

ORDINANCE No. 186827

Amend Code relating to franchises, public utility privilege taxes and Utility License Law for consistency and clarity (Ordinance; replace Code Chapter 7.12 and amend Section 7.14.040)

The City of Portland ordains:

Section 1. The Council finds:

1. Through Portland City Code Chapter 7.12, the City levies and collects privilege taxes upon privately owned public utilities, people's utility districts, heating companies, electric cooperatives, and telecommunications carriers using or operating in public streets without a franchise. PCC Chapter 7.12 also addresses the administration of franchises granted for the use of the public right of way. PCC Chapter 7.12 was last substantially updated in 1991. Ordinance No. 164761.
2. In May 2009, the City Auditor published an audit report entitled "Utility and Franchise Revenue: Equitable tax and consistent approach needed to improve collections." The 2009 audit report reviewed the City's revenue collection for business and utility license and franchise fees. The report advised that the City review and update the privilege tax code provisions found in Chapter 7.12. The Auditor recommended the update to eliminate obsolete provisions and to ensure consistency among utility, franchise, and privilege tax code provisions.
3. In November, 2012, the Council amended Portland City Code 7.14 to revise the utility license fee rate and the utility license fee base for telecommunications utilities operating within the City. Ordinance No. 185756.
4. The State of Oregon is responsible for funding the backbone of 9-1-1 in the state from the Enhanced Sub-account under Oregon state law. ORS 403.240. The backbone includes any and all circuits and services required to get the 9-1-1 call from the citizen to the proper Public Safety Answering Point (PSAP) to assist the citizen. This backbone is managed by the Oregon Office of Emergency Management (OEM).
5. Enhanced 9-1-1, or E9-1-1, requires that every 9-1-1 call must provide the phone number and location of the caller to the PSAP which receives the call. The call must be routed to the PSAP that serves the area where the caller is located. These two functions are handled by the phone company's selective router.
6. Two of the eleven selective routers for the state 9-1-1 system are located in the City of Portland and are owned by CenturyLink.
7. Following the amendment to the utility license fee in 2012, CenturyLink began applying the utility license fee to billings for costs associated with the statewide 9-1-1 system by passing the utility license fee to OEM.

8. OEM approached the City with concerns that the fee is being applied to 9-1-1 services outside the City of Portland as 9-1-1 service to several cities and counties located outside the City of Portland are routed through facilities within Portland. The routing of the call to the proper PSAP and providing the phone number and location of the call is handled by the phone company's selective router.
9. OEM is the only entity in the state that receives billing for E9-1-1 related charges. Regardless of where any 9-1-1 call in the state originates, OEM pays the costs for getting that 9-1-1 call to the appropriate PSAP.
10. OEM has requested the City amend the code to exclude any charge relating to 9-1-1 services from the utility license fee.

NOW, THEREFORE, the Council directs:

- a. Chapter 7.12 of the City Code, Public Service Permits, Franchises and Regulations is hereby amended by substituting the chapter attached to this Ordinance as Exhibit A, for the existing Chapter 7.12.
- b. Add Subsection 7.14.040 D.4. as follows:
 4. The calculation of gross revenues for telecommunications utilities for purposes of the Utility License Fee shall not include revenues from any tariffed or non-tariffed charge or service applicable to any connection, circuit or equipment which brings an E9-1-1 call to the appropriate responding Public Safety Answering Point, regardless of where the E9-1-1 call is originated.

Passed by the Council: OCT 01 2014

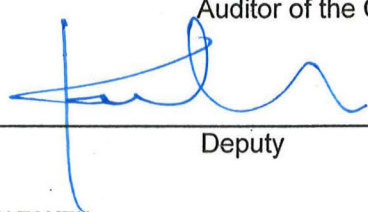

Mayor Charlie Hales
Prepared by: MBH/BW
Date Prepared: June 10, 2014

LaVonne Griffin-Valade
Auditor of the City of Portland

By 
Deputy

Agenda No. **ORDINANCE NO. 186827**
Title

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INTRODUCED BY Commissioner/Auditor: Mayor Charlie Hales	CLERK USE: DATE FILED <u>SEP 12 2014</u>
COMMISSIONER APPROVAL Mayor—Finance and Administration - Hales Position 1/Utilities - Fritz Position 2/Works - Fish Position 3/Affairs - Saltzman Position 4/Safety - Novick	LaVonne Griffin-Valade Auditor of the City of Portland By:  Deputy
BUREAU APPROVAL Bureau: Revenue Bureau OMF CAO: Fred Miller Bureau Head: Thomas W. Lannom Prepared by: MBHenry Date Prepared: August 18, 2014	ACTION TAKEN: SEP 17 2014 PASSED TO SECOND READING SEP 24 2014 9:30 A.M.  SEP 24 2014 RESCHEDULED TO OCT 1 2014 9:30 AM
Financial Impact & Public Involvement Statement Completed <input checked="" type="checkbox"/> Amends Budget <input type="checkbox"/>	
Portland Policy Document If "Yes" requires City Policy paragraph stated in document. Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
City Auditor Office Approval: required for Code Ordinances <i>Toni</i>	
City Attorney Approval: required for contract, code, easement, franchise, utility plan, charter <i>Walter</i>	
Council Meeting Date September 17, 2014	

AGENDA
TIME CERTAIN <input type="checkbox"/> Start time: _____ Total amount of time needed: _____ (for presentation, testimony and discussion)
CONSENT <input type="checkbox"/>
REGULAR <input checked="" type="checkbox"/> Total amount of time needed: _____ (for presentation, testimony and discussion)

FOUR-FIFTHS AGENDA	COMMISSIONERS VOTED AS FOLLOWS:		
		YEAS	NAYS
1. Fritz	1. Fritz	<input checked="" type="checkbox"/>	
2. Fish	2. Fish	<input checked="" type="checkbox"/>	
3. Saltzman	3. Saltzman	<input checked="" type="checkbox"/>	
4. Novick	4. Novick	<input checked="" type="checkbox"/>	
Hales	Hales	<input checked="" type="checkbox"/>	