



Memorandum

To: Santaquin City Mayor and City Council Members
From: Dennis L. Marker, Operations Manager
Date: September 17, 2021
Re: Ordinance 09-05-2021 Sales and Energy Use Tax Amendment

Ordinance 09-05-2021 is a clean up ordinance to assure the city's code matches state regulations pertaining to charging and collecting taxes and franchise fees on energy supplies and producers in the city.

State Code authorizes cities to charge a tax for sale and use of energy within their boundaries. State Code also allows cities to enter into franchise agreements and assess a franchise fee to utility companies using public rights-of-way. Santaquin City Code provides for the collection of both an Energy Sales and Use tax as well as franchise fees.

State Code has been amended such that a city's franchise fee must offset any taxes collected against a qualifying energy producer or supplier in the City. The State Tax Commission has been adhering to the new state codes on behalf of the city since the state code was amended. The city now needs to amend its code language to reflect the state changes and current taxing practices.

The City Council may review and modify the subject ordinance as desired prior to adopting.

Staff will be available at the City Council to answer any questions about these proposed documents.