordinance; amend Code Chapter 7.14)

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Purpose of proposed legislation and background information:

The Utility License Law (PCC 7.14) applies to utilities such as electric, gas, district heating and cooling, water, sewage disposal and treatment, cable and telecommunications companies. Under the law, companies pay a quarterly license fee based on a percentage of gross revenues. The quarterly fees must include a report that shows how the fees are calculated and what deductions or exclusions are applied. PCC 7.14 provides for the authority to audit these quarterly reports and payments to ensure that licensees are compliant with city code.

Despite code authority, there has been a history of difficulty getting the documentation from utilities under audit. The current code needs to make audit authority clear. The proposed ordinance will also add administrative subpoena authority to correct an oversight of missing enforcement power.

Finally, the code currently provides for administrative appeals to be heard by the Code Hearings Officer. Staff recommend that the administrative venue be changed from the Code Hearings Officer to the Business License Appeals Board. In the history of the Utility License Law, there have been no appeals to the Code Hearings Office. The Business License Appeals Board is comprised of accredited members of the public who have extensive experience in accounting and tax. As subject matter experts, the Business License Appeals Board would be better suited to hear matters arising from the Utility License Law. Staff have identified 3-6 audits which are close to a final determination but it is anticipated that the companies under those audits may exercise their appeal right. These audits reflect a preliminary assessment over \$8 million. Staff have informed these companies that the appeals will likely be through the business license appeals board and there have been no objections to date.

Financial and budgetary impacts:

There may be indirect positive budgetary impacts to the general fund from increased enforcement tools and the ability to provide an effective and certain administrative appeals process. As stated above, the preliminary assessments for audits which may have an administrative appeal within the next 3 months is over \$8 million.

Community impacts and community involvement:

N/A

100% Renewable Goal:

N/A

Budgetary Impact Worksheet**Does this action change appropriations?**

- YES:** Please complete the information below.
- NO:** Skip this section