

City Council Prepares Utility Tax Ordinance

Council Votes to Prepare Ordinance For Utility Tax

In a tie vote broken by Mayor Russell, the Fulton City Council voted Monday night to have Attorney Bill Shirk prepare an ordinance for a 2.5% tax on electric service and a 2.5% tax on gas service.

For discussion purposes, City Administrator Randy Balk provided the Council with a handout showing that this fiscal year's budget which ends April 30 is projected to have a \$142,959 deficit in the general fund. The general fund pays for administrative costs, the police department, streets and parks. The handout also outlined three options for the council to consider. Option one was to impose a 5% utility tax on one utility, which is what the council voted for during their November 14 budget workshop. Option two was to impose a 2.5% tax on two utilities. Option three was to impose either option one or option two, and then after looking at the economic growth over the next six months, consider a increase in sales tax. The sales tax change would require a referendum by the citizens.

Opinions were strong during the discussion preceding the vote. Alderman Roels was opposed to imposing any utility tax at this time. "I've thought long and hard on this issue in the last month," Roels said. "I was opposed to the utility tax and think I still am. I don't like it for a number of reasons. I think it puts too much of a burden on business," continued Roels. "Several business people around town are concerned about the fact that they have large freezers or other equipment that's constantly running and it runs up their cost of doing business in an economy that is already hurting. Number two, I would rather see a utility tax used for a specific purpose for a limited time. I support the idea of a sales tax. I think that is a great idea. We could go to the voters with that, explain the case, and raise the money through a sales tax."

Alderman Charlie Letcher was also opposed the utility tax. "The reason we have reserves is for times like this," said Letcher. "I understand that we're going to have a shortfall, but we have the reserves for that reason."

Alderman Dykstra, who was for the utility tax, had this to say to Letcher's and Roels' comments. "Gentlemen, I don't think you understand the urgency of the situation. Our surplus is disappearing real fast, and I think we need to have the courage to raise enough revenue. We had a 5-4 vote and I think we should go ahead with the ordinance."

Administrator Balk explained why he brought up the option of 2.5% on two taxes. "I think 2.5% on two utilities is a more user friendly option, because you can I think conserve something in those different areas. If we turn it down (the thermostat) 2° for eight hours we can conserve 2%. That's the data I got from the utility company." "We're going to be short by one hundred and some thousand dollars this fiscal," continued Balk. "By making this decision now, it helps us start the cure for next fiscal year. That is the urgency for doing something now. I think that is an opportunity for us to get another revenue stream coming in that we have control over. And then take some time to reflect on what is actually happening in the economy around us."

Alderman Dykstra made the motion to draw up an ordinance imposed a 2.5% tax on electric service and a 2.5% tax on gas service. Alderman Loerop seconded the motion.

"I agree that a 2.5% tax on two utilities is a more palatable solution," Roels said. "I'm just opposed to a tax at this particular time. I might support it in April if we find out that the budget numbers are actually what they are projected to be. I agree with Charlie. We keep a surplus for times like these."

"Have you ever thought about the fixed income people Chuck?" asked Alderman Sterenberg. "You talk about spend, spend, but what about the fixed income people?"

"Merle, you turn your heat down one notch and you'll save a percent," returned Dykstra.

"Don't you understand that some people have their heat turned down as low as it can go already?" asked Alderman Juist. "I guarantee you that we have people in this town that do."

"Ten years ago, we kept things high enough that we started building reserves," said Alderman Charlie Letcher. "I think we raised these reserves to use for times like these and I think now is the time to spend it. I'm not to the point that I think the reserves have been depleted enough to raise more revenue. I can't take that step yet. I'm not disputing the fact that things are serious, nor am I ruling out the fact that by the time April comes I may be for what we're talking about. I'm just not there right now. People in the community have tapped into their reserves during this time. Why shouldn't the city also tap into their reserves?"

The vote was then called with Aldermen Sterenberg, Roels Charlie Letcher and Juist voting no, and Aldermen Dykstra, Field, Wes Letcher and Loerop voting yes. Mayor Russell broke the tie with a yes vote.

The ordinance will be up for a final vote during the next City Council meeting on January 18. If imposed, it will take two to three months for the utility tax to reflect on customer bills.

Courtesy of the Fulton Journal