

Douglas County Utility Operator Fee

Questions & Answers

In May of 2007 the Board of County Commissioners (BOC) was faced with the difficult decision to either reduce expenditures further, which would reduce county services, or use reserves (savings) to balance the fiscal year 2007-08 General Fund and Room Tax budgets. The BOC adopted the budget with the use of reserves but understood that this decision was, at best, only a short-term solution and that the practice of using reserves is contrary to best financial management practices. To replenish the reserves and support future expenditures for County services, the BOC directed staff to implement a utility operator fee. A list of common questions and corresponding answers about the utility operator fee are provided below.

What is a utility operator fee? It is a fee levied by the County on certain public utility operators in Douglas County, including telephone, electric and gas utilities. The fee requires these companies to pay 1% of their gross revenues to the County through October 31, 2009 and 2% from November 1, 2009 onward. The companies have the option to pass this fee onto their customers and call out this additional tax on each bill. We expect them to do this. This fee is similar to the current franchise fee levied on cable TV and solid waste disposal companies.

When will the fee show up on utility bills? The fee will show up on telephone, electric and gas utility bills beginning November 2007.

What will the revenue generated by the fee be used for? The revenue generated will be placed in the County's General Fund and used to support operating costs. The revenues are unrestricted and available to support basic government services. These services include: Sheriff, Courts, District Attorney, Clerk, Assessor, Comptroller, Recorder, Comptroller, County Commissioners, County Manager, and necessary administrative and support functions.

Why this type of fee? A very limited number of new or additional revenue options are available to support Douglas County services. The utility operator fee is one of the few new revenue sources that the BOC has the authority to implement. The other remaining revenues either require voter and/or legislative approval. This type of new revenue sources is a fair means of supporting general government service. Like property taxes that support general government services, the fee is progressive, in that the more utility services one uses the more one pays. It is also charged equitably to all residences and businesses, not just Douglas County property owners. It has the potential to grow with inflation, but not unreasonably, as it is tied to regulated utilities, thus providing a stable revenue base for supporting public services.